

# Council Meeting Agenda

Wednesday, 7 December 2022 at 7pm

Council Chamber, Civic Centre  
Chelmsford

## MEMBERSHIP

The Mayor – Councillor Sue Dobson  
The Deputy Mayor – Councillor Bob Massey

and Councillors

R H Ambor, L Ashley, H Ayres, K Bentley, M W Bracken,  
N B Chambers, D J R Clark, P H Clark, W A Daden,  
A E Davidson, C K Davidson, J A Deakin, N A Dudley,  
J A Frasca, I D Fuller, R J E Gisby, M C Goldman, S M Goldman,  
I S Grundy, N Gulliver, P V Hughes, R J Hyland, A M John, D G  
Jones, G B R Knight, J C S Lager, J S Lardge, R J Lee, M J  
Mackrory, L Mascot, L A Millane, R J Moore, G H J Pooley, J A  
Potter, R J Poulter, S Rajesh, J M C Raven, I C Roberts, S J  
Robinson, T E Roper, E J Sampson, S J Scott, C M Shaw, M  
Sismey, A B Sosin, J E Sosin, M S Steel, A G Thorpe-Apps, C R  
Tron, N M Walsh, R T Whitehead, T N Willis, I Wright, S Young and  
one vacancy

Local people are welcome to attend this meeting, where your elected  
Councillors take decisions affecting YOU and your City.

If you would like to find out more, please telephone Daniel Bird in the  
Democracy Team on Chelmsford (01245) 605923, email [daniel.bird@chelmsford.gov.uk](mailto:daniel.bird@chelmsford.gov.uk), call in at the Civic Centre, or write to the address above.

# MEETING OF CHELMSFORD CITY COUNCIL

7 December 2022

## AGENDA

1. Apologies for Absence

2. Mayor's Announcements

3. Declarations of Interest

Members are reminded that they must disclose any interests they know they have in items of business on the meeting's agenda and that they must do so at this point on the agenda or as soon as they become aware of the interest. If the interest is a Disclosable Pecuniary Interest they are also obliged to notify the Monitoring Officer within 28 days of the meeting.

4. Minutes

Minutes of meeting on 9<sup>th</sup> November 2022

5. Public Questions

To receive questions from members of the public in accordance with Council Rules 10.1 to 10.6 on any matter for which the Council is responsible

6. Cabinet Question Time

The Leader and Members of the Cabinet to answer questions submitted by Members of the Council in accordance with Council Rules 10.18 to 10.22

7. Report from the Cabinet Member for Sustainable Development

7.1 Section 106 Spending Plan

## 8. Report from the Leader of the Council

### 8.1 Committee Membership

## 9. Report from the Deputy Leader of the Council

### 9.1 Community Governance Review – minor change to delegation and dispensation

## 10. Reports from the Cabinet Member for Fairer Chelmsford

To consider the attached reports

### 10.1 Treasury Management Mid-Year Review 2022-23

### 10.2 Financial Update Report and Review of Fees and Charges

## CHELMSFORD CITY COUNCIL

### MINUTES OF THE MEETING OF THE COUNCIL

held on 9 November 2022 at 7pm

#### PRESENT:

The Deputy Mayor (Councillor S Dobson)

Councillors R H Ambor, L Ashley, K Bentley, M W Bracken, N B Chambers, A E Davidson, C K Davidson, J A Deakin, N A Dudley, J A Frasca, I D Fuller, R J Gisby, M C Goldman, S M Goldman, I S Grundy, N Gulliver, P V Hughes, R J Hyland, D Jones, G B R Knight, R J Lee, M J Mackrory, L A Mascot, R Massey, R J Moore, G H J Pooley, J A Potter, R J Poulter, J M Raven, I C Roberts, S J Robinson, T E Roper, E J Sampson, S J Scott, C M Shaw, M Sismey, A B Sosin, J E Sosin, M Steel, A Thorpe-Apps, C R Tron, N M Walsh, R T Whitehead, T N Willis, I Wright and S Young

#### 1. Opening the Meeting

The Council held a minute's silence in memory of Her Majesty Queen Elizabeth II. The Deputy Mayor reflected upon Her Majesty's visits to Chelmsford, which were remembered with great affection, the last being in 2014. The Deputy Mayor also reflected on Her Majesty's greatest legacy to Chelmsford in 2012, when Chelmsford was awarded City status as part of the Diamond Jubilee celebrations. It was noted that the Council shared in the sentiments of loss and sorrow at the passing of such a loyal and dedicated servant to the country.

The Council also held a minute's silence in for Councillor John Galley, the worshipful Mayor of Chelmsford. The Deputy Mayor informed the Council that tributes in his memory would be heard later on in the meeting.

#### 2. Apologies for Absence

Apologies for absence had been received from Councillors Ayres, D Clark, Daden, Lager, Lardge and Rajesh.

#### 3. Declarations of Interest

Members were reminded to declare at the appropriate time any personal and prejudicial interests in the business on the meeting's agenda. None were declared.

#### 4. Minutes

The minutes of the meeting held on 20 July 2022 were confirmed as a correct record.

#### 5. Mayor's Announcements

The Deputy Mayor informed the Council that they would make their announcements under agenda item 11.

#### 6. Tribute to Councillor John Galley, Mayor of Chelmsford

Members of the Council paid tribute to their colleague and friend, Councillor John Galley, the worshipful Mayor of Chelmsford.

Councillor Potter passed on her group's condolences to Councillor Galley's family and friends. Councillor Potter reflected on working with Councillor Galley for over twenty years and noted that he had been a great friend to herself and Conservative colleagues. The Council heard that he was first elected to the Council in 2000 at a by election to the Boreham ward, after retiring from Coutts bank in London. Councillor Potter told the Council how Councillor Galley formed a great team with Councillor Whitehead as the Deputy Leader and Leader of the Council. The Council heard that in his role as Cabinet Member for Finance, he had looked after the finances of the Council with great expertise. Councillor Potter noted that he had been due to retire in 2023 and it had been a great privilege for him to serve as Mayor in his final year in the Council. The Council heard how it had been an honour for Councillor Galley to read the formal proclamation of the King and that the Conservative group would miss him as both a friend and a colleague.

*Councillor Gulliver left the meeting at 7.12pm.*

Councillor Robinson echoed the tribute from Councillor Potter on behalf of the Liberal Democrat group and passed on their condolences to Councillor Galley's family and friends. Councillor Robinson informed the Council that when he became the Leader of the Opposition in 2015, he began to get to know Councillor Galley well. He informed the Council that he knew Councillor Galley had the best interests of the residents at the forefront of his mind and that he had a great sense of humour. Councillor Robinson reflected on the time he had spent with Councillor Galley recently, since he had become the Mayor and that it had been an honour to attend events such as the proclamation with him. The Council heard that the two funeral services had also included tributes showing the important and vast contribution that Councillor Galley had made to both Boreham and Chelmsford.

Councillor Roberts informed the Council of his group's great sadness at learning that Councillor Galley had passed away and that he had been a trusted mentor and friend. The Council heard that Councillor Galley had been on the Council since 2000 and had then gone on to spend many years as the Cabinet Member for Finance. Councillor Roberts noted how important it had been to Councillor Galley to serve as Mayor and that he was pleased he had managed to do so. Councillor Roberts thanked Councillor Galley for his dedicated public service and noted that he would be missed by all groups on the Council. Councillor Roberts also said his thoughts were with Councillor Galley's family and friends.

Councillor Deakin also paid tribute to Councillor Galley and reflected upon the debates he had with his counterpart Councillor Smith Hughes on the Council's finances. Councillor Deakin also highlighted their trip to Backnang with Councillors Galley and Mountain and how Councillor Galley made the trip both enjoyable and memorable. Councillor Deakin noted that he had taken on the role as Mayor after her term and that it was very sad the year had been cut short. Councillor Deakin informed the Council that Councillor Galley had relished every minute of being the Mayor, including important events such as the proclamation along with meeting the residents of Chelmsford. Councillor Deakin said her thoughts and prayers were with his family and that he would be missed.

## 7. Election of Mayor and Deputy Mayor

### Election of Mayor

Councillor Whitehead noted that Mayor making was normally a happy event, but this was one of mixed emotions due to the sad passing of Councillor Galley. It was noted that over the past few years Mayor making had been conducted both remotely and in person but that in May 2022, his friend and colleague, Councillor Galley had been elected as Mayor of Chelmsford, with Councillor Dobson as his deputy. Councillor Whitehead reflected on the moving memorial services held for Councillor Galley, which had been attended by huge numbers of people and that he would be greatly missed.

In nominating Councillor Dobson, it was noted that she had held various roles within the local community, including being the Parish Clerk at Sandon Parish Council for 30 years. Councillor Whitehead noted the important work she had conducted including work for the Essex Bridleways association and chairing Danbury's neighbourhood planning steering group. Councillor Whitehead nominated Councillor Dobson and thanked her for agreeing to be promoted and that she would be supported by her consort, her husband Keith.

The nomination was seconded by Councillor Robinson.

RESOLVED that Councillor Sue Dobson, be elected Mayor of the City of Chelmsford for the remainder of the Mayoral year.

### Appointment of Deputy Mayor

The Mayor nominated Councillor Bob Massey to be her deputy, this was seconded by Councillor Robinson.

RESOLVED that Councillor Bob Massey, be elected Deputy Mayor of the City of Chelmsford for the remainder of the Mayoral year.

## 8. Declarations of Acceptance of Office

Councillor Dobson made the declaration of acceptance of office as Mayor and took the chair.

Councillor Massey then made the declaration of acceptance of office as Deputy Mayor.

### 9. Mayor's Consort and Deputy Mayoress

The Mayor introduced to the Council her consort for her year in office, her husband Keith. The Deputy Mayor introduced his Deputy Mayoress, his wife Ali.

The Mayor invested her consort with his badge of office.

The Deputy Mayor invested his Deputy Mayoress with her badge of office.

### 10. Address by Mayor

The Mayor thanked the Council for their confidence in nominating her as Mayor and stated that she was deeply honoured to carry on Councillor Galley's year. The Mayor informed the Council that it had been an honour to work with Councillor Galley as his deputy. The Mayor told the Council he had an amazing sense of humour, but knew when to be dignified, especially when reading a word perfect proclamation for the new King. The Mayor informed the Council she would work to carry on his ethos with dignity and humour as he would of wanted and thanked Councillor Massey for agreeing to be her deputy.

### 11. Mayor's Announcements

The Mayor announced that her Chaplain for the remainder of the year would be Reverend Terry Brown and that her chosen charities would be Farleigh Hospice and Parkinson's.

The meeting closed at 7.44pm

Mayor



Chelmsford City Council

7 December 2022

Sustainable Development Report from the Cabinet

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Report by: Cabinet Member for Sustainable Development

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Officer contact: Daniel Bird, Democracy Team Manager,  
[daniel.bird@chelmsford.gov.uk](mailto:daniel.bird@chelmsford.gov.uk) 01245 606523

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### Purpose

To inform Council of the decision of the Cabinet on 8 October 2022 on the report at Item 7.1 on the agenda for this meeting.

### Recommendations:

That the recommendations of the Cabinet on Agenda Item 7.1 be approved.

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### 1. Section 106 Spending Plan

The Cabinet considered the report at Item 7.1 on 18 October 2022 and resolved as follows:

RECOMMENDED to the Council that the Section 106 Spending Plan detailed in the report to the meeting be approved, together with the following delegations:

1. The Director of Public Places, in consultation with the Cabinet Member for Greener and Safer Chelmsford, is authorised to spend the approved S106 contributions for Open Spaces and Strategic Sports Provision, as detailed in Appendices 1 and 3 and that any unallocated sums from the Strategic Sports

and Recreation balances should be allocated to improve and upgrade City Council indoor and outdoor leisure facilities.

2. The Director of Sustainable Communities, in consultation with the Cabinet Member for Sustainable Development, is authorised to approve the S106 Healthcare allocations on receipt of the proposed spend from the NHS as set out in Appendix 4.
3. The Director of Sustainable Communities, in consultation with the Cabinet Member for Sustainable Development, is authorised to spend the approved S106 allocations for highways and transport as detailed in Appendix 5 and
4. The Director of Sustainable Communities, in consultation with the Cabinet Member for Fairer Chelmsford, is authorised to agree the spend of the approved S106 allocations for affordable housing projects as set out in Appendix 6.

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**Background papers:**

None

**Appendices:**

None

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**Corporate Implications**

These are set out in the individual report.

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## Chelmsford City Council Cabinet

18 October 2022

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### Section 106 Spending Plan

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Report by:  
Cabinet Member for Sustainable Development

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Officer Contact:  
Stuart Graham, Economic Development and Implementation Services  
Manager  
[stuart.graham@chelmsford.gov.uk](mailto:stuart.graham@chelmsford.gov.uk) 01245 606364

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#### Purpose

To consider and endorse a proposed spending plan for S106 planning contributions currently held by the City Council.

#### Options

- a) Endorse the S106 Spending Plan, as presented
- b) Endorse the S106 Spending Plan, with amendments
- c) Not endorse the S106 Spending Plan

#### Preferred option and reasons

Option (a) Endorse the S106 Spending Plan, as presented, to enable the City Council to spend the held balances within the timeframes specified by the S106 agreements.

#### Recommendations

That Cabinet recommends the S106 Spending Plan is referred on to Full Council for approval and that the following delegations are approved:

1. The Director of Public Places, in consultation with the Cabinet Member for Greener and Safer Chelmsford, is authorised to spend the approved S106 contributions for Open Spaces and Strategic Sports Provision, as detailed in Appendices 1 and 3.
  2. The Director of Sustainable Communities, in consultation with the Cabinet Member for Sustainable Development, is authorised to approve the S106 Healthcare allocations on receipt of the proposed spend from the NHS as set out in Appendix 4.
  3. The Director of Sustainable Communities, in consultation with the Cabinet Member for Sustainable Development, is authorised to spend the approved S106 allocations for highways and transport as detailed in Appendix 5 and
  4. The Director of Sustainable Communities, in consultation with the Cabinet Member for Fairer Chelmsford, is authorised to agree the spend of the approved S106 allocations for affordable housing projects as set out in Appendix 6.
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## 1. Introduction

- 1.1. For a number of years, Chelmsford City Council has collected financial contributions from developments across its administrative area using agreements known as S106's, under the Town and Country Planning Act 1990. The majority of these contributions are linked to the Planning Contributions Supplementary Planning document, which was adopted in 2008. Although this policy framework has been superseded by the new Local Plan and the adoption of the Community Infrastructure Levy (CIL), a number of S106 contributions are still collected and held by the City Council.
- 1.2. With the advent of the Community Infrastructure Levy, adopted in 2014, the number of new developments that generate direct financial contributions via S106 has reduced significantly. However, the City Council is currently in receipt of funding that needs to be planned for in line with the S106 to which it is linked.
- 1.3. This report sets out a Spending Plan for 2022 onwards for S106 funding currently held by the City Council.
- 1.4. In determining the spend of S106 funding the following key principles have been borne in mind:
  - The S106 legally specifies what the funding can be spent on
  - In many cases, the S106 funding must be spent in specific locations and on specific projects or infrastructure types

- Any expenditure in relation to the funding is, in the majority of cases, time limited, and if not spent by that date must be returned to the developer

1.5. A separate process is in place to allocate CIL receipts.

## 2. Summary of S106 Balances

2.1. The current balances held by the City Council are summarised in the table below. This is based on information at September 2022 and the Spending Plan deals with these held balances only.

| <b>S106 Purpose</b>                   | <b>Amount (£)</b>   |
|---------------------------------------|---------------------|
| Strategic Sports & Recreation         | 2,847,156.76        |
| <i>Beaulieu &amp; Channels</i>        | <i>1,339,651.69</i> |
| <i>Former Runwell Hospital</i>        | <i>1,507,505.07</i> |
| <b>Strategic Water Management</b>     | <b>932,090.42</b>   |
| Open Space                            | 682,570.78          |
| <i>Local open space</i>               | <i>194,229.82</i>   |
| <i>Strategic open space</i>           | <i>488,340.96</i>   |
| <b>Healthcare</b>                     | <b>530,154.68</b>   |
| Transport and Highways                | 530,608.43          |
| Local Highways                        | 440,847.73          |
| Strategic Transport:                  | 89,760.70           |
| <i>Widford Park &amp; Ride</i>        | <i>6,108.14</i>     |
| <i>Chelmer Valley Park &amp; Ride</i> | <i>13,958.06</i>    |
| <i>Army &amp; Navy</i>                | <i>20,455.87</i>    |
| <i>Chelmsford Railway Station</i>     | <i>22,295.38</i>    |
| <i>North-East Bypass</i>              | <i>26,943.25</i>    |
| <b>Affordable Housing</b>             | <b>147,514.04</b>   |
| <b>TOTAL</b>                          | <b>5,670,095.11</b> |

2.2. Appendices 1 - 6 detail proposed project spend.

2.3. The preparation of the S106 Spending Plan has been facilitated through internal and external engagement.

## 3. Strategic Sports and Recreation

- 3.1. The largest sum held relates to the provision of strategic sports and recreation provision using S106 funding from the Beaulieu and Channels developments and the former Runwell Hospital development.
- 3.2. Appendix 1 sets out proposed project spend.
- 3.3. The funding from the Beaulieu and Channels development is proposed to be spent on the following 4 projects:
  - a) The development of the new community sports facility as part of the Chelmsford Garden Community east of New Hall School
  - b) Improvements to the existing Beaulieu Sports Ground
  - c) The development of a new 3G sports pitch facility in Chelmsford
  - d) Improvements to the athletics track and centre at Chelmsford Sports and Athletics Centre
- 3.4. The funding from the former Runwell Hospital development is proposed to be spent on the following requirements of the S106 agreement:
  - a) The extension and refurbishment of the clubhouse facility
  - b) A 7v7 3G floodlit pitch facility

#### 4. Strategic Water Management

- 4.1. The held contributions will be used as part of the Council's already agreed contributions to flood protection and alleviation measures to reduce the risk of flooding.

#### 5. Open Spaces

- 5.1. The proposed spend on opens spaces is set out in Appendix 3 to the report.
- 5.2. The allocations take into account the purposes specified in the relevant S106 agreements, which in most cases are prescriptive.
- 5.3. The Spending Plan in Appendix 3 lists a range of 22 projects for improvements and investments across the City's parks, green spaces and strategic sports facilities.
- 5.4. Funding of £30,500 will be transferred to the Parish Councils under the terms of the relevant S106 agreements.
- 5.5. Ongoing revenue costs in relation to the projects set out in the Plan can be met from within existing budgets.

## 6. Healthcare

6.1. The NHS is currently preparing a plan for the spend of the £0.5m held contributions for the enhancement of healthcare provision.

## 7. Transport/Highways

7.1. There are a number of contributions held for local and strategic transport projects which will be used as schemes come forward, working in partnership with Essex County Council and the Local Highways Panel.

7.2. The local highways balance has been collected for the provision of local transportation schemes often to be delivered by Essex County Council and will be transferred to them once appropriate schemes have been identified that link to the purpose set out in the S106 agreements. This follows the previous process agreed between the City Council and Essex County Council.

7.3. The proposed spend on identified local transport and highways projects is set out in Appendix 5.

## 8. Affordable Housing

8.1. The held balances will be allocated to projects that support the delivery of the City Council's Housing & Homelessness Strategy.

## 9. Conclusion

9.1. The S106 Spending Plan sets out the proposed spend of the £5.7m currently held by the City Council.

9.2. It allocates funding to a range of projects that will be delivered by the City Council and partner organisations.

9.3. The Spending Plan has been prepared having regard to the purposes set out in the S106 agreements and matching these to City Council and partner organisation priorities.

List of appendices:  
S106 Spending Plan.

**Background papers:**

Planning Contributions SPD, 2008

Relevant S106 agreements

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**Corporate Implications**

**Legal/Constitutional:**

The spend of the S106 contributions needs to accord with the defined purpose set out in the S106 agreement and regard has been had to this in preparing the Spending Plan.

**Financial:**

The S106 contributions are in the majority of cases time limited and if not spent by a specified date must be returned to the developer. If this occurs the opportunity to improve facilities and infrastructure will be lost.

**Potential impact on climate change and the environment:**

A number of the contributions and the associated projects are linked to sustainable transport improvements to the natural environment which will have a positive impact on climate change and the environment.

**Contribution toward achieving a net zero carbon position by 2030:**

Investment in cycling, walking and public transport projects contributes to sustainable transport measures and an alternative mode of transport to the car.

**Personnel:**

None.

**Risk Management:**

None.

**Equality and Diversity:**

None.

**Health and Safety:**

None.

**Digital:**

None.

**Other:**

None.

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**Consultees:**

CCC Directors, Essex County Council, NHS England

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**Relevant Policies and Strategies:**

LDF 2001-2021; Planning Contributions Supplementary Planning Document,  
Adopted Local Plan May 2020.

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**Appendix 1: Strategic Sports & Recreation**

|   | <b>PROJECT</b>   | <b>AMOUNT (£)</b>   |
|---|--|---------------------|
| 1 | <p>a) A maximum of £528,000.00 to be spent on the development and improvements of outdoor sports facilities in accordance with the Sports and Playing Field Development Plan as set out in the priorities of Our Chelmsford, Our Plan. This includes sports pitch layout, cricket, and club facilities. Works are planned from April 2023 onwards.</p> <p>b) £27,550.00 to be spent on the existing sports ground in Beaulieu Park. This includes the 3G sports pitch, fencing, and floodlight project. Works are scheduled to take place shortly.</p> <p>c) £375,000.00 to be spent on the development of an additional full floodlit 3G facility/facilities in Chelmsford. Springfield, Chancellor Park and Writtle Warren Farm area are examples of where this/these could be implemented. This would likely start from 2023 and assumes 50% contribution from the FA/Football Foundation per pitch.</p> <p>d) £300,000.00 to be spent on track and centre improvements at Chelmsford Sports &amp; Athletic Centre. Works are likely to begin in 2023. Whilst the centre is closed for essential track works there is an ideal opportunity to enhance and improve other aspects of the indoor and outdoor facilities. A separate project brief is being formalised.</p> | 1,339,651.59        |
| 2 | <p>a) An extension and refurbishment of the existing clubhouse</p> <p>b) A 7v7 floodlit 3G artificial pitch</p>  | 1,507,505.07        |
|   | <b>TOTAL</b>   | <b>2,847,156.76</b> |

**Appendix 2: Strategic Water Management**

| <b>PROJECT</b>   | <b>AMOUNT (£)</b> |
|--|-------------------|
| To be used as part of the Council's contribution to the flood alleviation measures | 932,090.42        |
| <b>TOTAL</b>   | <b>932,090.42</b> |

**Appendix 3: Open Spaces**

|    | <b>PROJECT</b>   | <b>AMOUNT (£)</b> |
|----|--|-------------------|
| 1  | Admirals Park Strategic Outdoor Pitch and Sports Pavilion Improvements | 330.40            |
| 2  | Andrews Park Strategic Outdoor Pitch and Sports Pavilion Improvements  | 3,170.87          |
| 3  | Avon Road Play Area  | 59,466.05         |
| 4  | Beaulieu Park Strategic Outdoor Pitch and Sports Pavilion Improvements | 328.94            |
| 5  | Central Park Lake Improvements Phase 3                                 | 31,759.49         |
| 6  | Chancellor Park Strategic Outdoor Pitch & Sports Pavilion Improvements | 1,523.91          |
| 7  | Chelmer Park Strategic Outdoor Pitch and Sports Pavilion Improvements  | 3,520.30          |
| 8  | Coronation Park Landscape Improvements                                 | 1,958.62          |
| 9  | Coronation Park Play Area Refurbishment                                | 1,617.80          |
| 10 | Hylands Park Accessibility Improvements                                | 4,076.49          |
| 11 | John Shennan Field Play Refurbishment                                  | 1,757.56          |
| 12 | Landscape Improvements Central Park                                    | 1,798.88          |

|    |   |                   |
|----|---|-------------------|
| 13 | Lionmede Park Strategic Outdoor Pitch & Sports Pavilion Improvements                  | 654.78            |
| 14 | Melbourne Park Strategic Outdoor Pitch & Sports Pavilion Improvements                 | 466,584.83        |
| 15 | Noakes Park Landscape Improvements  | 2,699.27          |
| 16 | Saltcoats Park Strategic Outdoor Pitch and Sports Pavilion Improvements               | 2,308.43          |
| 17 | Saltcoats Park/Compass Gardens Sport Facility Improvements                            | 2,447.68          |
| 18 | Saltcoats Park/Compass Gardens Strategic Outdoor Pitch & Sports Pavilion Improvements | 336.22            |
| 19 | Springfield Green/Pollards Meadow Play Area   | 812.30            |
| 20 | Springfield Hall Park Strategic Outdoor Pitch & Sports Pavilion Improvements          | 4,787.10          |
| 21 | Woodland and Native Hedge Planting at Andrews Park                                    | 11,589.46         |
| 22 | 5 <sup>th</sup> Avenue Play Area Refurbishment  | 9,466.26          |
| 23 | To be transferred to Parish Councils  | 30,661.24         |
| 24 | To be determined  | 34,758.86         |
|    | <b>TOTAL</b>  | <b>682,570.78</b> |

#### Appendix 4: Healthcare

| PROJECT                              | AMOUNT (£)        |
|--------------------------------------|-------------------|
| Currently under consideration by NHS | 530,154.68        |
| <b>TOTAL</b>                         | <b>530,154.68</b> |

#### Appendix 5: Transport/Highways

|   | PROJECT  | AMOUNT (£)        |
|---|--|-------------------|
| 1 | Align to Essex County Council/LHP project              | 125,060.08        |
| 2 | East Chelmsford Cycle Links                            | 12,315.45         |
| 3 | Army & Navy Sustainable Transport Package Contribution | 170,233.65        |
| 4 | Tindal Square  | 87,206.03         |
| 5 | Maintenance of Station Square                          | 22,295.38         |
| 6 | Chelmsford North East Bypass                           | 26,943.25         |
| 7 | To be determined                                       | 86,554.59         |
|   | <b>TOTAL</b>   | <b>530,608.43</b> |

#### Appendix 6: Affordable Housing

| PROJECT                                  | AMOUNT (£)        |
|--|-------------------|
| Housing/Homelessness Strategy priorities | 147,514.04        |
| <b>TOTAL</b>                             | <b>147,514.04</b> |



## Chelmsford City Council

7 December 2022

### Membership of Committees

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Report by: Leader of the Council

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#### Officer contacts:

Daniel Bird, [daniel.bird@chelmsford.gov.uk](mailto:daniel.bird@chelmsford.gov.uk), 01245 606523

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#### Purpose

To consider a change to the memberships

#### Recommendation:

That Councillor Neil Gulliver be appointed to replace Councillor Lance Millane as the designated Conservative group substitute for Planning Committee.

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1. The Conservative Group has given notice of its wish to make the following change to its membership of Committees:
  - Councillor Gulliver to replace Councillor Millane as the designated substitute for Planning Committee.



Chelmsford City Council

7 December 2022

## Community Governance Review – minor change to delegation and dispensation

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Report by: Deputy Leader of the Council

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### Officer contacts:

Daniel Bird, [daniel.bird@chelmsford.gov.uk](mailto:daniel.bird@chelmsford.gov.uk), 01245 606523

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### Purpose

To consider a minor change to the existing delegation in relation to implementation of the Final Recommendations and approval of a general dispensation to enable all councillors to participate fully in any formal meeting in relation to the community governance review.

### Recommendation:

That the change to the delegation and the general dispensation are approved.

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1. On 18 May 2022 the following officer delegation was approved by Full Council:-

That any decisions relating to the implementation of the Community Governance Review are delegated to the Monitoring Officer in consultation with the Leader of the Council.

2. The Leader of the Council sits on the shadow council for Chelmsford Garden Community. To avoid potential conflicts and/or perceived bias in the delegated decision-making process it is recommended that the Monitoring Officer instead consults the Deputy Leader of the Council in relation to any decision taken under this officer delegation. Full Council is asked to approve that minor change to the delegation.
  
3. As Members know the City Council has adopted the LGA Model Code of Conduct. Accordingly, any city councillor who is also a parish councillor and/or shadow village/community councillor and/or County councillor) would have an “other registrable interest” and depending upon the circumstances may be prevented from fully participating in the decision-making process. It is recommended that a general dispensation is approved to ensure that it is clear that all councillors can fully participate in all meetings without the need to seek an individual dispensation. The scope of the general dispensation suggested is to enable a member to speak and/or vote where, but for the “other registrable interest” they would have the right to do so and not to extend speaking or voting rights where these do not already exist.

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**Background papers:**

None

**Appendices:**

None

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**Corporate Implications**

Legal/Constitutional: These are set out in the report

Financial: None

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: None

Equality and Diversity: None

Health and Safety: None

Digital: None

Other: None

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**Consultees:** Leader of the Council and Chair of Governance Committee

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**Relevant Policies and Strategies:**  
None

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Chelmsford City Council

7 December 2022

Finance Report from the Cabinet

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Report by: Cabinet Member for Fairer Chelmsford

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Officer contact: Daniel Bird, Democracy Team Manager,  
[daniel.bird@chelmsford.gov.uk](mailto:daniel.bird@chelmsford.gov.uk) 01245 606523

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#### Purpose

To inform Council of the decision of the Cabinet on 15 November 2022 on the report at Item 10.1 on the agenda for this meeting.

#### Recommendations:

That the recommendations of the Cabinet on Agenda Item 10.1 be approved.

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#### 1. Treasury Management Mid-Year Review

The Cabinet considered the report at Item 7.3 on 15 November 2022 and resolved as follows:

RESOLVED that the report on the Treasury Management activities in 2022/23 be noted and the Council be recommended to approve the 2022/23 Treasury Strategy without change.

Background papers:

None

Appendices:

None

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Corporate Implications

These are set out in the individual report.

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## Treasury Management and Investment Sub Committee

17<sup>th</sup> October 2022

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### Treasury Management Mid-Year Review 2022/23

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Report by:  
Section 151 Officer

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Officer Contact:  
Phil Reeves, Accountancy Services Manager (Section 151 Officer), 01245 606562,  
[phil.reeves@chelmsford.gov.uk](mailto:phil.reeves@chelmsford.gov.uk)

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#### Purpose

To inform members of the Treasury Management (TM) activities undertaken in the first part of 2022/23 and to report on compliance with the approved TM Strategy.

#### Options

1. Accept the recommendations contained within the report
2. Recommend changes to the way the Council's investments are to be managed

#### Preferred option and reasons

Recommend the report to Cabinet and Council without amendment for consideration and thereby meet statutory obligations

#### Recommendations

That Treasury Management and Investment Sub Committee (TMISC) and Cabinet note the contents of this report and request that Full Council review the report and approve that no changes to the 2022/23 Treasury Strategy are required.

## 1. Background

- 1.1. The Council has cash to invest arising from its revenue activities, capital balances and the collection of Council Tax and Business Rates. The Council can fund its capital programme from borrowing. The activities around the management of Council cash and external borrowing are known as Treasury Management.
- 1.2. Under statute and the CIPFA Code of Practice on Treasury Management (“the Code”), members are required to receive reports on the Council’s Treasury Management (TM) activities. The report in Appendix 1 complies with the CIPFA Code of Practice and relevant Government regulations.
- 1.3. Full Council has overall responsibility for Treasury Strategy but delegates to the Treasury Management and Investment Sub Committee (TMISC) responsibility to monitor and recommend changes to the strategy. The Section 151 Officer of the Council is delegated responsibility to manage operational TM activities within the approved strategy.
- 1.4. Members of TMISC are asked to review the contents of the report and recommend that the Cabinet note its contents and seek Council approval for it.

## 2. Executive Summary

- No breaches of the 2022/23 Treasury Management Strategy have occurred.
- Interest Rates have continued to increase leading to projected income being higher than budgeted with volatility in rates at the time of drafting.
- Investments in three Diversified Income Funds as a whole have improved yields.
- The Council remains internally borrowed to fund its capital investment and does not expect in 2022/23 to externalise any debt, though forecasts will be updated as part of the 2023/24 budget process.
- CCLA Property fund holding is approaching the limit of £8m set as part of the Treasury Strategy.
- No change to the TM Strategy is recommended for 2022/23.

## 3. Conclusion

- 3.1. Cabinet will be asked to accept the review of the Treasury Management activity for the period to the end of August as endorsed by TMISC. No changes to the 2022/23 Treasury Management Strategy are recommended.

### List of appendices:

Appendix 1 – Review of Treasury Management Activity (2022/23)

Background papers:

Nil

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Corporate Implications

Legal/Constitutional: The report meets statutory obligations on reporting Treasury Management activity.

Financial: As detailed in the report

Potential impact on climate change and the environment:

Any fund managers will be required to consider ESG (Environmental, Social and Governance) factors in their investment process. All the fund managers would be expected to have signed up to the UN Principles for Responsible Investment (PRI). PRI argues that active participation in ESG and exercising shareholder rights on this basis can help to improve the performance of companies which may otherwise not address such concerns and so being an engaged corporate stakeholder is a more effective way to bring about change in corporate behaviour on ethical issues.

Further requirements from those identified above are not practical given the limited ability to directly influence any immediate change in the financial markets.

Contribution toward achieving a net zero carbon position by 2030: N/A

Personnel: N/A

Risk Management:

The report is part of the Council's approach to managing risks arising from Treasury Management

Equality and Diversity: N/A

Health and Safety: N/A

Digital: N/A

Other: N/A

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Consultees:

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Relevant Policies and Strategies:

Treasury Management Strategy 2022/23

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1 **Treasury Management Activity during the period 1st April 2022 – 31st August 2022**

This report complies with the CIPFA Code by identifying the Council’s investments and external borrowings as at 31/08/2022 and compares treasury activity to the approved strategy.

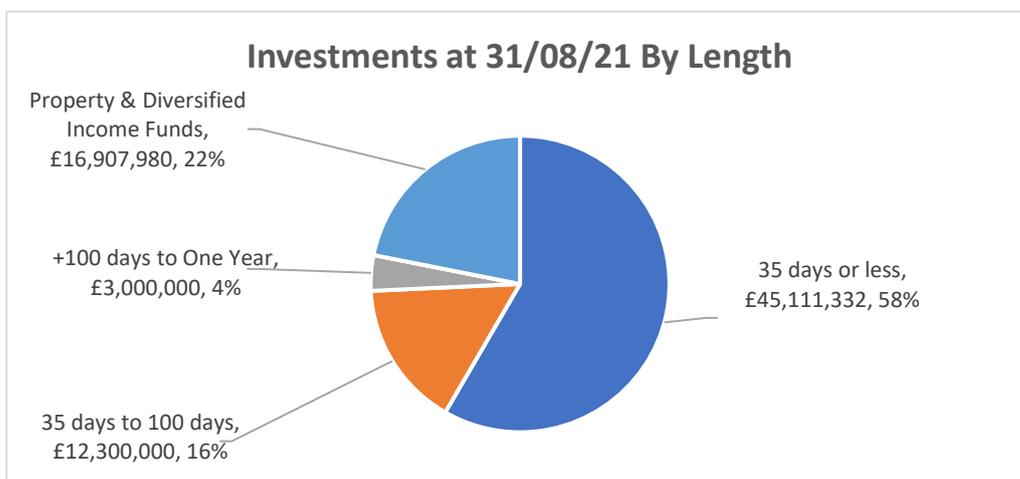
2 **Liquidity Management and borrowing**

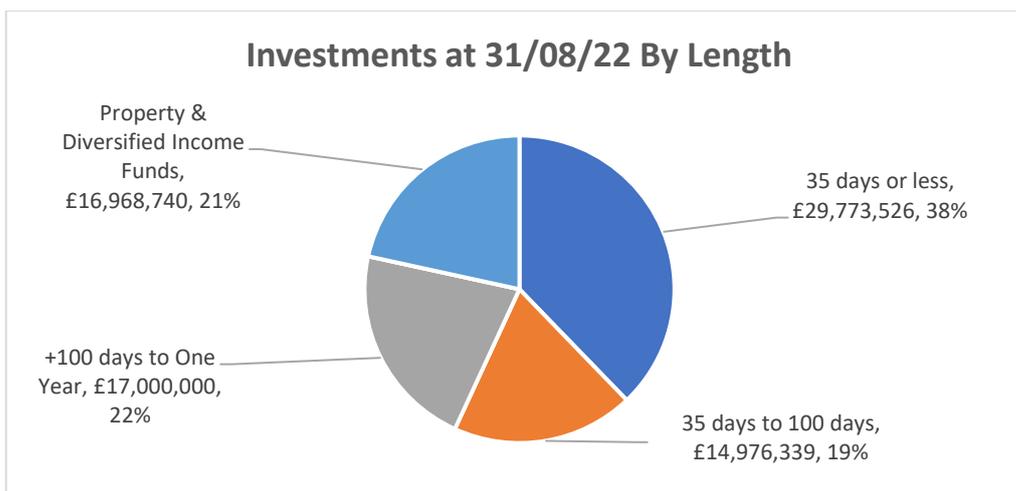
2.1 The Council has continued to keep a significant proportion of its portfolio available for instant access and within notice accounts. This reflects the uncertainty of projecting cashflow balances during and following the pandemic. Investment returns until this financial year for longer duration investments have not justified the lengthening of maturities, however, officers are now engaged in seeking appropriate longer-term investments of up to 1 year. The Section 151 officer will consult with the Cabinet Member for Fairer Chelmsford should a 2-year investment be considered appropriate.

To assist in managing liquidity, the Council set the following target in its Treasury Management Strategy.

**A minimum of £15m of all investments must be invested for periods of 35 days or Less**

**Outcome: The target was achieved, and officers will continue to keep the average durations of investments short until longer investment durations become worthwhile in terms of returns.**





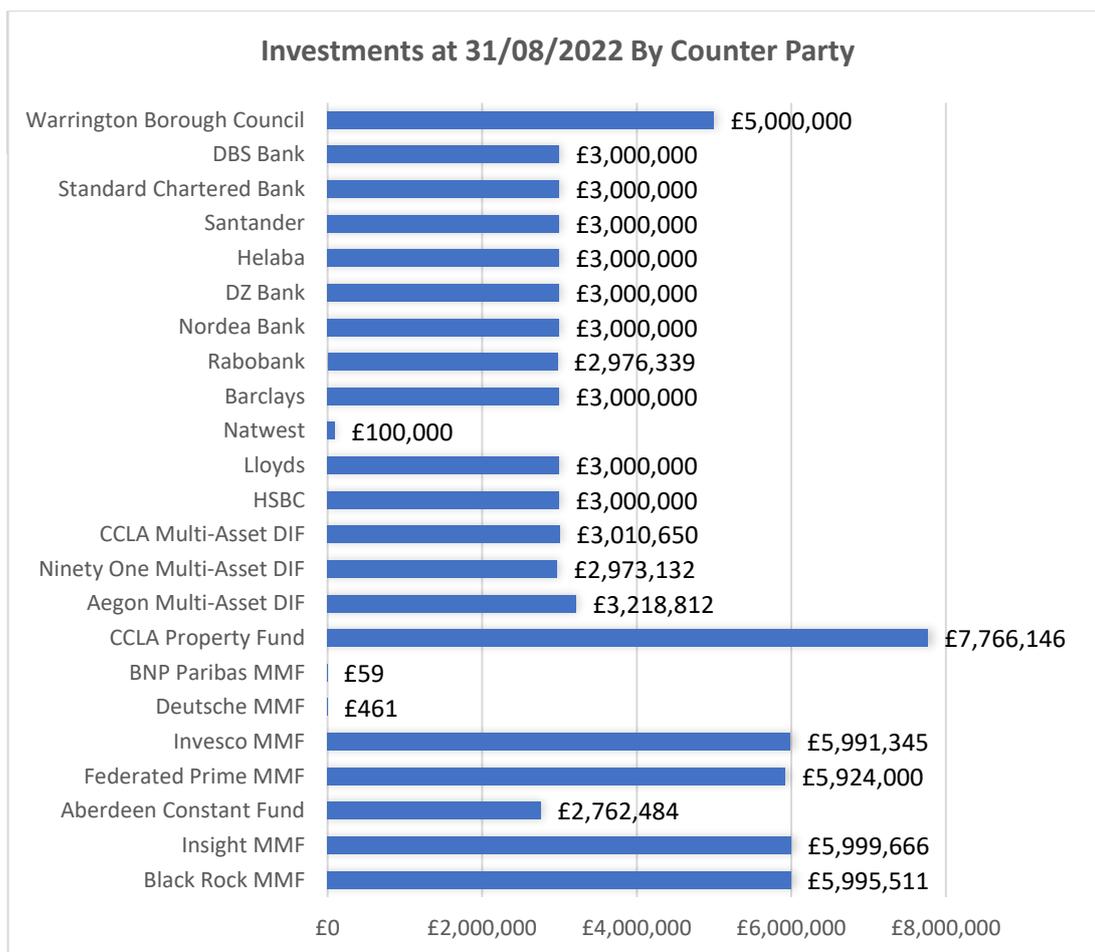
| Investments at:                            | 31/08/21           | %          |
|--|--------------------|------------|
| 35 days or less                            | £45,111,332        | 58         |
| 35 to 100 days                             | £12,300,000        | 16         |
| +100 days to 1 yr                          | £3,000,000         | 4          |
| Over 1 yr                                  | £0                 | 0          |
| Property & Diversified Monthly Income Fund | £16,907,980        | 22         |
| <b>Total</b>                               | <b>£77,319,312</b> | <b>100</b> |

| Investments at:                            | 31/08/22           | %          |
|--|--------------------|------------|
| 35 days or less                            | £29,773,526        | 38         |
| 35 to 100 days                             | £14,976,339        | 19         |
| +100 days to 1 yr                          | £17,000,000        | 22         |
| Over 1 yr                                  | £0                 | 0          |
| Property & Diversified Monthly Income Fund | £16,968,740        | 21         |
| <b>Total</b>                               | <b>£78,718,605</b> | <b>100</b> |

2.2 The Council's Treasury strategy set the following **No fixed duration investments over 365 days are proposed for 2022/23**; Subject to being reviewed during 2022/23 depending on cashflow and counterparty risk. It is recommended that any investments beyond 365 days are at the discretion of the Section 151 Officer.

**Outcome: The limit has not been exceeded.** Currently, none are proposed but officers are looking at options based on reviewing the Council's cashflow and interest forecast.

2.3 **No breaches of counter -party limits have occurred.** The investments held by the Council are noted below.



The Council's investments with local authorities and banks are mostly fixed maturity dates and of a duration of less than one year. The investments with HSBC and Barclays are 31-day and 95-day notice accounts respectively, which both achieve a higher return to the Council than Money Market Funds.

2.4 **The Council has not undertaken any external borrowing in the year to date.** The funding of the approved Capital programme requires borrowing but that has been internal borrowing which reduces the amount the Council has to invest. The Council operates two borrowing limits, the Authorised (maximum) limit which cannot be exceeded without Council agreement and an Operational boundary (which provides an expected level of external debt). The current limits are noted below.

|  | Limit        |
|--|--------------|
| <b>Authorised Limit of Borrowing</b>     | <b>£37m</b>  |
| <b>Operational Boundary of Borrowing</b> | <b>£1.8m</b> |

2.5 The Council cash balances will fall as the year progresses due to the normal outflow of Council Tax to other precepting bodies and capital programme spend. Cash balances are expected to fall significantly compared to previous years due to the capital programme. It is thought unlikely that short-term external borrowing will occur in 2022/23 and a full review of the Council's forecast cashflow is taking place as part of the 2023/24 budget which will estimate when the Council will have a need to undertake external borrowing.

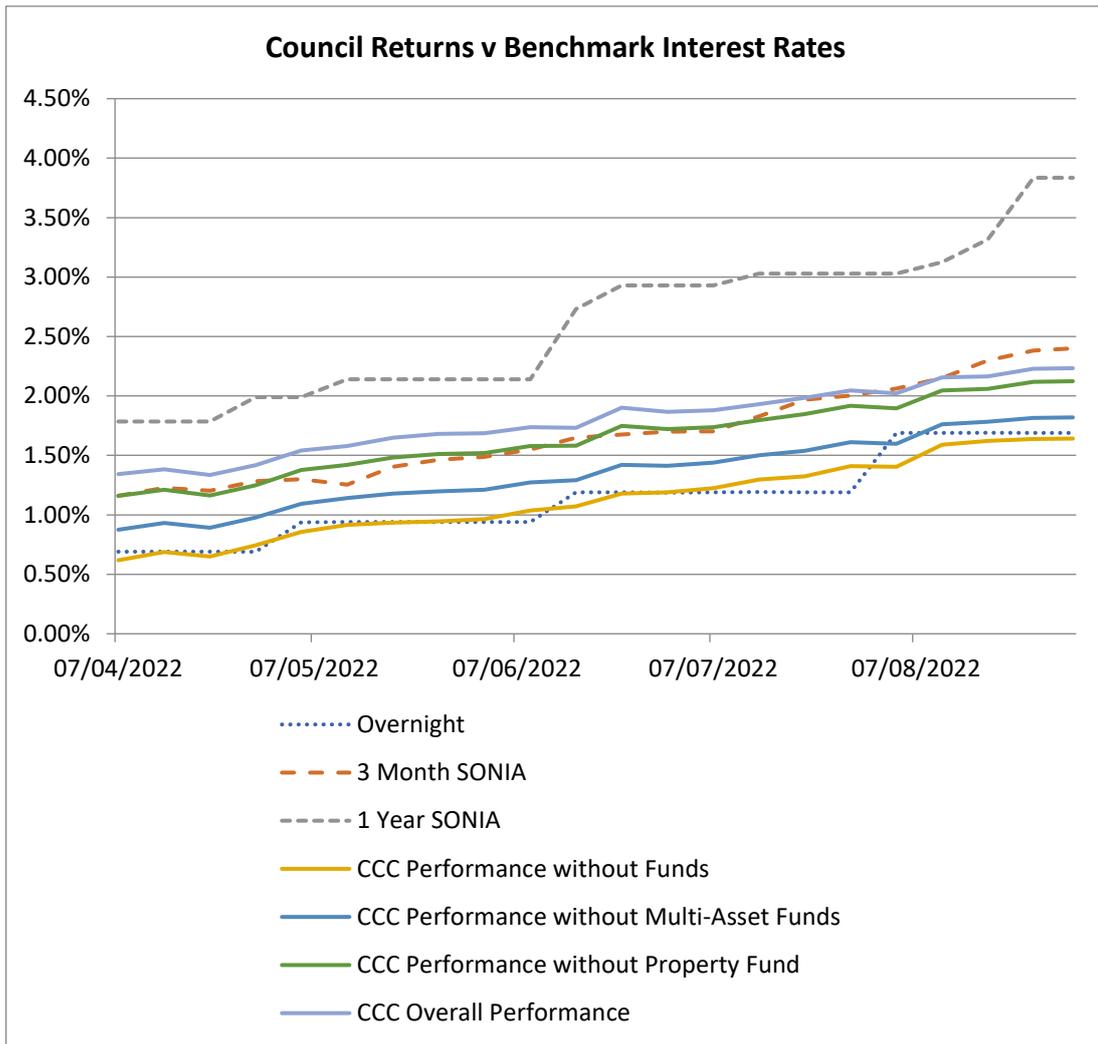
### 3. **Rate of Return**

3.1 The Bank of England Base rate stands at 2.25% after the 0.5% rate rise in September, with market expectations of further future rises to control inflation and deal with tight labour market conditions.

As at 27th September, one-month local authority loans are 1.80% and one-year loans have risen to 4%, however there is a great deal of volatility in the market. Money Market Funds are currently running between 1.80% to 2.08% (likely to rise further) with other cash investments with building societies offering around the base rate and some banks offering higher than the base rate in general for three-month investments.

The Council continues to invest in three multi-asset diversified income funds as part of its long-term strategy for returns and diversified portfolio. The returns are discussed in paragraphs 3.2 to 3.6.

3.2 Money market interest rates have increased with bank rate rises over the last six months. The Council returns are shown below alongside some comparable benchmark rates.



3.3 The Council’s rate of return in 2022/23 has improved compared to recent years due to the rise in Bank of England base rate which has led to increased rates on any cash or short-notice investments. Three diversified income funds have helped to enhance this return for the Council. Officers are continually reviewing options for longer duration investments.

3.4 The Council had an average yield on its portfolio of 2.23% as at 31<sup>st</sup> August 2022. The budgeted income for 2022/23 from investment returns is £701k; this is expected to be exceeded for the year by at least £400k, mainly due to rate rises. Further gains will be dependent on the extent of interest rate increases and cash balances which will be affected by the capital programme.

3.5 Some longer duration interest rates are now looking attractive with some banks offering over 5% for one-year investments after the mini budget update. These trends will be monitored throughout the rest of 2022/23 to assess whether returns can be increased, whilst maintaining security for the Council.

3.6 It is expected that interest rates will continue to rise. Arlingclose are forecasting rates to reach 5% from March 2023 but there is a great deal of uncertainty. The Council returns will be maximised wherever possible but only within the approved Treasury Management Strategy.

#### 4 Externally Managed Fund Performance

4.1 The Council is now invested in three Multi Asset Diversified Income Funds alongside its longstanding investment in the CCLA property fund. These are all intended to be longer term investments to generate a secure return for the Council at a higher rate than many other alternatives. Capital values will fluctuate throughout the period of investment. At the time of drafting, the money markets are under stress with significant interest rate increases being assumed. The information provided in this report will therefore become out of date quickly. Additionally, fund valuation information does not reflect the pressures in the financial markets. Members can expect volatility in fund valuations and uncertainty about the upside gains in income yields from the funds. The decreases in capital values mentioned below are unrealised and would only be realised if the funds were sold. We are currently experiencing extremely volatile market conditions, and this has impacted the externally managed funds.

| Fund               | Initial Investment Value | 01/04/2022 Investment Value | 31/08/2022 Investment Value | Unrealised Gain/(Loss) (since inception) | Annualised Income Return on 1 <sup>st</sup> April Valuations | Annualised Total Return (2022/23) |
|--------------------|--------------------------|-----------------------------|-----------------------------|--|--|-----------------------------------|
| CCLA Property Fund | £5,000,000               | £7,565,769                  | £7,766,146                  | £2,766,146                               | 3.32%  | 5.97%                             |
| CCLA DIF           | £3,100,000               | £3,089,233                  | £3,010,650                  | -£89,350                                 | 3.49%  | 0.95%                             |
| Aegon DIF          | £3,600,000               | £3,584,000                  | £3,218,812                  | -£381,188                                | 6.94%  | -1.33%                            |
| Ninety One DIF     | £3,300,000               | £3,151,873                  | £2,973,132                  | -£326,868                                | 4.34%  | -3.26%                            |

- CCLA Property Fund – This investment fund is open only to Local Authority investors. The Council invested at cost of £5m and its current selling value is £7.8m at 31st August. The annualised income yield on the valuation at 1<sup>st</sup> April is 3.32%
- Aegon Multi-Asset Diversified Income Fund – A £3.6m investment was made into the Aegon DIF in June 2021.
  - Annualised income yield is 6.94% on the valuation at 1<sup>st</sup> April.
  - Capital Value – 10.59% decrease on initial investment and 10.20% decrease against April valuation.
- Ninety-One Multi Asset Diversified Income Fund – A £3.3m investment was made into the Ninety-One DIF in June 2021.
  - Annualised income yield is 4.34% on the valuation at 1<sup>st</sup> April.
  - Capital Value – 9.91% decrease on initial investment and 5.67% decrease on April valuation.
- CCLA Multi Asset Diversified Income Fund – A £3.1m investment was made into the CCLA DIF in July 2021.

- Annualised income yield– 3.49%.
- Capital Value – 2.88% decrease on initial investment and 2.54% decrease on April valuation.

The return on all external funds should be looked at as a portfolio, allowing for periods of over- and underperformance for individual funds. If the first few months of performance were to continue, then the annualised income yield from April to August would be 4.28% on April valuation. The unrealised capital gain to date is £2.0m (including CCLA property fund). It is important to note the unrealised capital gain will fluctuate; the main objectives of the investment in funds are spread of risks across asset types and improving annual income (yield).

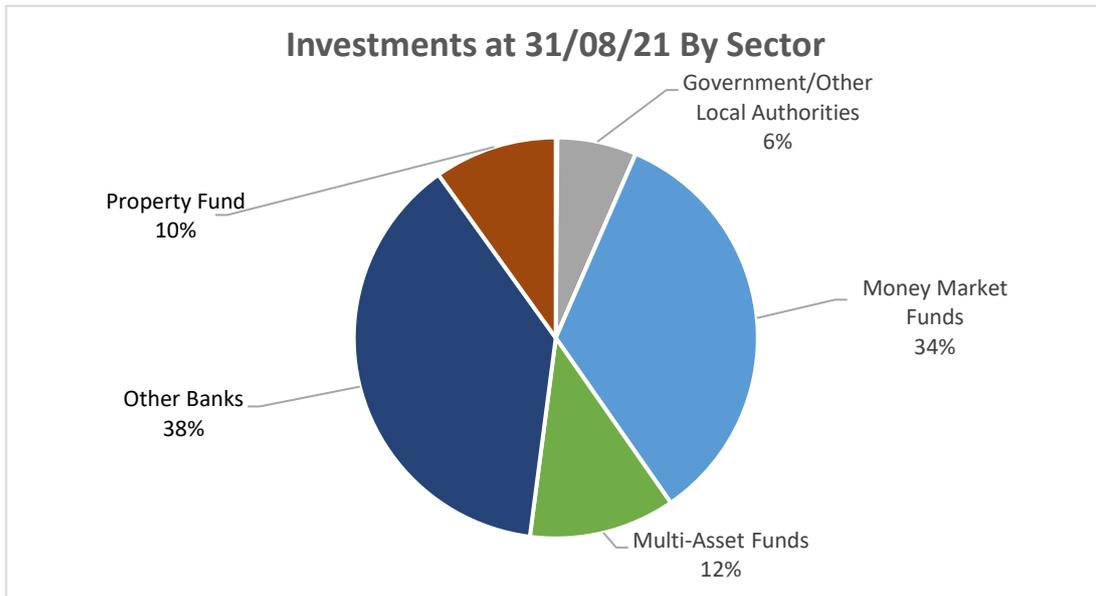
- 4.2 As all four of the funds that the Council is invested in are externally managed, the Council benefits from experts who bring expertise and additional data when selecting and managing investments, therefore helping to spread risk across a wider range of counter-parties and assets, whilst maintaining a high yield.
- 4.3 The value of the different funds the Council invests in can be seen when looking at the returns the Council receives without them. As at 31<sup>st</sup> August 2022, Council return excluding these funds was 1.64%.
- 4.4 The CCLA property fund is not far from reaching the limit of £8m that is set in the Treasury Management Strategy and, as a result, the limit of this fund will need to be increased to allow for further unrealised capital gains. However, volatility in the financial markets is likely to have a detrimental impact on its value.

Alternatively, it may be worth considering selling a proportion of this fund to realise some of these gains. Any sale would have a 90-day redemption period where the funds will be redeemed at the first valuation date following the expiry of the notice period. Arlingclose, the Council's treasury advisors, do not necessarily recommend realising some of the CCLA property fund unrealised gain to invest in other bond funds as the Council has a good level of existing exposure to bond funds through the three multi-asset funds. Officers will consider the options in the light of rising interest rate returns and volatility in fund capital value and undertake action as necessary.

## 5.0 **Bail-in Risk**

- 5.1 This is the risk that regulators will step in and enforce losses on depositors in order to recapitalise a failing bank or building society, rather than rely on taxpayer bailouts.

5.2 Overall exposure to bail-in has increased from last financial year to current, predominantly due to banks reacting to rate rises quicker and building in higher expectation of future rate rises than the local authority market and officers have invested to achieve those higher yields.



| Exposure                             | As at 31 <sup>st</sup> August 2021 | As at 31 <sup>st</sup> August 2022 |
|--------------------------------------|------------------------------------|------------------------------------|
| Bail-in risk                         | 53%                                | 72%                                |
| Exempt from bail-in (including CCLA) | 34%                                | 16%                                |
| Diversified Income Funds             | 13%                                | 12%                                |
| <b>Total</b>                         | <b>100%</b>                        | <b>100%</b>                        |

The Diversified Income Funds will be partially exposed to Bail-In risk, but it is not possible to identify specific risk due to the changing nature and proportion of their investments in bonds, equities, property etc. They have therefore been split out as a separate line in the table above for clarity.

The treasury management advisor services are with Arlingclose at present and the contract for these services ends on 31<sup>st</sup> October 2022. A tender process is currently in progress where a decision would be made after 17<sup>th</sup> October 2022.

## 6 Conclusion

- No breaches of the Treasury Management Strategy have occurred
- Interest Rates are expected to rise during the financial year resulting in higher returns for cash investments. However, there is considerable uncertainty over the extent of any increases.
- The Council remains internally borrowed to fund its capital investment.
- Investments into three diversified income funds as a whole continue to enhance the returns for the Council.
- CCLA property fund is approaching the £8m limit.
- No change to Strategy is recommended for the rest of 2022/23.



Chelmsford City Council  
7<sup>th</sup> December 2022  
Financial Update Report and Review of Fees and Charges

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Report by: Cabinet Member for Fairer Chelmsford

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Officer contact: Phil Reeves, Accountancy Services Manager Section 151,  
phil.reeves@chelmsford.gov.uk, 01245 606562

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### Purpose

To consider

- the current projections of the financial position of the authority, in the light of the historically high inflation and broader economic disruption and
- approving increases in fees and charges as a partial response.

### Recommendations:

- 1) Note the financial position
  - 2) Delegate to officers the implementation of the proposed increases in fees and charges (Appendix 1) as soon as possible.
  - 3) Continue with the budget process for 2023-24 focusing on: identifying savings, reviewing capital programme spend and resourcing, and strategies to address the overall budgetary risks and uncertainties.
- 

## 1. Introduction

- 1.1. The Council's finances are under unprecedented stress due to high rates of inflation, increased interest rates and the economic downturn. This report

identifies actions as a partial response to the financial challenges. It does not resolve the financial difficulties the Council faces but forms a strand of a wider response which will be identified in the Budget Cabinet report in January.

- 1.2. The Council's financial strategy has the objective of maintaining strong finances to ensure the delivery of Our Chelmsford Our Plan.
- 1.3. Since July, Members have had three financial reports providing updates on the current and expected future financial position (the Medium-Term Financial Strategy at July Council, a Financial Update at October Cabinet and Revenue Monitoring at November Cabinet. In the light of the issues identified in these reports, Council is being asked to approve and implement increases in several fees and charges at the earliest opportunity (set out in Appendix 1 and summarised in paragraph 5).

## 2. Summary of Financial Position

- 2.1 The Financial Update Report to October Cabinet identified a forecast £7.9m budget shortfall for 2023/24, due mostly to inflation and car parking income not recovering following the pandemic as much as expected.
- 2.2 The Revenue Monitoring report considered at November Cabinet identified an additional use of unearmarked reserves of £1.127m above the approved 2022/23 budget due to the financial pressures faced.
- 2.3 The Government's Autumn Statement provided little cause to expect material levels of additional Government funding will be made available to the City Council in the financial settlement (expected to be announced before Christmas). Some points of note from the Autumn Statement that impact on the Council are:
  - A 3% increase in Council tax will be allowed in 2023/24 rather than the usual maximum of 2% or £5, whichever is the higher (£5 equals 2.4% for Chelmsford). This would generate an extra £90,000 per annum if implemented.
  - The Government will be reducing Local Authority funding to reflect the reversal of the National Insurance increases. It is unclear what this will mean to the City's funding from Government.
  - The environmental levy on gas has been equalised with electricity. The indicative additional cost to the Council is £50,000 per year.
  - Government Support for increases in energy costs in the public sector remains unknown. However, statements made suggest funding for businesses is expected to be curtailed significantly which would imply any support for public bodies is likely be very limited in scope. Current projections suggest a £2.5m increase in energy costs for the City Council

in 2023/24. The level of this increase will be reviewed up to the point of setting the budget.

- The Council will be fully compensated for Business rate income not rising by inflation. It is unclear what level of additional funding the Council can expect from this.
- No overall cash reductions in national totals for Local Government funding were identified, however, real-terms reductions are expected.

### 3. Pressures on the Council's finances

3.1 The Council is facing exceptional pressures from inflation, interest rates and the impact of the cost-of-living crisis on our income. Ahead of updated forecasts in the 2023-24 budget proposals, it is worth recalling the details set out in the October and November Cabinet reports.

3.2 Inflation has now reached over 11%, far higher than the Government's target of 2%, pushing up the costs to the Council of gas and electricity, fuel for vehicles, staff pay and tenders for contractors and materials. For example:

- This year's budget for energy costs is £2.4m, more than double last year's budget, and the costs for next year could double again. It is costing an extra £10,000 a week this year to keep our leisure centres open.
- This year's budget for vehicle fuel is £0.9m, but we expect to spend an around extra £300,000. It is forecast to cost £18,500 a week to put fuel in our refuse lorries next year.

3.3 Interest rates have risen rapidly this year, with the Bank of England's base rate reaching 3% (and forecast to rise further), up from 0.1% 12 months ago. This has pushed up the cost of capital investment projects and made some projects unaffordable.

3.4 Residents are also feeling the pressure from these inflationary rises with incomes lagging behind, creating a cost-of-living crisis. That is affecting the Council's income from fees and charges, with car park revenues especially affected. Visits to our car parks have been lagging the original forecasts and, as a consequence, this year's car parking income was heading for a shortfall of £1.3m (£25,000 a week).

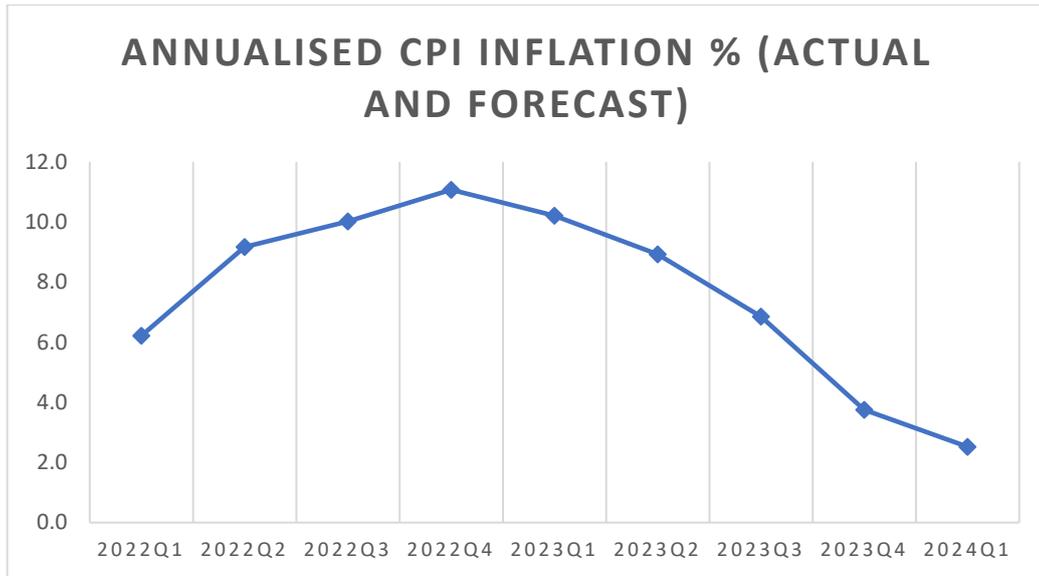
3.5 To put that in context, Council Tax generates £14.7m or around one-quarter of the Council's running costs. Even an increase of 3% next April, as the Government announced in the Autumn Statement, would generate only £440,000 of additional resources – and none this year.

#### 4. Impact on the Council's reserves

- 4.1. Given the financial position, it is inevitable without significant additional Government support that the budget shortfall next year will require the use of unearmarked reserves. This will be to either fund temporary costs or gradually phase in lower levels of Council expenditure over a number of years to avoid a shock adjustment in 2023/24.
- 4.2. The use of reserves in this targeted way is essential to help manage changes but is also a reflection of the uncertainty in the current economic climate. It is possible that some inflationary pressures will be reversed in future years, so the use of reserves reduces the risk of cutting services unnecessarily.
- 4.3. The Section 151 officer is required by law to set a target level of unearmarked reserves. This is intended to ensure authorities set robust budgets and can manage expected and unknown risks. The current target level for unearmarked reserves at Chelmsford is £9m; this will be reviewed in the 2023/24 budget process. The target level was increased during Covid-19 lockdowns, reflecting the additional financial risks. It was expected that the target level would be lowered following the end of lockdowns. However, the Council now faces significant new risks so it is unlikely to be reduced.
- 4.4. In the July Medium-Term Financial Strategy, the level of unearmarked reserves was expected, across the forecast period, to fall to a low point of £9.8m. However, this did not allow for a deterioration in the 2022/23 finances or the use of a significant amount of reserves in 2023/24 to support the budget. Indicatively, unearmarked reserves could fall below the £9m target level and remain under pressure. This issue will be considered in detail in the January Budget report to Cabinet.
- 4.5. The Council will need to consider how best to move from using reserves to replenishing them. In the short term, the Council should consider the following actions to boost or keep unearmarked reserves at the highest level possible in the current circumstances:
- Manage cashflows on the optimum basis to achieve higher investment income, including deferral of expenditure where possible.
  - Continuous review of spend when delivering services.
  - Savings and efficiencies identified as part of the 2023/24 budget planning will be implemented as early as possible (subject to approvals and practical implementation).
  - Increases in fees and charges recommended in this report are implemented as soon as possible.

## 5. Fees and Charges Proposals

5.1 The Council has normally sought to increase its budgets for fees and charges by 2% each year as this was broadly deemed to represent inflation. However, with rising inflation, the assumptions have been increased; the increase was 3.2% in 2022/23 and a suggested 4% in 2023/24. It should be noted that actual and projected UK inflation rates are significantly higher. Inflation data from OBR (Government independent fiscal watchdog) is shown below.



5.2 Details of the fees and charges proposals are identified in Appendix 1. A summary is set out below, including financial implications below:

| Service Area         | Summary of Proposal   | 2022/23<br>(part-year effect)<br>£000s | 2023/24<br>(full-year effect)<br>£000s | Increase over the budget assumption<br>£000s |
|----------------------|---|--|--|--|
| Planning             | Planning Pre-application                                      | 6                                      | 32                                     | 25   |
| Car Parking          | Car Parking. No inflation was assumed in the budget planning. | 38                                     | 180                                    | 180  |
| Bereavement Services | Cremations  | 59                                     | 277                                    | 196  |
| Bereavement Services | Burial Plots  | 2                                      | 8                                      | 5  |
| Bereavement Services | Interment   | 4                                      | 14                                     | 12   |
| Recycling and Waste  | Special Collections   | 6                                      | 24                                     | 22   |
| Leisure              | Leisure charges   | 35                                     | 371                                    | 156  |
| <b>Total</b>         |   | <b>150</b>                             | <b>906</b>                             | <b>596</b>                                   |

## 6. Conclusion

- 6.1 The Council finances are under significant stress as a result of exceptional rates of inflation and the cost-of-living crisis.
- 6.2 It is recommended that increases in fees and charges, identified in this report, are implemented as soon as possible.
- 6.3 The Council will take further actions to improve financial resilience as part of a balanced budget produced for January Cabinet.

List of appendices: Fees and charges proposals

Background papers:

None

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## Corporate Implications

Legal/Constitutional: Increases in charges above the level prescribed in the budget guidelines require Council approval.

Financial: As set out.

Potential impact on climate change and the environment: None

Contribution toward achieving a net zero carbon position by 2030: None

Personnel: None

Risk Management: Financial resilience will be discussed in the Budget report to January Cabinet.

Equality and Diversity: An Equality Impact Assessment is not required as the fees and charges proposals do not introduce new or revised policies

Health and Safety: None

Digital: None

Other: None

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Consultees:

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Relevant Policies and Strategies:

Medium-Term Financial Strategy

The proposals should continue to support delivery of the Our Chelmsford Our Plan Corporate Plan.

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## Appendix 1

### Urgent Review of Fees and Charges

Directors have undertaken an urgent review of fees and charges in consultation with Cabinet members. The objective is to increase some charges at the earliest opportunity to support the Council's financial position.

This section identifies the fees and charges proposed to be changed and explains the background and financial implications.

#### 1. The Planning Advice Service

Unlike planning application fees which are set nationally, fees for planning advice are set by individual councils. The types of advice available can vary but most councils offer a pre-application advice service which allows applicants to submit their proposals informally for comments and advice prior to submitting a formal planning application. Pre-application advice is a valued part of the process that has the following benefits:

- It enables a potential applicant to decide whether to proceed with an application if the advice shows planning permission is unlikely to be granted
- It enables the applicant to make changes to their proposals to make it more likely permission will be granted
- It gives the applicant advice on the fee and the various supporting documents, drawings and reports that are needed to make an application valid
- It gives the local authority the opportunity to influence the design and layout to ensure better quality development
- It flags up potential impacts on neighbouring properties that can be overcome or reduced prior to the application being submitted, leading to fewer objections

Overall a good pre-application advice service means better development, fewer invalid applications, fewer refusals, fewer appeals and a more streamlined planning application process.

The planning advice service at Chelmsford also provides property history checks so people can find out whether they have permitted development rights or what the authorised use of a property is, and provides advice to householders on whether planning permission is required for various projects.

| Current Fees            | New           |               | Subsequent    |               |
|-------------------------|---------------|---------------|---------------|---------------|
|                         | Written<br>£s | Meeting<br>£s | Written<br>£s | Meeting<br>£s |
| Householder             | 68            | 200           | 44            | 133           |
| Small residential       | 192           | 561           | 127           | 386           |
| Minor Development       | 386           | 1,124         | 264           | 792           |
| Small Major Development | 772           | 2,390         | 514           | 1,543         |
| Large major development | n/a           | 2,680         | n/a           | 2,009         |
| Strategic development   | n/a           | 4,019         | n/a           | 3,014         |

Planning advice income for 2021/22 was £175,894. Predicted fee income for 2022/23 is £170,000

| Proposed Fees   | New           |               | Subsequent    |              |
|---|---------------|---------------|---------------|--------------|
|   | Written<br>£s | Meeting<br>£s | Written<br>£s | Meeting<br>£ |
| Permitted Development and Property History Check (new charge) | 75            | n/a           | n/a           | n/a          |
| Householder   | 98            | 290           | 75            | 224          |
| Small residential   | 242           | 711           | 178           | 536          |
| Minor Development   | 425           | 1,236         | 290           | 871          |
| Small Major Development                                       | 849           | 2,629         | 565           | 1,697        |
| Large major development                                       | n/a           | 2,948         | n/a           | 2,210        |
| Strategic development   | n/a           | 4,421         | n/a           | 3,315        |

The proposed increase in charges should deliver an additional £6,000 in 2022/23 (part year) and £32,000 in 2023/24 (full year). The increase in income above the 4% target for 2023/24 is £25,000.

## 2. Car Parking Charges

The budgeted income set for 2022/23 was based on assumptions regarding car parking income returning to an average of 82% percent of pre-Covid levels, however car parking is likely to be circa £1.3m short of expectations. The sustainable level of car parking activity post-Covid remains uncertain. However, the recent level of long-stay car parking has been consistent, and officers believe usage data indicates a number of fee increases are appropriate.

The changes recommended are:

- The full-day charge at all long-stay car parks to be increased by £0.50 (the 48-hour charge increasing by £1.00). Additional income would be £100,000 per year.
- Moving Coval Lane to Zone A and increasing the full-day charge by £2.50 from £7.00 to £9.50 to align it with the other Zone A car parks (Fairfield Road, Townfield St and Glebe Road). Additional £18,000 per year.
- Increasing evening charges across all car parks by £0.20. Additional, £21,000 per year.
- Season ticket charges increased by £50. Additional, £42,000 per year.

Total increase from proposals would be £38,000 in 2022/23 and £180,000 in 2023/24 full year.

The financial planning for 2023/24 assumed no increase in car parking charges for 2023/24.

## 3. Bereavement Services – Cremation Fees and Charges

Since 2015/16, the pricing strategy for cremations has been to position Chelmsford's charges at around the average of those charged at crematoria in a regional comparison group. In 2022/23, the charges were increased by a lower amount reflecting the unusual circumstances prevalent at that time.

However, reviewing the charges has identified that returning to the long-term mechanism for determining increases is appropriate given the financial challenges the Council faces.

For 2022/23, the average charge for a cremation across the group is £962.82. This compares to a cremation charge at Chelmsford of £924.00; Chelmsford's charge being around 4% below the average. This difference has arisen as the approach to 'match the average price' was not fully applied for 2022/23.

The £962.82 regional group average will increase in 2023/24 as fees will most likely increase to cover higher costs such as energy. It is not reasonable to assume regional average could increase by the rate of inflation currently expected to be around 10%. A charge of £1,050.00 is proposed for Chelmsford which would be comparable to an inflated regional average rate.

This would be a £126.00 increase on the current charge and would be expected to generate an additional income of around £277,200, of which £81,000 is already included in the baseline of the financial forecast, so an additional £196,000 net.

The impact on 2022/23 is expected to be £59,000.

#### **4. Bereavement Services – Burial and Interment Fees and Charges**

The current position is that the average cost of "Exclusive Right of Burial" grave purchase for local residents across wider Essex is £2,136.00 compared with Chelmsford's £1,445.00. Chelmsford's fees are 32% below this average. The average does include fees from providers closer to East London which are significantly higher due to demand-led factors and shortages of burial capacity; the opposite is true of providers in North Essex where demand factors are impacting less.

All providers of burial space include doubling or increased fees for non-residents.

The current position shows that the average cost of interment of a person exceeding 18 years of age for local residents across wider Essex is £981.89 compared with Chelmsford's £821.00. Chelmsford's fees are 19.5% below this average. The comparative data shows that whilst most providers including Chelmsford double or charge increased fees for non-residents, this principle is not universally applied by others.

It is proposed that the charge for "Exclusive Right of Burial" grave purchases for Chelmsford residents is set at £1,590.00, an additional £145.00. This would position Chelmsford above the level of adjoining similar providers for mid Essex. This would be expected to generate an additional income of around £7,600, of which £3,040 is already included in the baseline of the financial forecast, so an additional £4,560 net.

For the resident charge for interment of a person exceeding 18 years of age, an increase by £160 to £981, is proposed to position Chelmsford in line with the sector average for wider Essex. This would be expected to generate an additional income of around £14,200, of which £2,131 is already included in the baseline of the financial forecast, so an additional £12,069 net.

#### **5. Special and bulky waste collection charges**

Chelmsford City Council has a statutory duty to arrange for the collection of household waste in its area. Generally, with limited exceptions, these collections must be free of charge. The law categorises types of waste for which a reasonable charge can be made, special or bulky waste collections from households being one of those types of waste.

The Council currently provides a specialist paid-for service for the collection and disposal of household items that are not permitted to be placed in the kerbside general waste collections. This is mainly electrical goods and furniture, such as cookers, washing machines, settees, tables etc. Arrangements can be made also for the collection and disposal of larger items, such as sheds, fencing materials, trampolines and alike, and these are priced individually.

Current income is budgeted at £121,000. The charges are proposed to be increased as follows:

|          | Item 1 | Item 2 | Item 3 | Item 4 | Item 5 | Item 6 | Total for 3 items | Total for 6 items |
|----------|--------|--------|--------|--------|--------|--------|-------------------|-------------------|
| Existing | £16.00 | £8.50  | £8.50  | £8.50  | £8.50  | £8.50  | £33.00            | £58.50            |
| Proposed | £20.00 | £10.00 | £10.00 | £10.00 | £10.00 | £10.00 | £40.00            | £70.00            |

The charges are expected to generate an extra £22,000 in a full year.

## 6. Leisure Service charges

A huge range of leisure services are offered by the Council. The level of demand and the social/community objectives set for these services can vary. Leisure officers will use available usage data, their understanding of the service and market conditions to formulate individual pricing as is the normal practice. Members are being asked to consider a higher increase than the budget guidelines established (4%) which would have generated an extra £216,000 over 2022/23 levels. Officers' review of charges proposes an increase which would generate £371,000 in a full year. The percentage increases for each fee and charges will all be different.

## 7. Implementation Timescales

Given the significant and unexpected inflationary pressures the Council is facing, the increases in charges should be implemented early. Officers should be delegated to implement the changes as soon as possible, with a target date of 1<sup>st</sup> January. However, for operational reasons, charges for leisure membership are likely to be increased from 1<sup>st</sup> April and car parking in mid-January.