Cabinet Agenda

28 January 2025 at 7pm

Council Chamber, Civic Centre, Chelmsford

Membership

Councillor S J Robinson (Chair and Leader)
Councillor L Foster (Fairer Chelmsford and Deputy Leader)

and Councillors

Councillor C Davidson (Finance)
Councillor N Dudley (Active Chelmsford)
Councillor D Eley (Safer Chelmsford)
Councillor R Moore (Greener Chelmsford)

Local people are welcome to attend this meeting, where your elected Councillors take decisions affecting YOU and your City.
There is also an opportunity to ask your Councillors questions or make a statement. These have to be submitted in advance and details are on the agenda page. If you would like to find out more, please telephone Dan Sharma-Bird in the Democracy Team on Chelmsford (01245) 606523 email dan.sharma-bird @chelmsford.gov.uk

THE CABINET

28 January 2025

AGENDA

PART 1 – Items to be considered when the public are likely to be present

1. Apologies for Absence

2. Declarations of Interest

All Members 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.

3. Minutes and Decisions Called in

Minutes of meeting on 11 November 2024.

4. Public Questions

Any member of the public may ask a question or make a statement at this point in the meeting. Each person has two minutes and a maximum of 20 minutes is allotted to public questions/statements, which must be about matters for which the Cabinet is responsible. The Chair may disallow a question if it is offensive, substantially the same as another question or requires disclosure of exempt or confidential information. If the question cannot be answered at the meeting a written response will be provided after the meeting.

Any member of the public who wishes to submit a question or statement to this meeting should email it to committees@chelmsford.gov.uk at least 24 hours before the start time of the meeting. All valid questions and statements will be published with the agenda on the website at least six hours before the start time and will be responded to at the meeting. Those who have submitted a valid question or statement will be entitled to put it in person at the meeting.

5. Members' Questions

To receive any questions or statements from councillors not members of the Cabinet on matters for which the Cabinet is responsible.

6. Finance Items

6.1 Budget Report 2025/26

6.2 Capital, Treasury Management and Investment Strategies 2025/26

6.3 Local Council Tax Support Scheme for 2025/26

6.4 Discretionary Business Rate Relief Policy 2025/26

7. Greener Chelmsford Item

7.1 ARU Masterplan

8. Urgent Business

To consider any other matter which, in the opinion of the Chair, should be considered by reason of special circumstances (to be specified) as a matter of urgency and which does not constitute a key decision.

9. Reports to Council

The officers will advise on those decisions of the Cabinet which must be the subject of recommendation to the Council.

PART 2 (Exempt Items)

To consider whether to exclude the public from the meeting during the consideration of the following matters, which contain exempt information within the category of Part 1 of Schedule 12A to the Act indicated:

10. Deputy Leader Item

10.1 Waterhouse Lane Car Park

Category: Paragraph 3
Information relating to the financial or business affairs of any particular person (including the authority holding the information)

Public interest statement: It is not in the public interest to release details of this report at present, on the grounds that the report contains information that is commercially sensitive.

MINUTES OF

CHELMSFORD CITY COUNCIL CABINET

on 12 November 2024 at 7pm

Present:

Cabinet Members

Councillor S Robinson, Leader of the Council (Chair)
Councillor L Foster, Deputy Leader and Cabinet Member for a Fairer Chelmsford
Councillor C Davidson, Cabinet Member for Finance
Councillor N Dudley, Cabinet Member for an Active Chelmsford
Councillor R Moore, Cabinet Member for a Greener Chelmsford

Cabinet Deputies

Councillor T Sherlock, Cabinet Deputy for Sustainable Transport

Opposition Spokespersons

Councillors, J Jeapes, J. Raven, M Steel, R Whitehead and P Wilson

Also present: Councillor H. Clark

The Leader of the Council and Leader of the Opposition reflected on the recent sad passing of Councillor Ian Grundy and a minutes silence was held in their memory. The Cabinet heard that Cllr Grundy had been a Councillor for over twenty years at City and County level.

1. Apologies for Absence

Apologies for absence were received from Cllrs Armstrong, Eley, Hawkins, Hyland, Lardge and Thorpe-Apps.

2. Declarations of Interest

Members of the Cabinet were reminded to declare at the appropriate time any interests in any of the items of business on the meeting’s agenda.

3. Minutes and Decisions Called-in

The minutes of the meeting on 8 October 2024 were confirmed as a correct record. Item 7.1 had been considered by the Overview and Scrutiny Committee on 4th November, who had upheld the Cabinet decision.

4. Public Questions

One public question had been submitted in advance, relating to the rules around submitting public questions and can be viewed via this link.

The Leader of the Council referred to the question which, related to the requirement for public questions to be submitted at least 24 hours in advance of a meeting. In response the Leader of the Council stated that the rule had been in place since 2021, where it had been agreed by various member bodies including Full Council. The Cabinet heard that it allowed those not able to attend a meeting to still submit a question and it also allowed a response to be provided at the meeting, due to the prior notice, rather than a holding reply being given with a later answer via email.

5. Members' Questions

No questions were asked at this part of the meeting.

6.1 Rural England Prosperity Fund (REPF) (Active Chelmsford)

Declarations of interest:

None.

Summary:

The Cabinet were provided with an update on the Rural England Prosperity Fund and with details of the 2024/25 Grant Scheme. The Cabinet were asked to approve the recommendations made by the Community Funding Panel for the allocation of the 2024/25 REPF monies. The Cabinet heard that the proposals support Capital projects, being delivered by rural businesses and community organisations .

Options:

1. To accept the recommendations as set out within the report.
2. To make amendments to the recommendations set out within the report.
3. To not accept the recommendations within the report.

Preferred option and reasons:

Option 1 was the preferred option. The Community Funding Panel had discussed the applications made for the 2024/25 REPF grant scheme and had made recommendations for the allocation of this funding, as set out within the report. Due to the tight timeframes involved, any option other than option 1 may have jeopardised the ability to spend Chelmsford City Council's allocation of REPF by the 31st March 2025 deadline.

RESOLVED that;

1. The update on the Council's allocation of Rural England Prosperity Fund be noted and;
2. The recommendations made by the Community Funding Panel for the allocation of the Council's 2024/25 REPF monies as set out in Appendix 1 be approved and;
3. Authority be delegated to the Director of Connected Chelmsford, in consultation with the Community Funding Panel, to take any necessary decisions required in order to ensure that the 2024/25 REPF is spent within the stated timeframes.

(7.05pm to 7.06pm)

7.1 Treasury Management Mid-Year Review 2024/25 (Finance)

Declarations of interest:

None.

Summary:

The Cabinet considered a report on the Treasury Management activities undertaken in the first part of 2024/25 and the extent of compliance with the approved Treasury Management Strategy. The Treasury Management and Investment Sub-Committee had concluded that no changes to the Strategy were required ahead of the full, annual review later in the financial year.

Options:

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

Preferred option and reasons:

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

RESOLVED that the report on the Treasury Management activities in 2024/25 be noted and the Council be requested to review the report and approve the 2024/25 Treasury Strategy without change.

(7.06pm to 7.07pm)

8.1 Gambling Act 2005 – Statement of Licensing Principles (Safer Chelmsford)

Declarations of interest:

None.

Summary:

The Cabinet was requested to approve the latest Statement of Licensing Principles under the Gambling Act 2005 before its consideration by Council.

Options:

Recommend that the Council adopt the Statement with or without amendments.

Preferred option and reasons:

Recommend adoption of the Statement as submitted, as it had been the subject of consultation and remained fit for purpose.

RESOLVED that the Council be recommended to adopt the attached latest version of the Statement of Licensing Principles under the Gambling Act 2005.

(7.07pm to 7.08pm)

9. Urgent Business

There were no items of urgent business.

10. Reports to Council

Items 7.1 and 8.1 were subject of a recommendation to Council.

Exclusion of the Public

RESOLVED that under Section 100A(4) of the Local Government Act 1972 the public be excluded from the meeting for item 11.1 on the grounds that it involved the likely disclosure of exempt information falling within paragraph 3 of Part 1 of the Schedule 12A to the Act (information relating to the financial or business affairs of any particular person including the authority holding that information).

11.1 Co-Working Space Provision, Coval Lane (Phase 1 Building), Second Floor (Leader)

Declarations of interest:

None.

Summary:

The Cabinet was requested to consider a proposal for the creation of a new co-working space within the Council's Coval Lane (Phase 1) building, utilising one floor of vacant floorspace, and providing a facility that would support the local economy and small business support ecosystem in Chelmsford.

Options:

1. To accept the recommendations as set out within the report.
2. To make amendments to the recommendations as set out within the report.
3. To not accept the recommendations within the report.

Preferred option and reasons:

The preferred option was Option 1. There is identified demand for further co-working space provision within Chelmsford and an opportunity to couple the creation of a new offer within surplus accommodation within the Civic Centre alongside business support, something that is not currently provided for elsewhere in Chelmsford.

Discussion:

The Cabinet heard that the proposal would lead to a more effective and efficient use of the site and improve the support and guidance that could be provided to new and small businesses. It was noted that the proposal was to use funds from the UK Shared Prosperity fund along with some money allocated from the Capital Programme. It was noted that the on site businesses would be able to get direct advice from the Council's Economic Development team and that there was plenty of demand for spaces, due to the rise of hybrid working. The Leader of the Opposition supported the proposals as the grant had to be spent by March 2025 and the Council offer would benefit from the advice that could be given by the Economic Development team.

RESOLVED that

a) Cabinet approved the creation of the new co-working space on the second floor of the Coval Lane building (Phase 1) as set out in the report, and

b) That the Directors of Public Places and Sustainable Communities be authorised to complete the necessary contractual arrangements to enable the works contract and management operator's contracts to be completed (up to an initial period of 2 years, with an option to extend beyond 2 years, subject to the commercial success of the facility)

c) That a series of key performance indicators are agreed with the management operator and form part of the contract with them.

The meeting closed at 7.16pm

Chair

Chelmsford City Council Cabinet

28th January 2025

Budget Report 2025/26

Report by:
Cabinet Member for Finance

Officer Contact:
Phil Reeves, Accountancy Services Manager (S151 Officer), 01245 606562, phil.reeves@chelmsford.gov.uk

Purpose

The primary purpose is to make recommendations to Council for the 2025/26 Revenue and Capital Budgets, including the level of 2025/26 Council Tax for the City.

Options
To agree or vary the proposals contained within this report whilst paying regard to the financial sustainability of any amendments.

Preferred option and reasons
Recommend the report to Council for consideration so meeting statutory obligations

Recommendations
1 That Cabinet recommends to Council the contents of Appendix 1, the budget report, being:

i. The new Revenue and Capital investments in Council Services shown in **Section 5**
ii. The delegations to undertake the new capital schemes identified in **Section 5**, Tables 12a and 12b
iii. The Revenue Budgets in **Section 10** and Capital Budgets in **Section 11**
iv. An increase in the average Band D level of Council Tax for the City Council to £228.07 (2.96%), the maximum allowed before a referendum, in **Section 9**

v. The movement in reserves shown in **Section 7**

vi. The Budget forecast in **Section 7** and in **Section 8** the s151 officer's review of the budget, which Members are required to note.

vii. Special expenses, Parish and Tier Councils' precepts as identified in **Section 9**, Table 22 (These will not be available until Full Council).

viii. Delegation to the Chief Executive to agree, after consultation with the Leader of the Council, the pay award for 2025/26 within the normal financial delegations.

2 That Cabinet approves:

i. A delegation to the S151 Officer to update the budget report for Parish and Tier precepts, changes to final Government settlement, and Business Rate Retention income following completion of NNDR1 statutory return to Government, after consultation with the Cabinet Member for Finance.

ii. A delegation to S151 officer to prepare a legal Budget resolution for submission to Council for consideration after consultation with the Cabinet Member for Finance.

iii. The changes to fees and charges determined by Full Council on 18th December 2024 as reflected in Section 4.

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1. Background

1.1. Each year, Cabinet is required to make a proposal to Council to agree:

- Chelmsford City Council Tax rates; and
- Revenue and Capital budgets for the next financial year.

This report contains such proposals for a budget for 2025/26. Full details of the budget are in Appendix 1.

2. Executive Summary

2.1. The budget report in Appendix 1 provides the funding for core Council services, which supports the aims of Our Chelmsford, Our Plan.

2.2. Government Funding in **Section 2**. The report is based on the Government's provisional funding settlement. Should the settlement be amended after Cabinet the S151 Officer in consultation with the cabinet Member for Finance is delegated to amend the papers for Council. The government has not yet announced allocations of funding to compensate Council for high National Insurance contributions, so changes to funding figures are expected.

2.3. The savings and income changes are shown in **Section 4**.

2.4. New Capital Service Investment as shown in **Section 5**.

2.5. Council Tax proposal. The Government rules allow Chelmsford City Council to raise Council tax by up to 3% or £5.00, whichever is greater, without triggering a local referendum. It is proposed to increase the City Council's Council Tax by

2.96% or just under 13 pence per week (£6.55 per year) in 2025/26, which reflects the long-standing practice of increasing Council Tax in line with the assumptions the Government makes when allocating funding to local government.

2.6. A review of reserves is set out in **Section 7,** with reference to the S151 officer's recommendations in **section 8**.

2.7. The report does not yet include special expenses, the precepts from Parish/Tier councils, Essex Police, Fire and Crime Commissioner and Essex County Council. As the precepts will not be available until after Cabinet.

3. Conclusion

3.1. Cabinet is asked to review the Budget Report and agree to the recommendations.

3.2. The financial outlook continues to deteriorate as cost pressures mount, efficiencies become more difficult to achieve and income including Government funding and Council tax increases do not match the increased costs faced by the Council.

3.3. The 2025/26 budget is legally balanced. However, reserve use is still necessary to offset temporary loss of rent income due to vacancies in Council owned properties.

List of appendices:

Appendix 1 – Budget Report 2025/26

Background papers:

Nil

Corporate Implications

Legal/Constitutional: To meet the legal requirements placed on the Council to set a balanced budget and approve a level of Council Tax for the coming year

Financial: As detailed in the report

Potential impact on climate change and the environment: The Council's budget supports the Council in delivering its environmental objectives

Contribution toward achieving a net zero carbon position by 2030: The report provides funding for initiatives to contribute towards this goal.

Personnel:

Within the Budget, employee costs are the largest single expenditure. The limited financial resources and increasing inflationary pressures will make it difficult to maintain existing staffing levels.

Risk Management:

A review of the risks is identified

Equality and Diversity:

N/A

Health and Safety:

N/A

Digital:

N/A

Other:

N/A

Consultees:

Management team, Section 151 Officer and Monitoring officer

Relevant Policies and Strategies:

Capital, Investment and Treasury Management Strategies 2025/26

Budget report 2025/26

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Section 1
Introduction to the Council's 2025/26 Budget

Background

In each succeeding year for well over a decade, it has become more difficult to balance the budget whilst avoiding cutting services or using the Council's reserves in an unsustainable way. It is not just Chelmsford City Council that has been experiencing these financial difficulties; most councils have been affected. Until as recently as last October, the Council was hopeful that the Government would appreciate the dire finances of councils up and down the country and would increase the funding support it provides or find alternative ways to enable councils to make their own finances sustainable.

So it is disappointing that these hopes were dashed. With the trend of ever more difficult budgets continuing for another year, Council needed to raise significant additional revenues from fees and charges and increases were set out in a report approved by Council in December, which also introduced the new charge for collecting garden waste. `

This action means that the resources forecast to be available in 2025/26 are sufficient to balance the budget for another year.

For years beyond 2025-26, there are significant uncertainties, though. Local Government Reorganisation (LGR) for Essex Councils seems a certainty, although nothing has been agreed at the time of drafting this report. The impact on the Council's finances may be a moot point if the Council no longer exists, but Chelmsford's residents will expect the services they rely on – their bin collections, parks, leisure centres and so on – to continue uninterrupted, whoever is delivering them. LGR also creates financial risks in 2025/26 and in the period leading up to any reorganisation. For example, a key issue will be a need to re-examine reserves to identify funding for the one-off costs of any organisation; indicatively, this could be several million pounds. Decisions on these matters will be dealt with after the budget when there is more clarity.

Looking wider than LGR, the challenges the Council faces remain those reported in previous years, being:

1. **Insufficient Government support**
    - The Government has provided, in overall terms, extra cash funding for 2025/26. The extra funding in 2025/26 should be seen in the context of:
        - Chelmsford's revenue core funding from Government is £11m per year less now than it was in 2010 compared to if it had kept up with inflation.
        - National Insurance contribution increases made in the Government's October budget will cost the Council nearly £0.9m a year but government compensation to the City Council is thought to be less than £0.3m a year despite the Government committing to cover the cost. The Government has delayed the announcement of funding allocations for NI until the final local government settlement is announced, possibly, in February.
        - The government does not fund the cost to the Council of the increase in National Living Wage, unlike many other parts of Government. Indicatively this has increased the Council pay bill by £0.5m in both 2023/24 and 2024/25, and is expected to be more in 2025/26.

  - The budgeted cost to the Council of providing temporary housing for people who would otherwise be homeless is £5.9m, with only £1.7m grant from the Government.
- The overall outlook for Government funding beyond 2025/26 is expected to get significantly worse for the Council. The Government has committed to a full review of how councils are funded. The principles that the Government intends to use to develop the new funding arrangements are unfavourable to Chelmsford City Council. The changes are likely to reduce the amount the Council receives from government grants and business rate retention. For planning purposes, though far from certain, a loss of £2.5m a year in funding by 2028/29 should be assumed.

2. **Historically high inflation impacts on the Council's costs**
   - CPI Inflation was 2.6% in November 2024, having fallen from nearly 10% two years earlier. However, the actual inflation the Council experiences is higher than this due to:
     - Increases in software costs when licencing agreements have been renewed
     - Cost increases on vehicle parts and maintenance appear to be rising at nearer 10%
     - The building repairs & maintenance budget has allowed for 5% inflation
     - National Living Wage: previous increases of around 10% and for 2025/26 6.73%
3. **Significantly increased demand and higher costs of Homeless services**
   - The number of households the Council is required to house in temporary accommodation is expected to continue to rise. In 2021, the number of households in temporary accommodation was 243, and this rose to 459 at the end of 2024. It is expected to rise to 576 by the end of 2026.
   - The net cost of each new case is around £13k.
   - The supply of social housing is expected to increase above trend in 2028/29 and 2029/30 due to developments planned by CHP and has been factored into planning. In those years, the increase in the number of temporary accommodation places will not fall but should plateau, but at 700 or so households. The development of Waterside should bring new housing in a similar time frame but is not included in financial planning yet.
   - Overall, the number of households in temporary accommodation funded by the Council is still expected to have risen from 243 in 2020/21 to 706 in 2029/30.
4. **Capital Funding**
   - Capital resources are scarcer due to economic conditions. Community Infrastructure Levy (CIL) and capital receipts are lower as a slower economy is impacting both.
   - The budget and forecasts include the impact of financing Chelmer Waterside (loss of interest on CIL spent) but cannot yet include the beneficial income or capital receipts on the long-term development. The budget forecasts are likely to improve as the scheme moves forward.
   - Condition surveys of the Council's operational assets have identified the need to replace plant and equipment and the costs are included in the budget. This has added extra financing costs to the revenue budget.
   - There will be a need to consider the business case for investing in the Council cemetery and crematorium, without which £2.7m of income is at risk in the longer term.

- The delivery of the Local Plan and Our Chelmsford, Our Plan, will require investment that is not yet factored into the financial planning. The report identifies the key unfunded priorities.

Summary of 2025/26 Budget and Future Outlook

Update on the 2024/25 Financial Position
Reviewing the current year's expenditure and income is critical to understanding the likely level of reserves and trends in 2025/26. Financial monitoring for the current year **2024/25** was undertaken for Cabinet members in November 2024 and in summary:

- Ongoing additional cost: A local pay award, being a minimum of £1,290 or 2.5% dependent on employee grade. This results in an extra, above budget, ongoing cost of £0.4m. This additional cost can be attributed to the National Living Wage increasing by 9.79% in 2024.
- One-off income: Business Rate Retention is expected to be £1.25m higher than the £2.25m allowed for in the budget. This should be seen as one-off and there is a risk that the funding may not occur if appeals against valuations by taxpayers are successful. £0.75m will be used during 2024/25 to support the revenue budget/general balance. The remaining £0.5m is assumed to go into the Business Rate Reserve.
- One-off income: £0.5m of additional grants (mostly housing related).
- One-off income: £0.8m of higher interest earnings. This reflects less capital spend than expected in 2023/24 and 2024/25, plus interest rates have been more favourable to investing.
- Ongoing additional cost: £0.4m higher costs on housing benefits because of higher payments for supported housing that do not attract full government funding.

The projected year-end position for 2024/25 suggests that the General fund balance (unearmarked reserve) will be £1.4m better than expected due to the one-off income gains. If payments for timing differences for business rates are excluded, the Council is now expected to use around £2.9m of reserves (£1.1m for rents and the majority of the balance on capital funding) in 2024/25, which is unsustainable in the medium-term. Section 7 identifies the forecast reserves at the end of March 2025.

2025/26 Budget and forecast
The main financial risks and robustness of the 2025/26 budget estimates are discussed in section 8, the report by the s151 officer.
The overall 2025/26 budget is best explained by reference to the changes compared to the approved 2024/25 budget. The table on the next page shows cost increases or loss of income as positive figures and negative figures are income gains or reduced costs. It should be noted that, when referencing reserves, positive figures are less use of reserves and negative figures are increased use of reserves.

Table 1 Budget Gap Budget 2025/26 and Forecast (change from preceding year)

Summary Variances	See Report Section	Budget 2025/26 £000s	New Forecast 2026/27 £000s	New Forecast 2027/28 £000s	New Forecast 2028/29 £000s	New Forecast 2029/30 £000s
Pay & Cost - inflation & pressures	Sec 3, pg19	2,947	1,720	1,770	1,830	1,880
Housing Temporary Accommodation, Benefit (before additional grant)	Sec 3,pg18	-223	650	830	540	260
Variations that are one off	Sec3, pg20	0	734	-229	-305	0
Net Income **(non-price - growth/+loss)**	Sec 4 pg21	-522	-1,130	-120	0	0
Growth	Sec 5, pg23	332	400	370	370	370
Capital Financing (including contribtuions to capital)	Sec6, pg30	1,427	788	403	989	355
A) Budget Gap before additional funding		**3,961**	**3,162**	**3,024**	**3,424**	**2,865**
Changes in Reserve Use						
Reserve changes - Additional use/ + less use	Sec 7, pg36	1,387	622	1,383	732	-330
B) Budget Gap remaining		**5,348**	**3,784**	**4,407**	**4,156**	**2,535**
Change in Government Funding	Sec 2, pg16	-1,875	930	910	910	0
C) Budget Gap remaining		**3,473**	**4,714**	**5,317**	**5,066**	**2,535**
Funding Generated By Council to Meet Gap						
Net Savings	Sec4, pg22	-80	-150	-50	0	0
Income - New and increased Fees and Charges	Sec 4,pg21	-3,024	-1,009	-921	-949	-978
Council tax increase and growth	Sec 9, pg47	-592	-598	-618	-638	-659
Council Tax deficit variatons	Sec 9, pg48	223	-378	0	0	0
Funding Gernated By Council		-3,473	-2,135	-1,589	-1,587	**-1,637**
D) Annualised Budget Gap forecast		**0**	**2,579**	**3,728**	**3,479**	**898**
E) Net Gap, If the prior year is not balanced		**0**	**2,579**	**6,307**	**9,786**	**10,684**

Commentary on Table 1

The table reference the relevant section of the report which provides background or a detailed explanation.

Row A: These figures are additional net budget amounts required to all the cost pressures needed to maintain existing service plans. It does allow for growth in income volumes before any price increases are factored in. However, it does not allow for changes in reserve use.

Row B: Reserves are used to fund expenditure. Also, contributions can be made to them to manage future risks. This row shows the budget gap after change in reserve use, which is down by £1.387m in 2025/26, but there is nearly £2.9m of reserves planned to be used in the 2025/26 budget. The majority is to fund the loss of commercial rent income £1.1m, capital expenditure £0.8m, Local Plan £0.25m, and £0.3m for potential supplementary estimates. The reduced use in 2025/26 can be attributed to no longer using £1.1m of the general fund balance that was expected to be used to make good the unresolved budget gap in 2024/25 budget.

Row C: Shows a £3.5m budget gap remaining after additional Government funding, which is expected to be reduced by £2.75m between 2026/27 and 2028/29.

The forecast for later years is to be used in financial planning, and it is key to note that the Government has not yet provided any new funding allocations for 2026/27. The assumptions are based on the policy that the government is making on Council funding and are detailed in section 2. If no loss of Government funding is assumed, then the forecast would be:

Table 1a

Deficit With out Government Funding Changes	New Forecast 2026/27 £000s	New Forecast 2027/28 £000s	New Forecast 2028/29 £000s	New Forecast 2029/30 £000s
Annualised Budget Gap forecast	2,579	3,728	3,479	898
Remove Government funding loss	-930	-910	-910	0
Annualised Gap	**1,649**	**2,818**	**2,569**	**898**
Cumulative gap	**1,649**	**4,467**	**7,036**	**7,934**

Row D: For 2025/26, this shows a balanced budget as the Funding measures set out at December Council and in this budget generate £3.5m. This includes net savings of £0.08m, £3m of new charges and increased charges, and the impact of Council tax increases.

For the years beyond 2025/26, Row D represents the annual budget shortfalls forecast.

Row E: This shows the cumulative deficit if no solutions to the shortfalls are found. For example, if the 2026/27 gap is funded from reserves only, then by 2027/28 we need £6.307m of reserves to fund the overall shortfall for that year.

It is important to note that nearly all the Council's reserves would be used up by the end of 2028/29 if no action were taken to balance the budget. The General balance would be effectively used up before 2028/29.

Actions Taken to balance 2025/26

The actions recommended in this report to balance the 2025/26 budget and start to address the forecast deficits for later years are:

- Use of reserves to make good income losses from commercial properties; 1 Springfield Lyons and Eagle House £1.1m (£1.2m was used in 2024/25). In 2026/27, a reassessment of the ongoing income from commercial property should be made and reserve support should cease by 2028/29.
- A review of the Capital programme took place. New schemes were identified in Section 4 and a revised capital programme is shown in section 11.
- Section 4 identifies the income expected to be generated from the new and increased fees and charges in 2025/26. The largest changes were approved at December Council.
- Savings identified in Section 4 should be approved and further savings sought in 2025/26.
- Council tax increase equivalent to £6.55 on a Band D property, the maximum allowed by Government after allowing for rounding.
- The budget expenditure and income set out in the report for revenue should be approved.
- The capital programme should be approved.
- The Government is consulting on the funding allocations to local authorities and the consultation does not usually end until sometime in February. Any changes in the funding will be managed by amendments to reserves. Any amendments, if necessary, will be carried out under a delegation to s151 officer and the Cabinet Member for Finance.

Medium and Long-term Financial Strategy

The central financial forecast for the period 2026/27 to 2029/30 is a cumulative forecast deficit of £10.7m. Fundamentally, the Council's income does not grow as rapidly as its costs rise. A 3% annual increase in fees and charges and Council Tax does not fund an equivalent 3% increase in costs. This is not surprising as not all services charge fees and, for most of those that do, charges do not fully recover costs. Government funding does not increase to cover the funding gap. Furthermore, the Council's budget must increase service expenditure to meet social need such as for temporary accommodation. The overall effect is that forecast budget gaps are unavoidable.

The impact of Local Government Reorganisation and new funding allocations creates uncertainty. Financial planning and strategy must be flexible to deal with a range of possible outcomes.

The key outcome sought from the financial planning process is protection of service provision to the public. That will remain the priority. To that end:

- Financial forecasts allow for an average of 3% increases in fees and charges. However, reviews of fees and charges in future years will be expected to seek additional income significantly above the 3% average.
- The budget planning should assume Council Tax increases in line with the Government limit, which is currently 3%. This is particularly important as Government funding allocations currently assume Council Tax will increase annually.
- Local Government Reorganisation: Identifying its impact on the Council's finances including the level of one-off costs and how these can be funded. This will be undertaken as further information comes to light and reported formally where necessary.
- Financial Management will be reviewed during 2025 in the light of the formal feedback from the Peer review. Changes to financial reporting will be consulted on and this is discussed in Section 8.
- Cabinet will receive a Financial Review report in October. This will include updated financial projections for the current and future years.
- Continuing to lobby and engage with Government in 2025 to obtain the best possible outcome from the Government's funding review.
- Reserves levels should be reviewed but will only be used to:
    - Meet temporary income shortfalls
    - Fund one-off expenditure
    - Smooth in changes in the financial position until planned savings are delivered.
- The Reserves include an earmarked reserve for Business rate retention. The budget estimates some £4.5m will be available in that reserve. This should be used to specifically help smooth in changes arising from the Government review and reset of Business Rates if, as expected, they are large. This is only a temporary measure.
- Capital proceeds from major disposals should be used to reduce costs, such as, paying down debt or via savings on Homeless services through the provision of extra temporary or long-term accommodation.
- The s151 officer recommends that the Council should aim to identify in the first half of 2025, for internal discussion, potential measures to balance at least the first two years of the forecast deficit. This will include several caveats unless the Government provide greater detail on their funding formula and LGR. This work will assist Cabinet members with developing clarity over the potential choices the organisation faces if the forecasts are broadly correct and enable the development of a financial plan, which would be subject of a formal report.
- Budget reductions will be identified during 2025 for inclusion in the financial planning.

Appendix 1 Report contents.

This Report is split into sections to explain how the budget for 2025/26 was balanced, the risks, and the outlook. The report also updates the capital programme.

Section 2 identifies the main Government funding sources for 2025/26.

Section 3: Inflation and Financial Pressures. This provides more detail on the budget variances.

Section 4: Increased Charges and Budget Reductions. This provides an overview of some of the actions necessary to fund the cost pressures and inflation.

Section 5: Identifies the new investments in services that are funded by capital resources in the 2025/26 budget proposals.

Sections 6 to 8: Identifies the medium- to long-term financial planning issues that the Council needs to consider, including reserves.

The Local Government Act 2003 includes a specific personal duty on the Chief Financial Officer (CFO) (also known as S151 officer) to make a report to the authority when it is considering its budget and Council Tax for the forthcoming year. The report must deal with the robustness of the estimates and the adequacy of the reserves included within the budget. (For the purpose of the Act, ‘reserves’ include ‘general balances.’) The Act requires the Council to have regard to the report in making its decisions. The report is contained in **Section 8.**

Section 9: Identifies the detail of the Council Tax proposals and the associated legal matters, including meeting the legal requirement to declare a Business Rate Surplus or Deficit.
The budget includes proposals to increase an average band D Council Tax by £6.55 per year after allowing for rounding of Council Tax bills into ninths.

Sections 10 & 11 contain the budgets for revenue services and the capital programme.

Section 2
Government Funding

Funding Settlement / Core Funding (spending power)

The Council was provided with a provisional Government funding settlement for 2025/26 in the week before Christmas.

This will be the last settlement by Government using the current methods of allocating funding. There will a three-year settlement announcement during the calendar year 2025 with a complete review of how funding is to be shared amongst Councils.
The funding announced for 2025/26 lacks some key information on compensation for the increased Employer National Insurance contributions and was, as usual, too late to enable effective financial planning. The settlement is provisional and subject to consultation. Officers will produce a response outlining that the funding is insufficient whilst also making the case for appropriate future allocations.

To provide context: since 2010, the Council's core funding settlement has, in real terms, fallen by around £11m. On a second measure, since 2015-16, the core settlement grants have only increased by around £100k in cash terms.
At the end of this section, there is an indication of what the 2026/27 three-year settlement could look like for Chelmsford. It will probably mean a further loss of funding in cash and real terms although the extent of this is not yet known.

The 2025/26 core settlement is like those of the last ten years in that the overall outcome is determined by the Government's measure of local authority funding, 'Core Spending Power' (CSP). The definition of CSP is best shown via a table setting out the components. Effectively, it takes the sum of the main funding streams and adds in assumed Council tax income. The result is intended to reflect the overall resources available to fund the Council. Increases in CSP should, according to the Government, capture a more rounded picture of the financial position of an authority.

Table 2 shows total CSP, and the yellow section shows the cash grants from Government within CSP.
The Government's figures show the change in CSP grants without Council tax income, and this results in a loss of £660,000 (8.14%) of grant funding compared to 2024/25.
The Government will state correctly that CSP has been at least protected so no Council will suffer a reduction. This is because the extra income from Council Tax increases and growth in the number of properties are included in the Government's calculations and therefore prevent CSP from falling. Nationally, grant funding overall to local authorities has increased, so for Chelmsford to lose, logically, some grant funding is being taken from some authorities and allocated to others.

Table 2

Funding Streams (Unring fenced)	Core Spending Power 2024/25 £ms	Core Spending Power 2025/26 (provisional) £ms	Grant funding excluding Council tax 2024/25 Core Grants £ms	2025/26 Core Grants £ms	Additional/-reduced grants £ms
Business Rates - Settlement funding assessment	3.89	3.96	3.89	3.96	0.07
Compensation for under indexing the business rates	0.69	0.72	0.69	0.72	0.04
Council Tax Requirment excluding parish precepts	15.85	16.51			
New Homes Bonus	1.59	1.05	1.59	1.05	-0.54
Service grant	0.02	0.00	0.02	0.00	-0.02
Funding Guarantee grant	1.83	0.00	1.83	0.00	-1.83
Grants rolled in	0.06	0.04	0.06	0.04	-0.02
Funding Floor		1.65	0.00	1.65	1.65
Recovery grant		0.00	0.00	0.00	0.00
Core spending Power	**23.93**	**23.93**	**8.08**	**7.42**	**-0.66**
% Increase in Core spending power		0.00%	**Loss of grants**		-8.14%

The variation in cash funding after allowing for rolled in grants (which are currently being shown in the service budget) is £0.64m, which is slightly different to government's figure of £0.66m shown above.

A short description of each element of the funding is below:

A. Business rates – Settlement Funding Assessment – The amount is determined by a needs assessment which includes estimates of local resources such as council tax, population, and other local data. It includes the Revenue Support Grant (RSG) which was a key funding stream prior to 2010. It is fully funded from Business Rates pooled centrally by the Government. The Council collects some £80m of business rates.

B. Compensation for under-indexing the business rate multiplier (Section 31 Grants) – The complexity of the Business Rates Retention Scheme has led to grants being paid to local authorities for initiatives by Government, such as freezing business rates rather than increasing them in line with inflation.

C. Council Tax Requirement excluding parish and tier precepts – This is not a government grant, but instead the amount of Council Tax the Government assumes the city will generate allowing for a 3% increase in Council tax and their estimate of the 2025/26 Council Tax base. It should be noted that this is based on the Government's estimate rather than the Council's.

D. New Homes Bonus – This is a grant paid by central government to local authorities. It aims to reward councils for each additional home added to the council tax base, including newly built properties and conversions as well as long-term empty properties brought back into use after allowing for certain deductions such as demolitions. An additional sum is paid for each new affordable home built.

E. Services Grant, Funding Guarantee, and Funding floor –. They have been provided to ensure that no local authorities have a reduction in CSP (including increases in Council Tax income).

F. Rolled in grants – some grants previously paid but were outside of CSP calculations are now included. This usually results in reductions in funding in later years when CSP is cut/frozen.

G. Recovery grant. The Government has provided an additional £1.3 billion of funding for local authorities for 2025/26. Some £700m goes to social care leaving some £600m extra to be allocated based on deprivation. The City Council did not have a high enough level of deprivation to trigger any increase in funding.

Other Key Funding Outside Core Spending Power

There are a number of other key funding streams from Government that are outside CSP and the position for those is explained below.

Retained Business Rate Growth (Above Baseline Funding)

Under this scheme, the Government allows local authorities to share some of the growth in Business rate income in their area. Gains and losses can occur in year but do not feed fully into the Council's finances for up to two years. The actual estimate for business rate income for the coming year can only be made in late January due to the scheme rules. So, the January Cabinet report and budget must be based on assumptions for business rate retention.
The budget includes £2.25m of retained income being used to support ongoing service expenditure, which is unchanged from 2024/25. Any estimated or actual changes to this income beyond the £2.25m are managed through a business rate retention reserve.

Homelessness Prevention Grant
The grant is ringfenced. 49% must be spent on homeless prevention and staffing costs of Housing services. The grant for 2025/26 is £1.715m, which is an increase of £0.493m. The Council can meet the terms of the grant. For context, the Council's 2025/26 Homeless Budget is a net cost of £5.2m. As discussed elsewhere in the report, funding has increased nowhere near enough to keep up with the cost of the housing crisis.

Extended Producer Responsibilities (EPR)
This a new funding stream for 2025/26. The Government has now made a levy on packaging companies and will pass the funding over to local authorities. This should discourage inefficient packaging and enable local authorities to increase recycling. The funding to the City Council for the 2025/26 is guaranteed at £1.744m. There are no plans to increase spend on waste and recycling given that the Council already meets the higher standards set by Government. The funding therefore is additional.

National Insurance Employee Contributions Government Compensation
The Government said it would compensate Councils for the higher National Insurance Contributions. The higher contributions, £0.87m per year, result from a decision in the Government's budget in October. The Council's financial planning had been based on the Government's statement i.e. grant income would equal the £0.87m cost. However, at the same time as announcing the settlement the week before Christmas, the Government published the method it would use to allocate the funding but has not provided the £s value of the funding allocations. Using the governments formula, the city can expect at best to get an additional £0.28m of extra funding, compared to the £0.87m cost. The Council has a shortfall of £0.59m. This shortfall has been met by reviewing a number of income and expenditure budget assumptions, which creates an increase in risk that the affected budgets will not be achievable.

Overall Cash funding 2025/26

Overall, the Government's funding will increase in 2025/26, as summarised below:
Table 3

Government Funding changes	Change 2025/26 £000s
Government Core Funding Assumption	644
Homeless Prevention grant	-493
EPR	-1,744
National insurance estimated grant	-282
Total Increase	-1,875

This increase, however, masks that:

- Core funding has fallen in real terms by circa £11m since 2010 and only increased by around £0.1m since 2015. This is during a period of high inflation etc.
- Homeless/Housing costs have risen by £3.8m since 2020 compared to homeless prevention grant rising by £1.1m in the same period.
- EPR funding is new and welcome funding. However, as discussed in the Future funding section below, it is already under threat of being reduced in future years.
- NIC cost increases are £0.87m, so the Council has been underfunded by nearly £0.6m.

Future Funding for 2026/27 and later years

There is, unfortunately, little reason to be optimistic regarding the funding that the city can expect from Government in future. Consultations on changes to funding mechanisms have already started but the actual allocations may only become apparent at some point between late Summer and Christmas 2025.

What is almost certain in the new arrangements is:

- A principle on which the new allocation will be based is that authorities with lower value (weak) taxbases will gain. Authorities in the north of England have lower property values and this means less Council Tax income or at least higher Band D Council tax levels. Those like the city with strong, high growth taxbases and lower Band D charges will be adversely affected as funding is prioritised to those with reverse characteristics. To quote Government: “For example, despite higher levels of deprivation, residents in one northern city are paying £351 more Council Tax this year than the residents of a southern shire county with a similar population”.
- Areas with high deprivation will gain from reallocation of funding from affluent areas. Again, this will disadvantage Chelmsford.
- Business Rate Retention baseline will be reset. The funding released will be included in the overall new Core Spending Power. The city uses £2.25m of retention income to support the budget. As the higher core funding will be directed to other councils with higher deprivation and weaker Council tax income, Chelmsford will lose from this new arrangement.
- There will be no New Home Bonus scheme. This will disadvantage growth areas like Chelmsford.
- There will be a transitional protection scheme for authorities who lose funding. It will phase in losses and gains over three years. In the third year, all the changes will have taken effect.

Changes that are probable but not certain:

- Overall funding of district services is likely not to increase and could fall.
- The government is consulting on whether Extended Producer Responsibility funding should form part of the Core Spending calculation. This would most likely lower Chelmsford’s core funding.

- The City Council's core funding allocations were, under the previous Government's last review (pre-2015), expected to fall by £1m a year, however, the loss was not implemented.
- Local Government Reorganisation. The Government believes that reorganisation will generate savings which the new unitary authorities can utilise to help relieve budget shortfalls. The consultation on 2026-27 funding for local authorities implies this. The Government's view supports the premise that Chelmsford's funding will be reduced in both real and cash terms.

Changes that have not been raised by Government but might happen:

- The Government, logically, should change the method of allocating Temporary Accommodation funding to councils. This should be done by updating the Local Housing Authority (LHA) from 2011 rents levels to 2024 rent levels. This could increase funding by over £1.2m a year to the City Council, however, it could be expected that homeless prevention grant (£1.715m) would then be reduced. This is shown in **table 4** below.

Indicative Funding Changes

In section 8, the s151 officer discusses the financial risks to the authority. Below is the s151 view of the probable changes to Government funding from 2026/27 onwards. It reflects the current statements and approach the Government appears to be taking. The projection should be used in financial planning. It is recommended to plan for a £2.75m ongoing annual loss of funding by 2028/29. The s151 believes a funding reduction is inevitable based on government statements and the table should be taken as a mid-point with a variance of £1m either way.

Line 2 of table 4 allows for the potential upside of change to temporary accommodation funding. Though a logical change, there have been no public statements by Government committing to this change, so the s151 does not recommend it is included in the Council's financial planning, except as an upside financial risk/gain.

Table 4

Non cumulative +losses/-gains	**2026/27 £ms**	**2027/28 £ms**	**2028/29 £ms**
Business rate retention reset	2.25	2.25	2.25
Allowance (provision for core funding loss) *	0.5	0.5	0.5
Total Loss	**2.75**	**2.75**	**2.75**
Adjustment to Phase in the loss of Funding	**-1.82**	**-0.91**	**0**
1) Loss of funding compared to 2025/26 base year	**0.93**	**1.84**	**2.75**
Adjust for			
Additional Temporary Accommodation Subsidy funding	-1.2	-1.2	-1.2
Loss of Homeless prevention Grant. 50% of worst case	0.42	0.42	0.42
Net Gain from Temporary Accommodation funding	-0.78	-0.78	-0.78
Adjustment to Phase in the loss of Funding	**0.51**	**0.26**	**-0.78**
2) Loss of funding compared to 2025/26 base year	**0.66**	**1.32**	**1.19**

**The allowance (loss) is subjective judgement based on Government statements. The previous attempt to reallocate funding left £1m of further cuts to Chelmsford's core funding still unmade. The transfer of Business Rate retention into the core settlement should reduce losses due to changes in the allocation method.*

Section 3
Inflation and Financial Pressures

This section details the main cost pressures identified when drafting the 2025/26 budget.

Housing costs

The Council is estimated to need to spend £5.9m in 2025/26 on Housing services, which mostly relates temporary accommodation (TA) for the homeless.

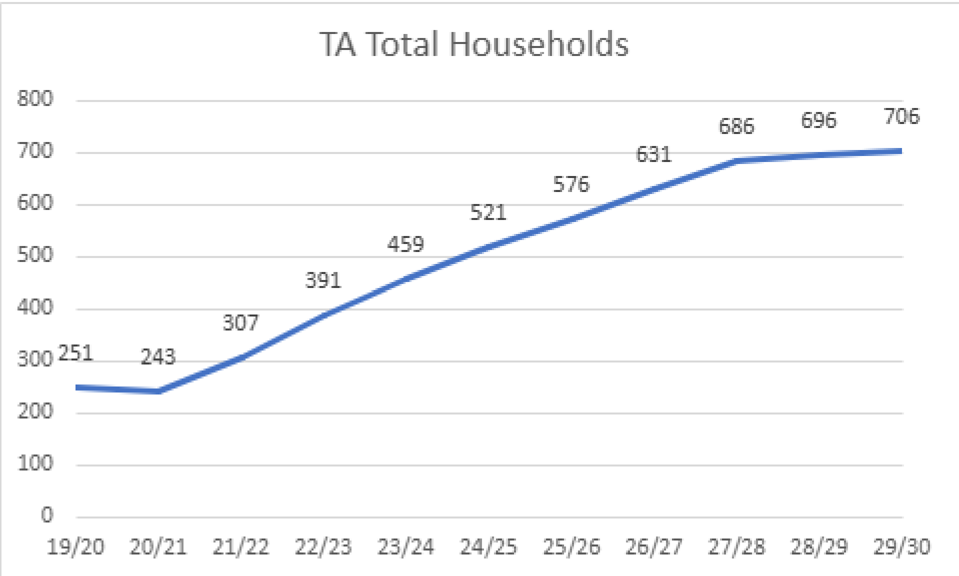
Homeless costs have risen from £1.365m, or 7.23%, of net spend Council spend in 20/21 to 19.72% of net council spend in 2025/26. This has the impact of reducing the ability of the Council to finance other services to residents. The table below shows that increase in thousands of pounds.

Table 5

Budget for Temporary Accommodation	**2020/21**	**2025/26**
	£000s	**£000s**
Caseload and HB Subsidy Loss	747	4,623
Repairs, bad debts, and other running costs	618	575
Total	**1,365**	**5,198**

The numbers of households in temporary accommodation are difficult to predict. The projections are lower than those made in the 2024/25 budget. However, the upward trend in case numbers continues. The average cost of a new case is £13k per year. The cost per case is not rising as rapidly as it did in 2023 as it has been alleviated by bulk purchasing of accommodation in advance. The expectation is that, during 2025/26, additional modular units of temporary accommodation are planned which will lower unit costs in 2026/27.

Table 6



The numbers in Temporary Accommodation are expected to temporarily plateau in 2028-30 due to potential new builds by CHP. The projections do not include an assumption of new affordable units on Chelmer Waterside, which should produce a temporary improvement.

Cost Pressures and Inflation

The cost pressures the Council is facing are detailed in **Table 6** below. Narrations of the significant items are set out in the text after the table.

Table 6 Pay and Cost Pressures 2025/26 (changes + adverse/-favourable from 2024/25 budget)

Pressures	Budget 2025/26 £000s	New Forecast 2026/27 £000s	New Forecast 2027/28 £000s	New Forecast 2028/29 £000s	New Forecast 2029/30 £000s
National Insurance	870	0	0	0	0
Pay Inflation	2,146	1,350	1,390	1,430	1,470
Utilities	-981	0	0	0	0
Other inflation	912	370	380	400	410
Total	**2,947**	**1,720**	**1,770**	**1,830**	**1,880**

National Insurance

The Government's October budget increased, from April 2025, the contributions employers make for National Insurance. The gross cost to the Council is estimated to be £870,000 per year. The Government committed to compensating local authorities for the additional cost. As discussed in Section 2 of this report, the compensation is currently expected to be circa £282,000 or less.

Pay Inflation

The cost of the annual pay award has for the last few years been heavily influenced by high inflation and by the annual increases in National Living Wage (NLW) set by Government.

The NLW can be broadly said to have increased the annual cost of the Council's pay award by £0.5m each year in 2023/24 and 2024/25. The actual impact is difficult to determine as the NLW increases, in theory, only affect the bottom points of the pay points (grades). However, equal pay rights require the Council to keep a reasonable gap between pay points (grades). So, in practice, the most cost-effective pay awards guaranteed a minimum £s increase to keep the bottom points above the NLW, but a lower percentage applies to higher grades. For example, the pay increase for 2024/25 was the higher of £1,290 or 2.5%.

Unlike other parts of the public sector, the Government does not fund council increases in NLW or pay. The increases in NLW were 6.62% in 2022/23, 9.68% in 2023/24, 9.79% in 2024/25, and in 2025/26 it will be 6.73%.

The budget for 2025/26 includes an additional £2.146m to fund an assumed 3% pay award, the higher than budgeted cost of the 2024/25 award, and a provision (1% of pay) for funding changes to the bottom points of the Council pay grades which should provide some future proofing for changes in NLW. The cost of the provision is only affordable if it reduces the need to increase the payline in future for changes in NLW. It is not intended to provide extra funding for an across-the-board pay increase as it is effectively funded by a lower expectation for pay in 2026/27 and onwards.

The annual average pay award at the Council 2010-2021 was 1.25%. This low level may also have created a catch-up factor affecting future awards. At the time, this small increase helped to close budget gaps.

As the last few years pay awards have been above the budget provision, it is prudent to assume a 3% increase in the years after 2025/26.

Other Inflation

The Council is a complex organisation with many different activities being undertaken. Each activity will experience different rates of inflation and demand pressures. In the two decades before the pandemic (used as a time marker, not necessarily the cause), the Council budget did not require significant budget increases for inflation. However, inflation on non-pay spend is now a financial problem. The table below sets out the changes in the 2025/26 required to fund inflation on non-pay costs. Beyond 2025/26, inflation is still assumed to be a problem but a lesser one.

Table 7

Other inflation	Budget 2025/26 £000s	New Forecast 2026/27 £000s	New Forecast 2027/28 £000s	New Forecast 2028/29 £000s	New Forecast 2029/30 £000s
NDR Inflation @ 2% post 25/26	97	70	65	66	68
Building Maintaince @2.5% post 25/26	182	60	25	26	26
Insurance Premium 5% post 25/26	83	26	27	29	30
Other Inflation/cost	131	86	89	91	94
Fleet Repair and Maintenance Inflation @ 10% post 25/26	101	86	94	103	113
Software	157				
Bank Charges, Postage & Audit fees	161				
Total	**912**	**328**	**300**	**315**	**331**

<u>Variations - One off Costs (Temporary items)</u>

Where possible, one-off costs are funded from reserves and shown in the table below. There are no material one-off items in 2025/26.

Table 8

Variations that are one off	Budget 2025/26 £000s	New Forecast 2026/27 £000s	New Forecast 2027/28 £000s	New Forecast 2028/29 £000s	New Forecast 2029/30 £000s
Funded from Reserves Elections	0	0	305	-305	0
Allowance for refugee grants ceasing	0	200	0	0	0
Funded from Reserves Pension Deficiency Cost	0	534	-534	0	0
Total	**0**	**734**	**-229**	**-305**	**0**

<u>Section 4</u>
<u>Income Generation, Increased Charges, and Budget Reductions</u>

Growth and loss of Income Variations – these are not from price changes

Table 9 identifies the main changes compared to the last year, 2024/25, budget. Negative figures are gains in income over the 2024/25 budget and positive numbers are lower income or where expenditure budgets need to be increased to generate the extra income.
The main change expected beyond 2025/26 is that the Council's commercial property income returns to previous levels as buildings are re-let. The Council has a number of empty properties and

£1.1m is budgeted to be taken from reserves in 2025/26 on a temporary basis to fund loss of income and associated extra costs.

Table 9

Net Income (non-price -growth/+loss)	Budget 2025/26 £000s	New Forecast 2026/27 £000s	New Forecast 2027/28 £000s	New Forecast 2028/29 £000s	New Forecast 2029/30 £000s
Recycling and waste income realignment	-356	0	0	0	0
Theatre Income realignment	-620	0	0	0	0
Leisure Income realignment	-764	0	0	0	0
Theatre cost realignment	632	0	0	0	0
Recycling & waste cost realignment	209	0	0	0	0
Leisure cost realignment	422	0	0	0	0
Car Parks	-331	0	0	0	0
Bereavement services reduced volume	299	0	0	0	0
Local Land Charges	75	0	0	0	0
Rent income (net of any cost changes)	108	-1,130	-120	0	0
Trade waste	-196	0	0	0	0
Total	**-522**	**-1,130**	**-120**	**0**	**0**

Table 10 - Additional Income from Fees and Charges Price Changes

The table shows the gains resulting from the December Council decisions and from price increases made under delegation.

Price Change - generates extra income:	Budget 2025/26 £000s	New Forecast 2026/27 £000s	New Forecast 2027/28 £000s	New Forecast 2028/29 £000s	New Forecast 2029/30 £000s
Garden Waste New charge (net)	-1,300	0	0	0	0
Leisure services	-421	-288	-297	-306	-315
Bereavement services	-281	-115	-118	-122	-126
Car parks	-720	-248	-256	-264	-272
Planning Charges	-123	-174	-60	-61	-63
Other net (below £100k individually)	-179	-184	-190	-196	-202
Total	-3,024	-1,009	-921	-949	-978

Budget reductions (savings)

Directors and Cabinet members have identified cost reductions and income generation plans whose financial impact is shown in **Table 11**. Not all the 2024/25 planned savings have been made (£162k). Given the limited scope to identify savings every year, this is likely to be an issue going forward.

Table 11 Budget reductions

Budget Reductions	Budget 2025/26 £000s	New Forecast 2026/27 £000s	New Forecast 2027/28 £000s	New Forecast 2028/29 £000s	New Forecast 2029/30 £000s
Customer Services	-20	-20	0	0	0
Digital Services	-150	0	0	0	0
Finance (procurement, risk and insurance)	-72	0	0	0	0
Savings set in 2024/25 not currently achieveable	162	0	0	0	0
Office Accommodation Review target initial saving	0	-50	-50	0	0
Non-specific staff savings target (including move Part time work)	0	-80	0	0	0
Total	**-80**	**-150**	**-50**	**0**	**0**

Section 5
2025/26 Service Investment

This section of the report identifies increases in the 2025/26 budget that are required to deliver new corporate initiatives, maintain or improve Council assets, or increase income streams. They are categorised into Revenue and Capital.

1) Revenue Investments in Services

The budget must allow for the additional costs either to improve services or to fund the consequence of the City's growing population:

- £174,000 for restructuring the Housing standards (environmental services) team to manage the increased workloads resulting from Government legalisation to improve the quality of private sector housing
- £36,000 of funding to green spaces for City Growth
- £40,000 to Street care for City Growth
- £72,000 to Waste and Recycling for City Growth

2) Capital Investments in Services

Capital Expenditure relates to the acquisition or enhancement of assets which have a useful life of more than twelve months and are recorded on the Council's balance sheet. To be an enhancement, the expenditure must lengthen substantially the useful life of the asset, increase substantially its open market value, or increase substantially the extent to which the Council can use the asset.

Local Authorities can, under statute, also fund grants to other bodies or individuals from capital resources if they meet the definition of capital. Such items are referred to in the capital programme as REFCUS (Revenue Expenditure Funded by Capital Under Statute). Additionally, the Government can, on an individual basis, grant permission to capitalise non-capital costs.

Council approval is sought annually each February for the Capital Strategy, which provides details of overall funding and capital expenditure plans. A summary of how revenue and capital expenditure are linked is included in **Section 6** of this report.

Approval of New Capital Schemes

Table 12a shows the new capital schemes budgets for which approval is sought and any external or internal funding**.** The vast majority of the additional spend is due to the need to replace existing components and plant in our buildings, without which, in a few years, service provision will become almost impossible. Many of these are provisions, which means that they are not robust estimates. Variations in costs should be expected as officers develop firmer scoped works. **Table 12b** identifies any external funding or existing funding being used.

The impact of the new schemes (**Table 12c**) is an additional net revenue cost of £369k per year, which has been allowed for in the revenue financing costs for 2025/26 shown in Section 6.

Table 13d provides a narration and delegation for each of proposed new budgets/provisions.

Table 12a

		TABLE 13 CAPITAL PROGRAMME - New Schemes Identified for Approval							
		Spend Details	**2024/25 £000s**	**2025/26 £000s**	**2026/27 £000s**	**2027/28 £000s**	**2028/29 £000s**	**Later Yrs £000s**	**Total Spend £000s**
		New Schemes (see table 5 narrative for details)							
1		Riverside Dryside Lockers Keyless System		11					11
2		Riverside Ice Rink Seating		21					21
3		Riverside Magic Water System and Cleaning Equipment		14					14
4		Riverside Studio 2 Upgrade - AV Equipment		5					5
5		CSAC Activity Room Enhancements		14					14
6		WiFi Hardware		115					115
7	*	Beaulieu Park New Sports Ground Top Up - CCC contribution from S106		800					800
		Provision for Building Condition Surveys Various Works - delegation to Officers to spend							
8	*	Civic Centre - Various		160					160
9	*	Crematorium - roof repairs		10					10
10	*	Chelmsford Sports and Athletics Centre - heating and grandstand repairs		150					150
11	*	Freighter House - Heating and Air Conditioning		120					120
12	*	Hylands House, Pavilion & Visitor Centre - Various		90					90
13	*	High Cherlmer Multi Storey Car Parks - Fire doors and electrical work		20					20
14	*	Museums - Sandford Mill Roof £30k Oaklands Various £40k		70					70
15	*	Parks' Pavilions and Depot - Sructural £55k, Heating £55k Security £20k		130					130
16	*	Riverside Ice and Leisure Centre - Insulation and Protective Works		100					100
17	*	Theatre - Various		110					110
		Provision for Building Condition Surveys - Items Requiring approval by Cabinet following Business case Submission							
18	*	Hylands House and Visitor Centre - Boiler Replacement			400				400
19	*	Riverside Ice and Leisure Centre - Ice Rink chiller replacement and energy efficiency measures		1920					1,920
20	*	Riverside Ice and Lesure Centre - Ice Rink Roof		1030					1,030
21	*	Museums - Oaklands Ground Source Heat Pump			350				350
		Sub Total	**0**	**4,890**	**750**	**0**	**0**	**0**	**5,640**

*Schemes where Delegation Required for Cabinet/Officers to Spend Once Business Cases Received

Table 12b

Funding Details	2024/25 £000s	2025/26 £000s	2026/27 £000s	2027/28 £000s	2028/29 £000s	Later Later Yrs £000s	Total Spend £000s
Previously Approved Capital Budget							
N/A							0
Funding From Revenue							
N/A							0
Funding From S106 Already Received							
Beaulieu Park New Sports Ground		-800					-800
Potential Funding							
N/A							0
Total of New Scheme Proposals After Funding Applied	**0**	**4,090**	**750**	**0**	**0**	**0**	**4,840**

Table 12c

		Net Capital Cost	Estimated Ongoing Impact on Revenue Budgets at Scheme Completion			
			MRP & Int	Income From Proposal	Ongoing Net Impact	Notional Impact on Band D Property
		£000s	£000s	£000s	£000s	
1	Riverside Dryside Lockers Keyless System	11	1		1	0.01
2	Riverside Ice Rink Seating	21	3		3	0.04
3	Riverside Magic Water System and Cleaning Equipment	14	3		3	0.04
4	Riverside Studio 2 Upgrade - AV Equipment	5	1		1	0.01
5	CSAC Activity Room Enhancements	14	1		1	0.01
6	WiFi Hardware	115	14		14	0.19
7	Beaulieu Park New Sports Ground	0	0		0	0
	Various Works - delegation to Officers to spend					
8	Civic Centre	160	16		16	0.22
9	Crematorium	10	1		1	0.01
10	Chelmsford Sports and Athletics Centre - Inc boiler	150	11		11	0.15
11	Freighter House	120	10		10	0.14
12	Hylands House and Visitor Centre	90	8		8	0.11
13	Multi Storey Car Parks	20	2		2	0.03
14	Museums	70	8		8	0.11
15	Parks' Pavilions and Depot	130	11		11	0.15
16	Riverside Ice and Leisure Centre	100	10		10	0.14
17	Theatre	110	9		9	0.12
	Provision for Building Condition Surveys - Items Requiring approval by Cabinet following Business case Submission					
18	Hylands House & Visitor Centre - Boiler Replacement	400	31		31	0.43
19	Riverside Ice & Leisure Centre - Ice Rink Chiller Units	1,920	131		131	1.82
20	Riverside Ice & Lesure Centre - Ice Rink Roof	1,030	65		65	0.9
21	Museums - Oaklands Ground Source Heat Pump	350	33		33	0.46
	Total - DRF Provision	**4,840**	**369.0**	**0**	**369**	**£5.09**
	Total Financing Costs					

Table 12d – New Capital Proposals Narratives

Reference to Table 12a and narration

1. **Riverside Ice and Leisure Centre – Dryside Lockers Keyless System £11k**

The dryside changing rooms contain 96 lockers. These lockers currently use the pound return system which have a plastic wristband and key. Over time users have either taken their key home, broken the wristband, broken the key, or broken the lock. There are currently many lockers out of use which has led to complaints.

This proposal is to replace the pound system with a wireless option. This would mean nobody can take their key home, break their key or wristband. This would ensure all lockers remain in use, keeping customers satisfied.

Acquiring the above system will ensure that customers are able to access the lockers with a simple use system.

It is requested that delegated authority is given to the Director of Public Places to spend within the approved budget.

2. **Riverside Ice Rink Seating £21k**

After the 2012 London Olympic Games, the Council received a donation of seats to install in the Ice Rink. Due to the high usage of hosting Ice Hockey games which attract up to 800 spectators, the seats have gradually deteriorated. A replacement programme for the seats commenced in 2019 and the service has been able to gradually replace seats from their revenue budgets. The remaining 192 seats now need to be replaced and with pressure on their revenue the service is unable to complete the replacements without requesting an additional budget. The seats will be installed by staff at the centre.

This proposal will complete the renovation which and has ensured maximum usage from the existing seats which have lasted twelve years. The seating is vital in delivering Ice Shows which generate income and for the weekly Ice Hockey matches which host up to 800 spectators.

It is requested that delegated authority is given to the Director of Public Places to spend within the approved budget.

3. **Riverside Ice and Leisure Centre – Magic Water System and Cleaning Equipment £14k**

The centre welcomes over a million visitors annually. To accommodate this volume, it is essential that the cleaning team is equipped with the necessary tools and supplies to maintain a clean and safe environment. Some of the equipment is nearing the end of its lifespan, and the current use of multiple chemicals is not only costly but environmentally unfriendly. Alternatives to chemical usage have been explored. “Magic Water,” or Electrolyzed water, is simply ionized salt water. It offers stronger cleaning power than bleach while remaining safe and even drinkable.

Purchasing the ‘Magic Water’ system and equipment will ensure that all surfaces within the Centre are maintained to the highest standards, meeting customer expectations. Additionally, using the new system which converts ordinary water into Electrolyzed water will significantly reduce, if not eliminate, the use of chemicals, thereby lowering costs and contribute to a greener environment.

It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets.

4. **Riverside Ice and Leisure Centre Studio 2 Upgrade – AV Equipment £5k**

Virtual group exercise classes are offered in 2 of the 3 studios. Virtual classes supplement the timetable with the ability to provide classes for members at any time of the day that instructor led classes do not take place. Studio 2 is currently the only studio without this functionality. With the absence of a Virtual class offering in studio 2, sometimes classes will be cancelled if a cover instructor cannot be found.

The additional equipment will enable an additional virtual class offering to be provided at the centre increasing the number of classes on offer for existing and potential new members. It would provide further assurance against having to cancel classes in the event of an instructor not being available. It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets.

5. **Chelmsford Sport and Athletics Centre – Activity Room Enhancements £14k**

This proposal is to introduce a suspended ceiling and to replace existing lighting with dimmable LED and reactive lighting. It is difficult to control the temperature of the room due to the high ceiling, and the acoustics in the room are poor. The room is hired out for various activities as well as being used for spin classes. The space has had investment as a phased approach over the last few years, but these improvements will complete the room, and the enhancements will offer a variety of users the ability to use the space which will retain and maximise income for the centre.

Net Carbon Zero – LED lighting to be installed which is more sustainable and will have to be replaced less frequently. Energy use will decrease.
It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets.

6. **Wi-Fi Hardware £115k**

Due to the aging hardware currently in use for the Wi-Fi provision across the organisation, there has been a decline in service quality. This is affecting revenue from external hires of meeting rooms as well as speed and connectivity issues for staff across the organisation. To address this issue, it is necessary to replace the outdated hardware.
Additionally, this presents an opportunity to consider changing the service provider and increasing the Wi-Fi speeds and connectivity across all sites. The existing contract has expired, and it would be the right time to go to market and get the newest Wi-Fi standards in to support external hires and staff. Provision has been made in the service's budget for the forecast increased revenue costs for the service provision.
It is requested that delegated authority is given to the Director of Connected Chelmsford to spend within the approved budgets.

7. **Beaulieu Park New Sports Ground Top Up £800k**

An amount of £1.8m has been included as part of the s106 planning obligations to provide a six pitch sports and recreation ground east of New Hall School. The £1.8m is the developer's obligation in the agreement and the facility is to be funded by them, the basic ground delivery/build completed by them and following completion the facility will be transferred to the Council to manage and maintain. It is anticipated that the £1.8m planning obligation will not be sufficient to deliver all the facilities needed and hence a top up from the sports contributions from the Channels development is required. Any additional cost will be offset by S106 contributions and there should be no additional cost to the Council.
It is requested that delegated authority is given to the Director of Public Places to spend within the approved budgets and to use agreed S106 contributions towards the cost of the scheme.

21. **Provision for Works Identified from Building Condition Surveys £4.7m**

Building Services has completed the five-yearly schedule of condition reports for the Council's owned and operated estate. These condition reports have highlighted the need for works to be undertaken in 2025/26 to maintain the Council's estate in a safe and operationally reliable manner. Previously these projects would have been grouped or bid for by individual Capital bids. This approach is not suited to the number and scale of the projects required.
There has been a history of requesting supplementary estimates to fix building elements which had failed or were predicted to fail imminently. To improve this situation, Building Services has been

working to produce a forward plan of works that can be costed and actioned to minimise the operational and financial risks from having building elements fail.

Further assets have been identified as in poor condition but are not included for funding because the operational future of the buildings is not assured. Examples of these include the air conditioning units at the end of their life at the crematorium and boiler and other works required at Waterhouse Lane depot. These assets have been discussed with the relevant Heads of Service and should be kept under review.

The next round of condition surveys is due in 2028/29 and will improve the accuracy of longer-term forecasting.

The works have been packaged into a number of different budgets reflecting timing and complexity of delivery.

The proposals do not include redecoration or upgrade/ modernisation of existing functional assets.

Net Carbon Zero – the Council is not currently pursuing Air Source Heat Pump (ASHP) technology as a replacement for existing fossil fuel boilers due to the excessive cost. Boilers will be replaced with like-for-like technology as they are at the end of their predictable/ operational life for the next 5 years: these should be more energy efficient.

These spends will be monitored, and any slippage managed by regular meetings.

Given the high inflation and need to work up proposals further and tender, it is important to note there is still uncertainty regarding costs. It is requested that a provision is established that can be drawn down as costs and timing of projects become more certain.

Packages of Work Below £0.2m totalling £0.96m

The works have been split into those with a cost of less than £200k. The estimated cost of these works is £960k for 62 works packages across the sites shown on Table 12a. These works include fire and intruder alarm replacements, boiler replacements and fire risk assessment works, and these are deemed high priority for health and safety.

Many of the smaller work's packages will be scheduled following liaison with the Heads of Service/Premises Managers depending on the operational requirements of the service areas.

It is requested that delegated authority is given to the Director of Public Places who in agreement with the Service's Director will deliver the works within the budget provision identified.

Schemes over £0.2m in value (£3.7m for four projects).

The delivery of the four larger projects has been provisionally costed and scheduled. These projects will require feasibility and options to be reviewed before commencing.

To maintain the operation of Leisure and cultural facilities it is important to get approval of budgets for the projects as soon as possible. The projects are not fully costed, and further development of schemes is needed. Variations to the budget will be dealt with via the normal processes.

It is requested that these projects are delegated to Cabinet and any works package beyond project planning stages will be approved by Cabinet following the submission of a business case. It is requested that the Director of Public Places is given delegated authority to spend up to £50k from each of the budgets on appraisal costs.

Section 6
The impact of Capital Expenditure on the Revenue Budget

The Council is required by statute to produce a Capital Strategy each year that must be approved by Council at the same time as the budget, but not in the same report. The strategy gives an overview of how capital expenditure, capital financing, and treasury management activities contribute to the provision of local public services. It also identifies how the associated risks are managed and the implications on the financial sustainability of the Council.
The strategy commits the Council to only undertake capital investment in support of its priorities and where it supports asset maintenance, invest-to-save schemes, or strategic intent (such as the provision of affordable housing or Climate Emergency initiatives). Capital spending plans, whether funded from internal resources or through borrowing, will be affordable, prudent, and sustainable.

The key consideration when approving the capital programme is the cost of financing capital expenditure and this section of the budget report identifies that cost.

The Council's capital programme is shown in **Section 5** (**Table 12a**, new schemes) and **Section 11** (Replacement Programme and previously approved schemes). The capital programme is different from revenue budgets in that borrowing and asset sales may be used to fund expenditure.

The actual methods of financing can differ from the estimates depending on the life of assets being financed, resources available, and the relative costs of each resource. The s151 Officer will determine the optimal mix of resources at the end of the financial year.

The impact on the Council's revenue budget from undertaking capital investment is via:

- Additional running costs, income, or savings resulting from the acquisition of equipment or on completion of a capital project.
- Funding of capital schemes
    A. Borrowing costs. Interest and principal repayments (Minimum Revenue Provision (MRP)) are a revenue cost.
    B. Direct Revenue Financing of capital schemes. An expenditure line in the Council's Revenue budget which, in effect, funds capital expenditure.
    C. Feasibility or design works on schemes that are no longer a capital cost. Any that does not result in an asset for the Council, or third party will need to be charged to revenue resources. This is a requirement under government accounting practice.

A. Borrowing Costs

For any scheme that is not self-financing or where the Council does not have enough capital receipts, grants, or external contributions available to fund it, the Council must either internally borrow surplus cash held or borrow externally. Both types of borrowing have revenue implications.

The Council's capital programme does require the use of borrowing. The revenue cost of borrowing is split into two parts. The first part is the interest forgone from not investing surplus cash that the Council internally borrowed, or if the Council externally borrowed, the interest cost on any external loans.

The second part is that the Council is required under regulation to set aside instalments to pay down debt. This is a charge to the revenue budget called the Minimum Revenue Provision (MRP) and is payable on internal and external borrowing.

The capital programme is split between one off schemes and replacement programmes for vehicles, plant, and equipment, needed to run the Council's services. The useful life of the asset determines how quickly we need to repay the debt through MRP. As most equipment tends to have a relatively short useful life, the revenue cost of borrowing for the replacement programme, the MRP we charge to revenue, is significantly higher than borrowing for, say, land.

Below is a forecast of the net financing position of the authority. Previous forecasts tended to have a bias to showing borrowing levels higher than those that occurred, which is mostly due to expenditure occurring later than expected and higher CIL receipts. This risk remains, so MRP and interest costs could be less than those shown.

The MRP charge is made to revenue in the year after the asset is complete or becomes operational. For that reason, the cost of the new schemes proposals is dealt with as a voluntary contribution to capital in 2025/26 and discussed further below.

Table 13

Internal and External Borrowing Combined	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£ms	£ms	£ms	£ms	£ms	£ms	£ms
Opening Balance as at 31/03/2023	35.363						
New Annual Borrowing	3.024	6.822	16.820	8.567	7.297	6.267	2.909
Less MRP Repaid	-0.811	-1.094	-1.284	-2.114	-2.357	-3.112	-3.73
Cumulative Borrowing (Capital Financing Requirement)	37.576	43.304	58.840	65.293	70.233	73.388	72.567

The increase in borrowing in 2025/26 of £17m is mostly caused by the following:
Housing Initiatives – schemes to be agreed and will be self-financing £4.5m
Replacements £4.3m
Maintenance of Existing Property Assets £1.4m
Purchase of assets for future developments of sites £1m
Acquisition of land for new cemetery £2.8m

Table 13a

Breakdown MRP Repaid	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£ms	£ms	£ms	£ms	£ms	£ms	£ms
Capital Schemes Approved	0.408	0.496	0.665	0.888	0.981	1.074	1.145
Capital Schemes MRP	**0.408**	**0.496**	**0.665**	**0.888**	**0.981**	**1.074**	**1.145**
Capital Replacements life less than 10 years		0.013	0.019	0.551	0.911	1.424	1.945
Capital Replacements Finance Leases	0.403	0.585	0.600	0.675	0.465	0.615	0.64
Capital Replacments MRP	**0.403**	**0.598**	**0.619**	**1.226**	**1.376**	**2.039**	**2.585**
Total MRP Repaid in Year	**0.811**	**1.094**	**1.284**	**2.114**	**2.357**	**3.113**	**3.730**

The table above is debt repayment (MRP) split into the cost of funding capital schemes and the replacement programme (equipment and vehicles). The rising cost of the MRP replacement programme is both good and bad news. It is a positive development as it means the replacement programme is increasingly funded from ongoing contributions, but of course also means the cost of the capital programme will continue to rise until the replacement programme is fully funded from borrowing, likely to be circa 2030.

Table 14

The Council earns interest on its cash balances when investing them or forgoes it when internally borrowing them. The cost of financing the programme is combined with interest (investment) income below to show the net cost of financing. This rises from £1.5m in 2025/26 to £4.9m in 2029/30. Replacement equipment costs make up more than half of the 2029/30 cost.

Budgeted Net Revenue Costs Changes - financing costs of Capital Programme							
	23/24	**24/25**	**25/26**	**26/27**	**27/28**	**28/29**	**29/30**
	£ms	**£ms**	**£ms**	**£ms**	**£ms**	**£ms**	**£ms**
Estimate interest income	-2.884	-1.010	-0.925	-0.772	-0.726	-0.793	-0.885
Estimate interest costs	0.262	0.856	1.302	2.061	2.156	2.326	2.390
Estimated MRP schemes and leases	0.811	1.134	1.284	2.114	2.357	3.113	3.730
Net Revenue cost of financing capital	**-1.811**	**0.980**	**1.661**	**3.403**	**3.787**	**4.646**	**5.235**
Financing Cost less							
Income gain from existing schemes MRP			-0.013	-0.066	-0.074	-0.077	-0.081
Income gain from existing schemes - interest assumed borrowing			-0.113	-0.246	-0.265	-0.265	-0.265
Net financing cost after scheme benefits		**0.980**	**1.535**	**3.091**	**3.448**	**4.304**	**4.889**
Change Year on Year		**0.470**	**0.555**	**1.556**	**0.357**	**0.856**	**0.585**

<u>Table 15 Strategic CIL table</u>

A key resource to the Council is the Community Infrastructure Levy (CIL), which can in some cases be used to finance capital expenditure. The current balance and expected receipts are shown below and have been used when planning the budget:

		2023/24	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**
	£ms	**£ms**	**£ms**	**£ms**	**£ms**	**£ms**	**£ms**	**£ms**
Balance 31/3/2024	**-22.654**							
Forecast CIL receipts to be received		-1.072	-0.958	-2.268	-2.722	-7.135	-11.9	-11.584
Ringfenced Income not available to use					0.642	2.611	3.755	3.949
CIL receipts committed to Capital Schemes		1.563	20.970	4.344	1.460	0.000	0.000	0.000
	-22.654	-22.163	-2.151	-0.075	-0.695	-5.219	-13.364	-20.999

The forecast is that the CIL income will start to recover in 2026/27, and from 2027/28 none of that funding is committed to fund expenditure, so there will be a surplus of £20.999m by the end of 2029/30. Any interest on the surplus balance will be taken to reserves to fund capital expenditue.

B. Direct Revenue Financing of capital schemes
The revenue budget for 2025/26 contains contributions from revenue to fund capital (direct revenue financing of capital), £369k from ongoing resources is to cover the future cost of financing the new schemes. As the new schemes are completed the £369k will be gradually reduced to offset the MRP and interest costs for the new schemes rising. Additional revenue contributions are also being made fund from reserves. The total planned contributions from revenue to capital are shown in Table 16 below.

C. Schemes Feasibility or Design Works that are no longer a capital cost

The Council can charge feasibility, and design works to capital resources only when they result in the creation of an asset. Should a scheme not continue to completion, any costs previously charged to capital are required under Government accounting practice to be charged to revenue.

This risk can be managed by maintaining an earmarked reserve to alleviate the consequences, which is detailed in **Section 7**. The expected expenditure is shown in Table 16 below.

Table 16

Reserves use to fund capital expenditure	**Budget 2025/26 £000s**	**New Forecast 2026/27 £000s**	**New Forecast 2027/28 £000s**	**New Forecast 2027/28 £000s**	**New Forecast 2027/28 £000s**
Contributions from Reserves to Fund Capital	819	62	192	50	0
Schemes Feasibility or Design Works that are no-longer a capital cost	0	0	0	0	0
Total	**819**	**62**	**192**	**50**	**0**
Contributions funded from Ongoing Revenue	**369**	**369**	**369**	**369**	**369**
Total Revenue contributions to capital	**1,188**	**431**	**561**	**419**	**369**

Unfunded Capital priorities
The Council cannot currently afford from within its existing resources all the capital expenditure priorities it requires to fund Our Chelmsford, Our Plan. A list of unfunded priority schemes can be found in Annex 1 of the Treasury Management, Investment and Capital Strategies report elsewhere on this agenda. The creation of a full list is likely to take several cycles of the budget. Scheme priorities should be constantly reviewed and allow for funding for infrastructure arising from the local plan.

Section 7
Budget Forecast & Reserves

Revenue Budget Forecast

The revenue forecast should be used with the budget (including Reserves and Council tax) to determine if decisions are affordable and sustainable. The latest shortfalls identified in the central planning case are shown below. The explanations of the movements are referenced to the appropriate section of this report.

Table 17

Forecast Budget Shortfalls (change from preceding year)

Summary Variances	**See Report Section**	**New Forecast 2026/27 £000s**	**New Forecast 2027/28 £000s**	**New Forecast 2028/29 £000s**	**New Forecast 2029/30 £000s**
Pay & Cost - inflation & pressures	Sec 3, pg19	1,720	1,770	1,830	1,880
Housing Temporary Accommodation, Benefit (before additional grant)	Sec 3,pg18	650	830	540	260
Variations that are one off	Sec3, pg20	734	-229	-305	0
Net Income **(non-price - growth/+loss)**	Sec 4 pg21	-1,130	-120	0	0
Growth	Sec 5, pg23	400	370	370	370
Capital Financing	Sec6, pg30	788	403	989	355
A) Budget Gap before additional funding		**3,162**	**3,024**	**3,424**	**2,865**
Changes in Reserve Use					
Reserve changes - Additional use/ + less use	Sec 7, pg36	622	1,383	732	-330
B) Budget Gap remaining		**3,784**	**4,407**	**4,156**	**2,535**
Change in Government Funding	Sec 2, pg16	930	910	910	0
C) Budget Gap remaining		**4,714**	**5,317**	**5,066**	**2,535**
Funding Generated By Council to Meet Gap					
Net Savings	Sec4, pg22	-150	-50	0	0
Income - New and increased Fees and Charges	Sec 4,pg21	-1,009	-921	-949	-978
Council tax increase and growth	Sec 9, pg47	-598	-618	-638	-659
Council Tax deficit variations	Sec 9, pg48	-378	0	0	0
Funding Generated By Council		-2,135	-1,589	-1,587	**-1,637**
D) Annualised Budget Gap forecast		**2,579**	**3,728**	**3,479**	**898**
E) Net Gap, If the prior year is not balanced		**2,579**	**6,307**	**9,786**	**10,684**

Commentary on Table 17

Row A: This reflects the deficit arising from all the cost pressures identified just to maintain existing service plans. In the lines above A, the improvement in income is rent recovering as properties are expected to be let. Line A excludes income gains from price rises. It does not allow for changes in use of reserves, which will offset the rent income recovery. Line A shows the annual deficits are all range from £.9m to £3.7m and demonstrate the need for increases in charges and Council Tax, seeking new income, and increased Government funding.

Row B: This shows the budget after the change in reserve use year on year. Positive figures for the reserve line above mean we are using less reserves. The Council is due to use £2.2m of reserves in 2025/26, usage fall by £0.6m in 2026/27. The reductions in reserve use are mostly due to rent income recovering, so reserves are no longer needed to offset income losses. Also, contributions to capital fall. The Council finances are only sustainable in the long term if reserve use in one year is offset by contributions to reserves in another. Section 8 has commentary from the s151 officer on this matter.
Row C: Shows the budget gaps remaining after expected loss of Government funding discussed in Section 2. Obviously, the Government funding cuts increase the size of the Council deficits.
The loss of funding is not yet known and will not be until later in 2025. The assumptions on funding are based on the Government statements which are disadvantageous to Council's like Chelmsford (not deprived and with growing taxbases).
Row D: Represents the forecast annual budget shortfalls. These annual deficits are large, equivalent to around 5% of the Council staff costs.
Row E: This shows the cumulative deficit if no solutions to the shortfalls are found. For example, if the 2026/27 gap is funded from reserves, then by 2027/28 we need £6.307m of reserves to fund the overall cumulative shortfall for that year.
It important to note that all reserves would be used up by the end of 2028/29 if no action were taken to balance the budget.

The budget gaps are significant, and Section 8 of this report contains the s151 officers view on the estimates and financial outlook.

<u>The potential range of budget forecast (scenarios)</u>
There are many items in the forecast (and budget) where there is considerable uncertainty. In table 18 below, consideration is made of the range of possible upside variations to the outcomes. This should be seen as one end of the range; it is highly unlikely all the positive changes would occur. Table 19 takes a pessimistic view of the outcome to provide the other end of the range.
Table 18

Upside Case	**New Forecast 2026/27 £000s**	**New Forecast 2027/28 £000s**	**New Forecast 2028/29 £000s**	**New Forecast 2029/30 £000s**
Annualised Budget Gap forecast	2,579	3,728	3,479	898
Remove Government funding loss	-930	-910	-910	0
Housing Benefit Subsidy loss on Temporary Accommodation	-750	0	0	0
Chelmer Waterside	0	TBC	TBC	TBC
Replacement of Crematorium, financing cost	0	0	0	0
Higher take up of garden waste subscription	-450	0	0	0
National Living wage increases restricted to 2%	-400	-400	-400	-400
Lower inflation - on service costs	-300	-300	-300	-300
Annualised Gap	**-251**	**2,118**	**1,869**	**198**
Cumulative gap	**-251**	**1,867**	**3,736**	**3,934**

Table 19

Downside Case	New Forecast 2026/27 £000s	New Forecast 2027/28 £000s	New Forecast 2028/29 £000s	New Forecast 2029/30 £000s
Annualised Budget Gap forecast	2,579	3,728	3,479	898
Higher Government Funding Loss	500	0	0	0
Housing Benefit Subsidy loss on Temporary Accommodation	0	0	0	0
No higher take up of garden waste subscription	0	0	0	0
Chelmer Waterside	0	0	0	0
Replacement of Crematorium, financing cost	0	500	0	0
National Living wage increases at 5%	400	400	400	400
Inflation unchanged on service costs				
Annualised Gap	**3,479**	**4,628**	**3,879**	**1,298**
Cumulative gap	**3,479**	**8,107**	**11,986**	**13,284**

The range of the forecast suggests there could be a surplus in 2026/27 of £0.251m or a deficit of £3.479m, the central case being £2.579m. The upside case, a surplus of £0.251m, is, unfortunately, the least likely scenario given the Government's approach to funding.

It continues to be the case that the positive financial benefits from the Chelmer waterside development are not included in the forecast. Once a development agreement/disposal has been agreed, the forecast can be updated. A reduction in revenue deficit in around 2028/29 as interest could be earned on any proceeds or there could be reductions in costs such as TA.

Over the period ending March 2030, the central case sets out that the Council will need to plan to find additional income and budget reductions totalling £10.7m.
As clearly evidenced by events over the last few years, forecasts are fallible, and the financial strategy must manage the unexpected. **Section 8** identifies the view of the s151 officer regarding the approach needed to reduce the budget gap and manage the financial risks.

Reserves – 2024/25 Original Budget and Forecast.

The Reserves are intended to:

- fund planned one-off expenditure/loss of income
- protect against unbudgeted risks, such as:
    - Business Rate retention timing difference or reduced business rate income
    - Temporary falls in income
    - Homelessness and other demand-led costs

In 2024/25, £1.1m of the General balance was budgeted to be used to support ongoing expenditure arising from an expectation of a large increase in Temporary Accommodation for the homeless. Additionally in 2024/25, £1.2m was to be used from an income loss reserve to make good the loss of commercial rent income. As stated in the 2024/25 Budget report, these were temporary measures. The 2025/26 budget does not require the use of general fund balance to fund ongoing expenditure, however rent is expected to be lower until 2028/29 and so continued use of earmarked reserves to meet that loss is planned. In 2026/27, a reassessment of the ongoing prospective income will take place. Income loss reserve use will cease by 2028/29.

The Council should target a level of approximately £9m of General (unearmarked) reserves whilst recognising that the level of that reserve will fluctuate over time as it is used to manage short-term pressures in the revenue budget. The unearmarked reserves will be reviewed during 2025/26 to determine appropriate levels, reflecting prevailing risks.

Section 8 identifies the issues that the S151 Officer considers when setting the reserve levels. A key consideration in setting the reserves has been providing sufficient funds to alleviate in the short term the impact of changes to Government funding. Some £4.5m is in the Business rate retention reserve and should be available to cover two years' worth of the £2.25m annually used to fund services.

The level of reserves will be reviewed during 2025/26 to determine what are the main risks and costs the Council needs to manage. This will potentially include setting aside funding for the one-off costs of local government re-organisation.

Table 20 over the page shows the transfers between and budgeted/projected use of reserves. They are further discussed in Section 8 by the s151 officer.

Table 20

Usable Reserves Projections

Earmarked	2024/25 Budget and forecast £000s	Budget Transfers £000s	Original £000s	Updated Forecast adjs. £000s	£000s	2025/26 (Forecast) £000s	Transfers £000s	-Use/ contribution £000s	£000s	2026/27 (Forecast) £000s	Transfers £000	-Use/ contribution£ 000s	£000s	2027/28 (Forecast) £000s	Transfers £000	-Use/ contribution£ 000s	£000s	2028/29 (Forecast) £000s	Transfers & Movements £000	£000s	£000s
Corporate Investment																					
Cultural Support 'Fund'	57				57	57			57	57			57	57			57	57			57
Local Development Framework	1,040		-225	-50	765	765	15	-250	530	530		-150	380	380		-80	300	300		-100	200
Growth fund	0				0	0			0	0			0	0			0	0			0
Carry forwards & Supplementary estimate Reserve	0	300	-300	273	273	273	27	-300	0	0	300	-300	0	0	300	-300	0	0	300	-300	0
Housing Initiatives	0				0	0			0	0			0	0			0	0			0
DPO Reserve	79		-8		71	71			71	71			71	71			71	71			71
Hylands House Reserve	3				3	3			3	3			3	3			3	3			3
Master Plan Income	0				0	0			0	0			0	0			0	0			0
	1,179	300	-533	223	1,169	1,169	42	-550	661	661	300	-450	511	511	300	-380	431	431	300	-400	331
Capital Programme																					
Project Evaluation Reserve	175	37		-35	177	177			177	177			177	177			177	177			177
Sinking Fund for let property	50		50		100	100		50	150	150		50	200	200		50	250	250		50	300
Infrastructure fund	715			-715	0	0	500		500	500			500	500			500	500			500
Chelmsford development	2,024		-257	-644	1,123	1,123		-806	317	317		-51	266	266		-97	169	169		230	399
	2,964	37	-207	-1,394	1,400	1,400	500	-756	1,144	1,144	0	-1	1,143	1,143	0	-47	1,096	1,096	0	280	1,376
Risk Management																					
Insurance	898		-50		848	848		-50	798	798			798	798			798	798			798
New :Investment Reserve	0			1,041	1,041	1,041			1,041	1,041			1,041	1,041			1,041	1,041			1,041
Pension deficiency	1,057	183			1,240	1,240			1,240	1,240		-534	706	706			706	706			706
Park and Ride	258				258	258			258	258			258	258			258	258			258
Vehicle Fuel Reserve	604	-280	-25	25	324	324	-24		300	300			300	300			300	300			300
Utility Costs Reserves	1,573		-682	682	1,573	1,573	-73		1,500	1,500			1,500	1,500			1,500	1,500			1,500
Business Retention reserve	6,491			-1,950	4,541	4,541			4,541	4,541			4,541	4,541			4,541	4,541			4,541
Rent income (temporary loss of tenant)	0	2,363	-1,231	153	1,285	1,285	1,537	-1,118	1,704	1,704		-1,250	454	454		-120	334	334			334
	10,881	2,266	-1,988	-49	11,110	11,110	1,440	-1,168	11,382	11,382	0	-1,784	9,598	9,598	0	-120	9,478	9,478	0	0	9,478
Total Earmarked Reserves	15,024	2,603	-2,728	-1,220	13,679	13,679	1,982	-2,474	13,187	13,187	300	-2,235	11,252	11,252	300	-547	11,005	11,005	300	-120	11,185
Unearmarked																					
General Fund & Contingency	**14,607**	**-2,603**	**-1,515**	**1,407**	**11,896**	**11,896**	**-1,982**	**-383**	**9,531**	**9,531**	**-300**	**0**	**9,231**	**9,231**	**-300**	**-305**	**8,626**	**8,626**	**-300**	**0**	**8,326**
Recommended level £9m																					
	14,607	-2,603	-1,515	1,407	11,896	11,896	-1,982	-383	9,531	9,531	-300	0	9,231	9,231	-300	-305	8,626	8,626	-300	0	8,326
Total reserves	29,631	0	-4,243	187	25,575	25,575	0	-2,857	22,718	22,718	0	-2,235	20,483	20,483	0	-852	19,631	19,631	0	-120	19,511

The forecast for 2029/30 is a decline to £8.026m of General Fund Balance.

Reserves	Purpose	Delegation
Cultural Support 'Fund'	To contribute to Cultural Services costs	Relevant Director & Cabinet member
Chelmsford development	To support the ongoing development of the Chelmsford City area.	Section 151 & cabinet member for a Fairer Chelmsford
Infrastructure Provision	To manage the risk of Capital costs becoming chargeable to revenue	Section 151 & cabinet member for a Fairer Chelmsford
Growth fund	Funding Held for Strategic Planning issues	Relevant Director & Cabinet member
Insurance	To meet losses and policy excesses where more appropriate to insure internally than externally.	Relevant Director & Cabinet member
Investment Reserve	To manage the flucatutions in value of the Council's investment in Pooled funds	Used at Outturn as part of accounts closure. S151 officer
Local Development Framework	To meet expenditure on the LDF	Relevant Director & Cabinet member
Pension deficiency	To support the financing of the deficiency payments on the pension fund. To fund one off staff costs e.g. flexible retirements, redundancy.	Chief Executive, Director of Corporate Services for one off staff costs.
Park and Ride	Contingency to smooth management contract costs of Park and Ride	Relevant Director & Cabinet member
Hylands House Reserve	To contribute to Hylands House and Estate costs	Relevant Director & Cabinet member
Housing Intiatives	To establish funding to undertake initial stages of projects that may not be capital costs.	Section 151 & Cabinet member
DPO Reserve	The Medium Term Financial Strategy reported to October 2019 Cabinet established a DPO process	Chief Executive
Project Evaluation Reserve	The capital programme includes scheme which require further feasibility and business work, so this reserve enables production of robust business plans	Management Team
Carry forwards & Supplementary estimate Reserve	These are working balances arising from the carry forward policy, set out in financial regulations. Also to fund a normal level of supplementary estimates	Relevant Director & Cabinet member
Master Plan Income	Carry Forward one off income from sites where the developer has paid for additional support from Council planners. The reserve is used to fund any additional costs of the planning department	Relevant Director & Cabinet member
Vehicle Fuel Reserve	To be used as part of the budget process to alleviate the temporary increase in vehicle fuel	Budget Decision. Cabinet
Sinking Fund for let property	Provide resilience due to the volatility of properties that generate rent income	Budget Decision. Cabinet
New: rent income (temporary loss of tenant)	To be used as part of the budget process and closure of Accounts to alleviate the temporary loss of rent	Budget Decision. Cabinet
General Fund	These are uncommitted working balances to meet the unforeseen needs of the Council.	Normal Supplementary estimate rules (within constitution)
Business Retention Reserve	To meet timing issues arising from Business Rate Retention scheme	To be used by Section 151 as part of the annual closure of the Business Rate account

Section 8
Section 151 Officer Report – Risks & Robust Budget

The Council's members have a legal duty to have regard to the comments made by the Council's Chief Financial Officer (s151) in this section (report) when setting the budget.

Introduction

Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a Chief Financial Officer (s151) to have responsibility for those arrangements.

This section of the budget report is made by the s151 officer and is non-political. It aims to provide members with an understanding of the s151 view of the Council's financial position and fulfils statutory reporting requirements. The factors the s151 has considered are:

A. **Background; Legal Context and Duties of the s151 (Chief Financial Officer)**
B. **Financial Management Arrangements**
C. **Financial Outlook and Risks**
D. **Level of Reserves and Overall Financial Standing**
E. **Conclusion**

A) Background; Legal Context and Duties of the Chief Financial Officer

It has been established by legal case law that the s151 is not simply an officer of the authority but holds a fiducial responsibility to the local taxpayers. This duty has been expanded over time by legalisation as discussed below.

The Local Government Act 2003 Section 25 includes a specific personal duty on the Chief Financial Officer (CFO) to make a report to the authority when it is considering its budget and Council Tax for the forthcoming year. The report must deal with the robustness of the estimates and the adequacy of the reserves included within the budget. (For the purpose of the Act, 'reserves' include 'general balances.') The Act requires the Council to have regard to the report in making its decisions.
Sections 32 and 43 of the Local Government Finance Act 1992 also require authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the net budget requirement.

There are also a range of safeguards in place intended to prevent local authorities from overcommitting themselves financially. These include:

- The CFO's s114 powers, which require a report to the Cabinet and to all members of the local authority if there is or is likely to be unlawful expenditure or an unbalanced budget.
- The Prudential Code, which has applied to capital financing since 2004/05.
- Section 26 of the Act gives the Secretary of State power to set a minimum level of reserves for which an authority must provide in setting its budget. The Secretary of State stated that 'the provisions are a fall back against the circumstances in which an authority does not act prudently, disregards the advice of its Chief Financial Officer and is heading for serious financial difficulty.'

These safeguards should be further reinforced through detailed scrutiny by the Council's external auditors. There is a requirement on the auditor to form a conclusion on the arrangements that the Council has in place to secure economy, efficiency, and effectiveness in its use of resources. In addition, the external auditors review the underlying assumptions used to support material estimates within the Council's financial statements, such as valuations of property assets and pension liabilities. Clearly, the nationwide failure of audit firms to carry out timely audits of local authority accounts currently makes this control ineffective.

CIPFA, who, working with Government, provide best practice advice on financial management to local authorities, have made a statement on the role of the Chief Financial Officer in a public sector organisation:

i) is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest,
ii) must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities, and risks are fully considered, and in alignment with the organisation's financial strategy,
iii) must lead the promotion and delivery by the whole organisation of good financial management so that public money is always safeguarded and used appropriately, economically, efficiently, and effectively.

To deliver these responsibilities the CFO:

iv) must lead and direct a finance function that is resourced to be fit for purpose,
v) must be professionally qualified and suitably experienced.

B) Financial Management Arrangements

When understanding the budget and financial position, Members of the Council need to be aware of the arrangements for financial management and control. These arrangements must not only help manage, but also identify new risks.

In-year expenditure and income monitoring against the budget: the Council has established and continually updates its system of budget monitoring and financial control with reports made to the Audit & Risk Committee (year-end review) and Cabinet. Monitoring reports are produced for Management team and Cabinet members four times a year for revenue and three times for capital. These reports identify variances against the budget, risks to the forecast, and, where possible, actions to alleviate adverse variances. Additionally, high risk and high value revenue income and expenditure are reported monthly to Management and Cabinet members. These arrangements will be reviewed in 2025 in the light of formal feedback from the peer review.

The Council has due regard to both statutory and non-statutory guidance including the Prudential Code for Capital Finance in Local Authorities and related MHCLG Investment Guidance. Additionally, the Council has a long-established Treasury Management and Investment sub-committee. These arrangements ensure cash investments, non-cash investments, and borrowing decisions are made with appropriate information and monitoring taking place.

The Council has a corporate risk register that is kept continuously up-to date and this is used to support financial planning, ensuring risks are identified and managed.

The budget preparation arrangements for 2026/27 will be consulted on during the first half of 2025, with the intention of making constitutional amendments. The approach likely to be recommended by the s151 is based around a report on the outturn expenditure & income and budget guidelines 2026/27 for Cabinet in July, and another report on a Financial Review that contains updated financial projections for October Cabinet. The review of arrangements will include using the formal feedback from the Peer Review.

Budget planning for future years should cover robustly a longer time frame. The budget process at the Council has been focused on the following budget year due to a lack of clarity regarding the Government's longer term funding intentions for local authorities. The announcement of a three-year funding settlement by Government during 2025 provides the Council with an opportunity to develop longer term financial planning, which should develop solutions for the potential gaps as shown in the forecasts. These forecasts will not necessarily turn out to be accurate but will enable members informally and formally understand the trade-offs necessary to balance the budget over the medium term. This will help manage the prioritisation of resources and plan reserve levels remain sufficient.

Independent Review of Financial Management is undertaken by:

- External Audit. The disclaimers and lateness of external audit reports means the budget is being set without external validation of the reserve balances. The s151 officer does sign off the accounts with confidence that financial reporting (including reserves) is materially correct, but it is of great importance that timely external scrutiny of the accounts takes place.
- The scrutiny of financial management is also undertaken by Internal Audit, the Audit and Risk Committee, the Performance review work of the Overview and Scrutiny Committee, the Treasury Management and Investment Sub-committee, and the Risk Management process.

Statement by the S151 officer on the robustness of Financial Management arrangements: I consider the Council's financial management arrangements and planned changes to be sufficiently robust to maintain adequate and effective control of the budget for 2025/26, if the changes to financial planning are implemented.

C) Financial Outlook and Risks

This budget report updates the financial forecast for the next five years in Section 7. It is not a comprehensive reworking but is sufficient to enable members to assess the ongoing sustainability of budget decisions. The forecast should be considered in conjunction with the comments, included in this section from the s151 officer.

Looking ahead, the key financial pressures, risks and how they are managed are discussed below:

i) Local Government reorganisation. There is insufficient clarity at this early stage to provide any robust analysis. It seems probable that, by the latest of the 1st April 2028, a unitary structure will be in place. The Council's finances should be planned to ensure reserve levels remain robust and the new authority is placed in the best opening position. This will be difficult due to need to set aside funding for the one-off costs of implementation such as redundancies and legal & professional advice. Also, it will be challenging to restrict reserve use whilst also trying to defer decisions on service funding levels that may be better made once the new structures are in place. There may be recruitment and retention issues that result in higher spend on agency or interim staff. The potential savings from the new structures are not yet known and will be a factor in the financial plans of the City Council during the transition. There of course remains the possibility that no reorganisation occurs, but this does look unlikely. The largest risk from reorganisation to the Council's finances will be distraction and reduction in management resource as it will be diverted away from delivering key initiatives and maintaining robust finances.

ii) Government Funding. The report identifies that Government funding is probably going to be cut, and that best case scenario planning is funding does not fall in cash terms. The report includes in its central assumption a loss of £2.75m of funding phased in by 2028/29. This should be the top end of what is a realistic assumption given the Government's approach. I would like to believe the reduction will be less, but recent government announcements are not encouraging, particularly the view being put forward that reorganisation will result in savings, suggesting a belief that extra funding in those areas affected may not be needed. Given that the forecast is a planning tool, it makes sense for the organisation to identify how to make good funding shortfalls well in advance, so decision making can be effective. Clearly, this is not the same as implementing changes as they would only happen when the position is known. The Reserves are planned to contain £4.5m in the business rate retention reserve to help phase any changes but one off costs for potential Local Government reorganisation may use that funding.

iii) Housing Service costs: there has been an increase in demand for the Council's homeless services. The projections do show that numbers in Temporary accommodation will continue to rise but plateau in 28/29 and 29/30 due to an expected increase in social housing in those years. However, the damage has been done, with temporary accommodation costs increasing from 7% of the Council's net budget in 2020/21 to nearly 20% in 2025/26. The impact of the Chelmer Waterside development has not been factored in but could reduce numbers in TA in 2028/29 and 2029/30 depending on the site's financial viability.

iv) Capital financing: the revenue budget contains financing the costs of the capital programme.

- The net cost of financing will rise year-on–year; the main cause being the cost of funding replacement equipment. This has been a recognised issue for many years. This trend should stop around 2030 when most equipment will be funded on an ongoing basis. However, improvements in gathering data on conditions surveys will result in additional costs being identified.
- The Chelmer Waterside Development has potential financial upsides that have not been included in financial planning. The Council has committed to £43.6m of capital expenditure on this scheme funded in the current financial planning from grants and CIL. However, no proceeds for benefits have been included yet.
- Crematorium & cemetery. The Council 2025/26 budget and forecasts assume £2.7m of income from this service. This will not continue indefinitely without investment in replacement equipment/facilities. A business case will be made to Cabinet and Council during 2025 identifying the best options for the Council to enable the continuation of this service. The budget for the scheme has been removed from the funded capital programme pending approval of a business case. Until the business case is developed and a decision is made by Council, the central forecast budget is optimistic as it does not include any additional financing costs or loss of income.

v) Pay: with 3% growth planned for the years after 2025/26, there remains a risk that pay costs could be higher. For the last few years, average pay awards due to inflation and national living wage have been higher than 3%. A review of the bottom points of the pay grades is under way, which should enable the average pay increases after 2025/26 to be limited to 3% for several years if National Living wage increases are below 6%.

vi) Energy costs: a reserve of £1.5m is in place to cover temporary increases. The Council has entered into arrangements to forward buy its energy which should reduce the risk of volatility. If further energy price spikes occur, recent experience suggests the reserve should be sufficient to cover that risk for at least a year.

vii) Rent Income. The Council has a number of commercial properties which have unlet spaces, which traditionally would be expected to be occupied. Its largest commercial office is unoccupied and subject to refurbishment in 2025. There is risk that properties are never fully let, resulting in lost net income of up to £1.1m. The Council will need to reassess the income generating capacity of these properties in 2026. This could result in further increases in the projected budget gaps.

viii) Fees and Charges. New charges and increases in charges have played a significant role in balancing the 2025/26 budget (some £3m). Most of that extra income comes from garden waste, bereavement, car parking, and leisure services. There may remain some scope for increasing charges beyond 3% in later years, but this is unlikely to be as significant as 2025/26. This judgement is based on potential customer resistance and competition, particularly for Leisure and Bereavement services.

ix) Garden Waste. This is a new charge for 2025/26 budgeted to generate £1.3m. The financial planning upside scenario in section 7 identifies an indicative £0.45m improvement. During 2025, it will become possible to confirm if there is a higher uptake than budgeted for.

x) Chelmer Waterside. The redevelopment of the site has stretched the finances of the Council given the overall cost. The approach taken in budget forecasts is extremely cautious as the development and potential multi-million-pound proceeds should make a favourable impact on the Council's finances once achieved. If the development provided an additional hundred units of social housing, this could reduce Council Temporary accommodation costs by up to £1.3m, and for indicative purposes, a £10m receipt could reduce financing costs by £0.5m. The difficulty with any assumption is timing and value of the development could continue to be adversely affected by a changed economic environment. Until there is more clarity, it is best to treat the gains cautiously. This also applies to other sites.

xi) Other risks. These are many other potential risks, and these will be managed via maintaining unearmarked reserves as near as possible to the £9m target, and where possible, setting aside funding for specific risks where affordable and appropriate.

Based on the factors above, I consider that these budget proposals take due regard to risk, including the financial and economic environment, and that the assumptions within the budget are reasonable and the estimates used for 2025/26 are, in the round, robust.

Section 7 of this report identifies a central case of a £10.7m deficit over the forecast, ending in 2029/30. This should be used as a planning target. I recommend that Management should identify in the first half of 2025/26 for internal discussion potential measures to balance at least the first two years of the forecast deficit. This will provide Cabinet members with clarity over the choices the organisation faces and enable the development of a formally reported financial plan. The plan can be adapted as the true budget position becomes evident each year.

I continue to take the view that the use of reserves to smooth transitions, including to deal with Local Government Reorganisation, an appropriate option for the Council, as long as the reserve levels remain robust.

D) Level of Reserves and Overall Financial Standing

When looking ahead, the Council's finances are anticipated to be in difficultly, but the 2025/26 budget is balanced and uses reserves only for short-term funding measures such as loss of rent income. The levels of reserves are declining, but they are being used in line with policy. The reserves in 2025/26 currently remain robust and, in the case of the General Balance (unearmarked), above the target I set last year (£9m).

The reserves provide some protection against the need to make decisions too quickly.

Determining the appropriate levels of reserves is a professional judgement based on local circumstances, including the overall budget size, risks, robustness of budget preparation, corporate plans, budget assumptions, earmarked reserves and provisions, and the Council's track record in budget management. It is not possible, given the current budget forecast and lack of certainty over government funding, to reduce the £9m target for unearmarked reserves.

In Section 7, Table 20, the levels of Reserves to the period 2029/30 are shown. It shows a decline in the level of unearmarked reserves. The forecast identifies a reduction to £8m after allowing for transfers and expenditure. However, the key metric is that the unearmarked reserves are not projected to fall below £9m in the current budget year.

The Council holds a number of earmarked reserves to provide for future expenditure such as pension deficit payments; some to guard against specific risks such as insurance, and others to manage income fluctuations (Business Rates Retention income). Further detail on these reserves is contained in Section 7 of the report. The level of these reserves is also falling.

It is worth commenting on three areas where the level of earmarked reserves will need to be reviewed in 2025/26:

- Rent Income reserve (temporary loss); this is being used to support the budget whilst commercial units remain unlet. The funding of this reserve comes from the General Fund Balance, so there is currently no practical way to increase it without the General (Unearmarked) reserve falling below £9m. Once the rent income reserve is exhausted, any rent loss will impact on service funding.
- Business rate Retention reserve: the reserve is used for managing timing differences between income and expenditure on the retention scheme. More importantly, it is expected to hold £4.5m of contingency funds by the end of 2025/26 which can be used to smooth any funding loss from when Business rate retention is reset in 2026/27.
- Local Government reorganisation. I expect there will be a need to establish a new reserve to meet one-off costs. The funding will need to be found from reducing other reserves. This may prove difficult and there is a risk the costs of reorganisation costs will need to be funded from the General balance which will mean it drops below the £9m target.

The amount of reserve use is declining year on year but remains an important part of the funding of the Council.

Based on the above factors, I consider the level of reserves presented in the budget estimates to be adequate to support the ongoing financial sustainability of the Council. Given the pressures on finances and demand on reserves, a multi-year financial plan will be needed to be developed before the assessment can be made again in January 2026.

E) Conclusions

The conclusions this year are remarkably similar to last year's. The budget shortfalls shown in the financial forecasts are increasingly becoming more difficult to manage than previous deficits because:

- Efficiency savings are scarcer given that the Council has been successfully finding ways to meet shortfalls for over ten years.
- Reliance on income generation to balance the budget brings in the longer-term increased risks, such as the potential for customer resistance to increases in charges, or as seen currently, void periods in the Council's property portfolio.
- Government funding remains highly uncertain beyond 2025/26, though the forecast has hopefully identified a realistic basis on which to plan.
- Local Government Reorganisation complicates matters significantly as identified throughout the report.
- An internal plan to resolve the budget gaps needs to be developed. The initial plan should cover at least two years (2026/27 and 2027/28). The plan should enable an informed discussion of the choices need to resolve the budget shortfall.

Taking all of the above into account, as the Council's Chief Financial Officer, I am satisfied that, overall, the budget proposals set out in this report are robust and sustainable and that the level of reserves is adequate to address the financial risk facing the Council in the current year. The longer-term outlook requires a multi-year plan to ensure the budget process remains robust.

Phil Reeves - s151 Officer/Chief Financial Officer

Section 9
Council Tax & Business Rates

Council tax provides a significant amount (circa 30%) of the Council's annual income and is a stable income source. The Council has only limited discretion to increase Council Tax as the Government annually sets a threshold which, if exceeded, requires a local referendum.

The Council also benefits from business rates, historically keeping some 4% of the total business rates raised locally. This share is determined as part of the Government's formula funding assessment. Additionally, through the Business Rates Retention Scheme, the Council receives one-off rewards for growth in the total local business rate income. The Council has no ability to increase local business rates but does have some limited ability to offer local reductions in business rates, but at the Council's cost.

This section identifies the issues arising from Business Rates and Council Tax when setting the Council's Budget for 2025/26.

Council Tax Referendums

The Government has announced that Council Tax increases of the greater of 3% or £5 for District authorities will not be subject to a local referendum. The budget includes proposals to increase a band D Council Tax by £6.55 (2.96%) per year, which is within this limit. This generates some £468k extra per year.

Council Tax & Special Expenses Proposal 2025/26

The Council levies Council Tax by identifying a Precept (net Council expenditure after government grants); a charge is then calculated for each residential property. The average of these charges is expressed as a "Band D Average." The average is estimated by dividing the precept by the tax base (the number of Band D equivalent properties in the City Council area). The tax base for 2025/26 is 72,078.49, which is 542.24 higher than last year. The increase in the number of Band D generates an extra £124k.

A summary of the known Council Tax charges from each of the precepting authorities (an average is shown for Parish and Tiers) is shown below in **Table 21a**. The table will be completed for Council, as will the special expenses and lower tier authority tax table 22at the end of this section.

	2024/25	2025/26	Increase	
				Increase
	£	£	£	%
Chelmsford City Council	221.52	228.07	6.55	2.96%
Essex County Council	1,522.53			
Police, Fire and Crime Commissioner for Essex	246.42			
Essex PFCC , Fire & Rescue Authority	82.62			
	2,073.09	228.07		
Parish and Town Councils (average)	49.05			
TOTAL	**2,122.14**	**228.07**		

A Council Tax resolution will be drafted for Council upon receipt of the precepts from other bodies.

After allowing for Tax base and the 2.96% increase, some £592k extra income from Council tax can expected in 2025/26.

Collection fund surplus/deficit: as part of the formal budget-setting process, the Council is required to estimate each year the surpluses or deficits arising from Council Tax and Business Rates collection.

Council Tax Surplus or Deficit
The Collection Fund records the amount of income collected from Council Tax and the Local Council Tax Support scheme costs together with precept payments to principal authorities. These elements will generate a surplus or a deficit which should be considered when determining the Council Tax for the following year. Chelmsford City Council's share of the Council Tax deficit for payable in 2025/26 is £378k, an adverse variation of £223k.

Business Rate Surplus or Deficit
To meet the legal requirements when setting the budget for 2025/26, the Council is required to declare by the 31st of January 2025 a Business Rate Retention Surplus or Deficit after submitting a return (NNDR1) to Government. The Business Rate Retention figures contained in this report reflect estimates which will be reviewed on completion of the NNDR1. The figure of importance at this stage of the budget is £2.25m of Business Rate Retention income which will be used to fund ongoing service expenditure in 2025/26. This level of support is achievable in 2025/26 as any surplus from 2024/25 will be held in reserves.

Table 21b Business Rate Surplus of Deficit

The estimated Business Rate retention position for 2025/26 is made up of	**£000s**
Surplus relating to prior years	TBA
Section 31 grants, which are included elsewhere in the revenue budget	TBA
2023/24 Income above Baseline Business Rate Income	TBA
Business Rate Pool Income	TBA
Total	

CHARGES TO PARISH AND TIER COUNCIL AREAS

Table 22

PARISH TIER COUNCIL	<---- 2024/25 ----> <-- PARISH PRECEPTS --> Precept Request	Rounding to ninths	Rounded Precept	<---- BAND D EQUIVALENTS ----> CCC charge (excl Special Expenses)	Special Expenses	Total CCC charge	Net Parish Precept	Total Charge to Parishes
	(1)	(2)	(3)		(5)		(4)	(6)
	£	£	£	£	£	£	£	£
Boreham	102,126	-55	102,071	186.66	5.85	192.51	71.01	263.52
Broomfield	222,000	23	222,023	186.66	29.16	215.82	104.13	319.95
Chelmer	219,161	-47	219,114	186.66	41.58	228.24	64.08	292.32
Chelmsford Garden	217,723	-92	217,631	186.66	24.75	211.41	60.66	272.07
Chignal	7,000	0	7,000	186.66	37.80	224.46	21.51	245.97
Danbury	381,834	-109	381,725	186.66	2.61	189.27	155.79	345.06
East Hanningfield	40,345	12	40,357	186.66	27.00	213.66	73.80	287.46
Galleywood	124,332	50	124,382	186.66	34.83	221.49	59.31	280.80
Good Easter	10,710	5	10,715	186.66	22.23	208.89	58.41	267.30
Great & Little Leighs	42,000	7	42,007	186.66	40.14	226.80	36.09	262.89
Great Baddow	479,669	5	479,674	186.66	9.81	196.47	87.66	284.13
Great Waltham	104,027	-22	104,005	186.66	27.36	214.02	109.44	323.46
Highwood	40,030	-3	40,027	186.66	24.66	211.32	120.96	332.28
Little Baddow	52,296	-38	52,258	186.66	24.21	210.87	59.76	270.63
Little Waltham	55,352	8	55,360	186.66	32.94	219.60	99.72	319.32
Margaretting	12,420	3	12,423	186.66	24.66	211.32	30.69	242.01
Mashbury	0	0	0	186.66	22.23	208.89	0.00	208.89
Pleshey	13,250	-3	13,247	186.66	22.23	208.89	94.05	302.94
Rettendon	48,427	-17	48,410	186.66	30.60	217.26	57.96	275.22
Roxwell	22,500	-6	22,494	186.66	1.71	188.37	46.98	235.35
Runwell	142,022	10	142,032	186.66	22.77	209.43	70.56	279.99
Sandon	40,360	-18	40,342	186.66	27.36	214.02	52.29	266.31
South Hanningfield	99,640	4	99,644	186.66	23.94	210.60	81.00	291.60
South Woodham Ferrers	449,200	-66	449,134	186.66	29.34	216.00	73.44	289.44
Springfield	227,240	20	227,260	186.66	42.66	229.32	78.30	307.62
Stock	51,639	22	51,661	186.66	23.85	210.51	41.94	252.45
West Hanningfield	31,212	-14	31,198	186.66	24.03	210.69	56.43	267.12
Woodham Ferrers & Bicknacre	100,377	55	100,432	186.66	24.12	210.78	76.05	286.83
Writtle	172,378	-17	172,361	186.66	4.05	190.71	85.32	276.03
City Centre (Non-Parished Area)				186.66	42.21	228.87	0.00	228.87
TOTALS	3,509,270	-281	3,508,989					

<---- 2025/26 ----> <-- PARISH PRECEPTS --> Precept Request	Rounding to ninths	Rounded Precept	<---- BAND D EQUIVALENTS ----> CCC charge (excl Special Expenses)	Special Expenses	Total CCC charge	Net Parish Precept	Total Charge to Parishes
(1)	(2)	(3)		(5)		(4)	(6)
£	£	£	£	£	£	£	£

To be calculated on receipt of the last Parish precept

Section 10
Revenue Budget

Revenue Service Budgets

This section contains:

1. Subjective Analysis of the Council Revenue Budget **(Table 23)**
2. A summary of the budget **(Table 24)**
3. Service Budgets (Expenditure and Income) for 2025/26 **(Table 25)**

Table 23 - SUBJECTIVE ANALYSIS OF THE REVENUE BUDGET

2023/24 Actual £000s		2024/25 Original £000s	2025/26 Estimate £000s
	EXPENDITURE		
42,998	Employees - Salaries	41,397	**45,597**
574	Employees - Other	223	**163**
10,385	Premises	11,026	**9,864**
16,013	Supplies and Services	18,735	**17,698**
2,686	Transport and Plant	2,373	**2,532**
4,458	Third Party Payments	2,394	**2,958**
36,317	Benefit Payments	35,377	**36,693**
113,431	**TOTAL CONTROL EXPENDITURE**	111,524	**115,505**
	INCOME		
-34,523	Government Grants	-31,780	**-36,330**
-5,334	Other Grants and Reimbursements	-4,241	**-4,490**
-2,342	Sales	-1,773	**-2,241**
-26,980	Fees and Charges	-28,512	**-31,303**
-11,992	Rents	-14,350	**-13,049**
-2,009	Other	-1,725	**-1,733**
-83,180	**TOTAL CONTROL INCOME**	-82,380	**-89,145**
30,251	**NET CONTROL EXPENDITURE**	29,144	**26,359**
	INTERNAL RECHARGES		
27,964	Service Management and Overheads	29,322	**30,988**
-28,356	Recharges	-29,551	**-31,239**
-392		-229	**-252**
29,859	**SERVICE EXPENDITURE**	28,915	**26,107**
	OTHER ITEMS		
-2,884	Interest Receivable & Investment Income	-1,010	**-925**
1,074	Interest Payable & MRP	1,990	**2,460**
-500	Net Business Rate Retention Impact	-2,250	**-2,250**
889	Direct Revenue Financing of Capital	316	**1,188**
-1,421		-954	**473**
	USE OF RESERVES AND BALANCES		
-3,336	Contributions - from / to Earmarked Reserves	-2,728	**-2,474**
-2,404	Contributions - from / to Unearmarked Reserves	-1,515	**-383**
-5,740		-4,243	**-2,856**
22,700	**BUDGET REQUIREMENT**	23,718	**23,724**
-7,675	**LESS GOVERNMENT SUPPORT**	-8,026	**-7,664**
193	Collection Fund (Surplus) / Deficit	156	**379**
15,219	**CALL ON COLLECTION FUND**	15,847	**16,439**

TABLE 24 - SUMMARY OF REVENUE ESTIMATES

2024/25 Original Estimate £'000	Original Estimates 2025/26	2025/26 Estimated Spend £'000	2025/26 Estimated Income £'000	2025/26 Net Estimate £'000
424	**Chief Executive**	443	0	**443**
208	**Leader - Corporate Management & Democratic Representation**	859	-305	**553**
916	**Cabinet Deputy for Cultural Services**	4,635	-3,611	**1,024**
482	**Cabinet Deputy for Economic Development & Strategic Projects**	697	-184	**513**
7,713	**Cabinet Deputy for Support Services**	8,242	-297	**7,945**
-4,740	**Cabinet Deputy for Sustainable Transport**	2,942	-8,589	**-5,647**
2,902	**Cabinet Member for a Greener Chelmsford**	11,036	-7,366	**3,670**
9,350	**Cabinet Member for a Safer Chelmsford**	18,016	-10,802	**7,214**
1,157	**Cabinet Member for an Active Chelmsford**	10,457	-10,139	**318**
3,706	**Cabinet Member for Finance**	37,538	-33,260	**4,278**
6,131	**Deputy Leader and Cabinet Member for a Fairer Chelmsford**	19,598	-14,584	**5,014**
896	**Leader and Cabinet Member for Communications & Engagement**	1,040	-8	**1,032**
29,144	**Service Expenditure**	115,503	-89,145	**26,359**
	Other General Fund Items			
-229	- Charges to SEPP			**-252**
-1,010	- Interest Income			**-925**
1,990	- Minimum Revenue Provision & Interest Paid			**2,460**
316	- Revenue Funding of Capital			**1,188**
-2,250	- Net Impact of Business Rates Retention Scheme			**-2,250**
27,961	**Net Expenditure**			**26,580**
-2,728	Contributions to / -use of Other Earmarked reserves			**-2,474**
-1,515	Contribution to / -from Balances			**-383**
23,718	**Budget Requirement**			**23,724**
-8,026	Government Support			**-7,664**
156	Council Tax -Surplus/+Deficit			**379**
15,847	**Income from Council Tax**			**16,439**

COUNCIL SERVICE BUDGETS

Chief Executive

2024/25 Original Budget £'000		2025/26 Estimated Spend £'000	2025/26 Estimated Income £'000	2025/26 Net Estimate £'000
424	Chief Executive	443	0	443
424	**Total**	**443**	**0**	**443**

Leader - Corporate Management & Democratic Representation

2024/25 Original Budget £'000		2025/26 Estimated Spend £'000	2025/26 Estimated Income £'000	2025/26 Net Estimate £'000
208	CM & DRM	859	-305	554
208	**Total**	**859**	**-305**	**554**

Cabinet Deputy for Cultural Services

2024/25 Original Budget £'000		2025/26 Estimated Spend £'000	2025/26 Estimated Income £'000	2025/26 Net Estimate £'000
81	Culture	376	-269	107
21	Theatres	3,244	-3,127	117
814	Museum	1,015	-214	801
916	**Total**	**4,635**	**-3,610**	**1,025**

Cabinet Deputy for Economic Development & Strategic Projects

2024/25 Original Budget £'000		2025/26 Estimated Spend £'000	2025/26 Estimated Income £'000	2025/26 Net Estimate £'000
482	Economic Development & Implementation	697	-184	513
482	**Total**	**697**	**-184**	**513**

Cabinet Deputy for Support Services

2024/25 Original Budget £'000		2025/26 Estimated Spend £'000	2025/26 Estimated Income £'000	2025/26 Net Estimate £'000
296	Connected Director	310	0	310
257	Elections	294	-2	292
822	Democratic Services	875	0	875
1,084	Legal and Democratic Services	1,300	-163	1,137
796	Human Resources	923	-68	855
182	Payroll	122	-4	118
3,456	Digital Services	3,601	-60	3,541
820	Customer Services	817	0	817
7,713	**Total**	**8,242**	**-297**	**7,945**

Cabinet Deputy for Sustainable Transport

2024/25 Original Budget £'000		2025/26 Estimated Spend £'000	2025/26 Estimated Income £'000	2025/26 Net Estimate £'000
11	Park and Ride	310	-319	-9
173	Parking Support	187	0	187
-4,924	Car Parks	2,445	-8,270	-5,825
-4,740	**Total**	**2,942**	**-8,589**	**-5,647**

Cabinet Member for a Greener Chelmsford

2024/25 Original Budget £'000		2025/26 Estimated Spend £'000	2025/26 Estimated Income £'000	2025/26 Net Estimate £'000
-10	Amenity Green Space & Other Green Infrastructure	204	-206	-2
156	Building Control	646	-366	280
0	Director of Sustainable Communities	184	0	184
-1,872	Cemetery And Crematorium	823	-2,691	-1,868
226	Development Management	2,150	-1,984	166
221	Ground Maintenance - Crematorium	236	0	236
2,818	Ground Maintenance Operations	3,531	-421	3,110
649	Parks & Heritage Customer & Business Support	688	0	688
-74	Parks Events & Activities	1	-78	-77
101	Parks Gardens & Recreation Grounds	140	-50	90
801	Planning Policy	1,469	-519	950
136	Play Areas	136	0	136
-282	Hylands Park & Estate	153	-460	-307
3	Natural & Semi-Natural Green Space	16	-14	2
-3	Outdoor Sports & Playing Fields	378	-402	-24
-89	Local Land Charges	156	-171	-15
120	Tree Inspection & Maintenance	125	-4	121
2,901	**Total**	**11,036**	**-7,366**	**3,670**

Cabinet Member for a Safer Chelmsford

2024/25 Original Budget £'000		2025/26 Estimated Spend £'000	2025/26 Estimated Income £'000	2025/26 Net Estimate £'000
455	Vehicle Maintenance Workshop	581	-85	496
-441	Trade Waste	1,151	-1,546	-395
1,865	Street Cleaning	2,090	-92	1,998
68	Street Services	105	-35	70
2,389	Waste & Garden Composting	3,107	-1,929	1,178
191	Love Your Chelmsford	197	0	197
59	Market	533	-546	-13
-223	Licensing	215	-371	-156
1,132	Freighter House Customer & Business Support	1,200	0	1,200
380	Freighter House Depot	370	-9	361
-10	Housing Standards	44	-54	-10
14	Pest Control	32	-19	13
212	Public Conveniences	215	0	215
1,557	Public Health & Protection Support	1,830	-103	1,727
33	Public Health Protection	43	-8	35
1,046	Recycling - MRF, General & Food	5,500	-5,851	-351
-4	Scientific	40	-47	-7
30	Health & Safety	30	0	30
96	Highways	71	0	71
0	Animal Welfare	12	-17	-5
336	CCTV	430	-59	371
42	Business Compliance	54	-1	53
123	Community Safety	166	-30	136
9,350	**Total**	**18,016**	**-10,802**	**7,214**

Cabinet Member for an Active Chelmsford

2024/25 Original Budget £'000		2025/26 Estimated Spend £'000	2025/26 Estimated Income £'000	2025/26 Net Estimate £'000
287	Community Sports & Wellbeing	453	-125	328
375	Chelmsford Sports And Athletic Centre	1,200	-954	246
-85	Cultural Events	0	-135	-135
25	Dovedale Sports Centre	162	-121	41
363	South Woodham Ferrers Leisure Centre	1,450	-1,072	378
135	Hylands House & Visitors Centre	1,631	-1,547	84
-234	Riverside Ice And Leisure	5,311	-6,185	-874
290	Voluntary Grants	250	0	250
1,157	**Total**	**10,457**	**-10,139**	**318**

Cabinet Member for Finance

2024/25 Original Budget £'000		2025/26 Estimated Spend £'000	2025/26 Estimated Income £'000	2025/26 Net Estimate £'000
175	Procurement	154	-49	105
146	Insurance & Risk	97	0	97
207	Internal Audit	217	0	217
1,276	Revs and Bens	2,715	-1,214	1,502
-167	Housing Benefit Subsidy	32,109	-31,993	117
959	Finance CM & DRM	1,095	-3	1,093
1,108	Accountancy	1,151	-2	1,149
3,706	**Total**	**37,538**	**-33,260**	**4,278**

Deputy Leader and Cabinet Member for a Fairer Chelmsford

2024/25 Original Budget £'000		2025/26 Estimated Spend £'000	2025/26 Estimated Income £'000	2025/26 Net Estimate £'000
1,379	Building Services - Properties	1,583	-189	1,394
590	Building Services - Support	619	0	619
283	Energy & Contract Management	300	0	300
23	Housing Needs	27	-11	16
385	Strategic Housing	2,390	-2,304	86
175	Strategic Housing - RDS	175	0	175
541	Property - Support Services	468	-5	463
-3,112	Property Holdings	443	-3,680	-3,237
5,868	Temporary Accommodation	13,593	-8,395	5,198
6,131	**Total**	**19,598**	**-14,584**	**5,014**

Leader and Cabinet Member for Communications & Engagement

2024/25 Original Budget £'000		2025/26 Estimated Spend £'000	2025/26 Estimated Income £'000	2025/26 Net Estimate £'000
896	Marketing & Communication	1,040	-8	1,032
896	**Total**	**1,040**	**-8**	**1,032**

Section 11
Capital Budget

Capital Budgets

This section contains:

• Revisions to Existing Approved Capital Schemes – Details in **Table 26** and **Table 27**

• Revisions to the Asset Replacement Programme 2024/25 and proposals for new budgets for 2025/26 and 2026/27 – Details in **Table 28** and **Table 29**

• The proposal to establish a provision for increases in asset prices with a delegation to the S151 Officer to use provision as required – Details in **Table 28**

Existing Approved Capital Schemes

Project Officers have been monitoring schemes and the updated budgets in Table 28 reflect the latest estimated cost information. In addition to Project Officers monitoring the current schemes, a full review of approved schemes that have not yet commenced was undertaken by Management Team. The premise of this review was to delay or remove as much of the capital programme as possible to reduce the ongoing revenue costs of financing. Removing or delaying these schemes will delay or reduce the requirement to borrow as it potentially also frees up resources that can be applied to alternative schemes. The results of the review, a reduction of £7.794m, have been endorsed by Informal cabinet and are detailed in Table 28 and 29 (see scheme numbers 34 £1.094m Housing Initiatives Pooled Funds for future schemes and scheme number 47 £6.7m Cemetery and Crematorium Infrastructure). These schemes have been moved to the 'Unfunded Priorities List'. It should be noted that it is likely that, following submission of a business case, the Crematorium infrastructure scheme will need to be included in a future programme. The total estimated cost of the programme is £127.876m.

A summary of variations for the current approved total scheme costs across all years is a net increase of £12.962m. The majority of this is an increase of £17.5m for S106 funded schemes where a funding agreement is already in place, £3m increase funded by government grant, and the removal of £7.8m to the Unfunded Priorities list mentioned in the paragraph above. Details of the £12.962m net increase are shown in **Table 26** with further details in **Table 27** where those variations are more than £25k. Schemes included on the Council's Unfunded Priorities List will be kept under review for consideration as to whether they will be added back into the programme as the schemes become affordable. The Unfunded Priorities List can be found in Annex 1 of The Capital, Treasury Management and Investment Strategies 2025/26.

As part of the amendments to programme it is proposed to use £110k from scheme no.36, the pooled funds for 'Housing Initiatives Future Schemes to be Developed' for the refurbishment of Sandford Mill House, a vacant three-bedroom property in the Council's property portfolio, to enable it to be used for temporary accommodation. This is in addition to the previously approved grant of £1m to the YMCA. The remaining unallocated balance will be £4.76m

It should also be noted that the programme assumes following a request from CHP, Scheme no.37, the S106 grant funding, be redirected from the previously approved site at Hoe Lane, Rettendon which is unable to progress, to Pyms Road, Galleywood, which is ready to start on site. Officers support this request.

Capital scheme costs have not always been assessed and approved on the latest costs and there is a risk that costs could increase above estimates when tenders are undertaken. Before commencing, schemes should be reviewed for affordability and outcomes and referred for additional approval where necessary. A review of any un-started capital schemes will be undertaken during 2025/26.

<u>Asset Replacement Programme</u>

To maintain the existing level of service delivery, it is necessary to replace items of equipment and vehicles on a regular basis.

Council is requested to approve the latest forecast cost of the current year plus two additional years (2025/26 and 2026/27). This will enable more flexibility for the service to order assets with long lead in times (some specialist vehicles can have a year lead in time for delivery).

An estimated overall cost of the asset replacement programme will be kept under review for future years for forward planning purposes to enable the monitoring of the resource position. It is also proposed that a new capital provision is created which can be used to cover increases in prices during the approval period up to the 31st March 2027. It is requested that use of this provision is delegated to the Section 151 Officer.

All Service Managers are requested to challenge the need for scheduled replacements to take place, with a view to either removing or delaying the spend. Section 6 highlighted the requirement for borrowing against short term assets due to be purchased in 2025/26 and the impact on the revenue budget of borrowing against short life assets.

<u>Asset Replacements</u>

Table 28 provides details of the asset replacement programme. It shows the forecast cost for three years, 2024/25, 2025/26 and 2026/27. The forecast for 2024/25, 2025/26 and 2026/27 was £16.402m. Approval is now sought for all three years and is forecast as a total of £16.543m. This is a net increase to the previously forecast spend for the same period of £0.141m.

Table 29 provides further details for those variations more than £25K over the three-year period.

<u>Capital and Revenue Resources</u>

The Council funds its capital programme from leasing, third party and developer contributions, government grants, capital receipts, revenue contributions, and borrowing. The Capital, Treasury Management and Investment Strategies 2025/26 identifies the capital resources position and the Prudential Indicators. The Medium-Term Financial Forecast in **Section 7** identifies the revenue budget position allowing for financing costs.

Table 26

		CAPITAL SCHEMES	VARIATION IN TOTAL CAPITAL SCHEME COSTS						
			Latest Approved Budget - Approved October 2024 and Additional New Schemes Approved Since that Date			Latest Forecast Budget - Additional Requires Approval			
Net Spend to 31/03/2024			Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
		LEADER							
		Economic Development and Special Projects (deputy)							
32	1	Public Realm Wayfinding Signs Phase 3	150		150		**150**	**No**	Approved Council February 2021. Funding from ECC. 3 year programme ending 2022/23. Still waiting for ECC to approve scheme.
389	2	Chelmsford Flood Resilience Programme	4,833	0	4,833		**4,833**	**Business case to be developed**	This is the unspent budget from the withdrawn Environment Agency (EA). A new programme of works will be brought back to Cabinet at a later date. Agreement for S106 grants to be paid over to the EA.
4,781	3	Public Realm Tindal Square Design and Construction	160	4,874	5,034		**5,034**	**Completed - final account for works agreed**	Approved at Council February 2018. The design works were completed 2020/21. Additional £320k approved by Cabinet June 2020 for design and tender to be funded from S106. Report taken to Cabinet October 2021 and urgency letter requested for approval of the agreed scheme an additional £3.358m. Additional £485k approved at October 2022 Cabinet. Additional funding from ECC £450k. Additional budget approved February 2024 £339k. Update May 2024 - agreement reached on final account settlement. Additional budget £307k required to be funded from CIL and ECC have agreed in principal to an additional contribution of £65k approved Annual Financial Review October 2024
18,311	4	Chelmer Waterside Infrastructure (HIF) - Grant Funded	15,500	28,130	43,630		**43,630**	**No**	£15.5m approved at Council February 2020 with a delegation to Cabinet to approve final scheme. Council December 2020 approved an additional £11m budget to be funded by £5.05m CIL, £1.1m S106 and £2.85m additional HIF grant. £2m provision for commuted sum could also be funded by CIL if available otherwise it would result in additional borrowing. £375k approved July 2022 Council for increased design fees and appointment of Project Manager. As noted on previous reports to Cabinet and Council, the cost of scheme is expected to increase significantly above the approved budget. A £9m increase was previously discussed and officers believe it may be materially higher when a report is made Council in July for a decision as to how to progress the works. An additional £16.410m was approved by Council in July 2023.

Net Spend to 31/03/2024 £000s		SCHEME DESCRIPTION	Original Approved Scheme Budget £000s	Additional/Reduced (-) Approved Budget £000s	Latest Approved Budget £000s	More/(Less) Than Approved Budgets £000s	Proposed Budget £000s	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
4,326	5	S106 Beaulieu Park Station	3,017	2,064	5,081	**16,917**	**21,998**	**Unspecified**	The expenditure on this scheme will be funded by S106. Scheme approved for £100,000 via Director of Sustainable Communities delegated authority. £1,550,000 approved at Council February 2016. £2.917m approved at February Council 2018. £514k approved Council Feb 2021. Additional S106 collected or due to be collected for Beaulieu Station and agreement to pay staged payments over to ECC towards cost of station.
70	6	UK Shared Prosperity Fund - Various Grant Funded Schemes	346	-276	70		**70**	**Yes**	Approved by Council February 2023. Three year funded programme commenced 2022/23.
84	7	Rural England Prosperity Fund- Supporting Businesses and Communities	400		400		**400**	**Yes**	Approved by Council February 2023. Two year funded programme commencing in 2023/24.
55	8	Automatic Floodgates and Provision of Locks - Feasibility		107	107	**-52**	**55**	**No**	Budget approved September 2020 Cabinet. Feasibility completed and remaining budget vired from Rivers and Waterways Improvements.
51	9	Civic Offices Improvement Programme	460	11	471		**471**	**Under Review**	Approved Council February 2020 with a delegation for the Director and Cabinet Member for Safer and Greener Chelmsford to approve a final scheme. October 2023 £31k vired from replacement scheme. November 2024 £20k vired to Coval Lane Co Working Space scheme.
	10	Coval Lane Co Working Area		296	296		**296**	**New Scheme**	Approved November 2024 Cabinet. Part funded by £276k UK prosperity Grant.
102	11	Green Initiatives Phase 1	500	-182	318		**318**	**Business Cases to be Developed**	Approved by Council February 2022. Two year programme with delegated authority to the Director of Public Places to spend within the approved budgets. Following consultation with the Cabinet Member for Safer and Greener Chelmsford, he will decide on the preferred schemes. £102k vired towards cost of electric vehicle - approved February 2023. October 2023 £43k vired to fund additional cost of electric sweepers. 2023/24 £37k budget transferred to revenue in relation to spend not capital.
	12	Green Initiatives Fund Phase 2	6,500	-3,100	3,400		**3,400**	**Business Cases to be Developed**	Approved in principal Council Feb 2023 with delegated authority is given to the Director of Public Places, who after consultation with the Cabinet Member for Safer Chelmsford, will agree on the 6 year programme commencing 2024/25 for various schemes which will help the organisation achieve its objective of being Net Zero Carbon by 2030 and to ensure the spend is within the approved budgets. October 2023 Programme reviewed for affordability, budget reduced.
64	13	CIL Integrated Cycling Infrastructure Grant	100		100		**100**	**No**	CIL funding approved at meeting of the CIL Panel 23/1/2020.
	14	CIL NE Bypass Bridge Forward Funding	1,500		1,500		**1,500**	**Dependent on Third party**	Forward funding grant to ECC to be made 2021/22. Approved Council May 2021. Still awaiting agreement from ECC for payment to be made.
		Sustainable Transport (deputy)							
	15	High Chelmer Car Park Lifts	355		355		**355**	**Yes**	Approved by Council February 2023. Scheduled for 2025/26.

Net Spend to 31/03/2024 £000s		SCHEME DESCRIPTION	Original Approved Scheme Budget £000s	Additional/Reduced (-) Approved Budget £000s	Latest Approved Budget £000s	More/(Less) Than Approved Budgets £000s	Proposed Budget £000s	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
	16	High Chelmer car Park Waterproofing Levels 11,12,13	500	350	850	**-50**	**800**	**Brought Forward to 2024/25**	Approved by Council February 2023. Scheduled for 2025/26. Works have become urgent and needs to be rescheduled to 2024/25. Additional £350k approved by Council February 2024.
	17	High Chelmer MSCP Improvement Works	148		148	**-54**	**94**	**No**	Approved by Council February 2024. Works scheduled for 2024/25. Funded by Contribution from SEPP.
	18	Fairfield Road Car Park Resurfacing and Relining	84		84	**-25**	**59**	**Yes**	Approved by Council February 2024. Works scheduled for 2024/25. Funded by Contribution from SEPP.
	19	Moulsham Street Car park Resurfacing			0	**79**	**79**	**Yes**	Request for funding to be redirected to additional car park
		ACTIVE							
		Leisure and Heritage							
	20	Dovedales - Grant for Works	28	-28	0		**0**	**Budget Vired**	Approved at Council February 2020 and programmed for 2020/21. To be reviewed with potential refurbishment scheme in 2024/25. Budget vired to Dovedales refurbishment scheme November 2024.
118	21	Dovedales Sports Centre Refurbishment	1,464	670	2,134		**2,134**	**Scheduled for 2025/26**	Budget approved Council March 2022. Delegated authority to the Director of Public Places to decide on the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Safer and Greener Chelmsford. October 2023 scheme deferred to 2025/26 although work will progress on design. Scheme approved by Urgency November 2024 additional £710k - £644 works and £66k on equipment (see replacement schedule)
	22	South Woodham Ferrers Pool Works and Plant	275	60	335		**335**	**Yes**	Approved at Council February 2023. Scheduled for 2024/25. October 2023 Scheme deferred to 2025/26 pending outcome of application for Sport England Funding. Additonal £60k budget approved by Council February 2024. £233k Sport England grant awarded and scheme reprogrammed to 2024/25 due to spend date of grant.
71	23	S106 Strategic Borough Sports		71	71	**516**	**587**	**Unspecified**	Runwell Sports and Social Club grant to cover costs of scheme. Funding agreement in place.
	24	Hylands House Stable Block Toilets	44	16	60		**60**	**Agreed to Defer to 2024/25**	Approved at Council February 2020 and programmed for 2022/23. Now programmed for 2023/24. October 2023 following review deferred to 2024/25. Cost reviewed and £16k additional budget approved February 2024.
	25	Hylands House Footpath and Car Park Improved Lighting Scheme	**38**		**38**	**-38**	**0**	**Removed**	Approved at Council February 2024. Programmed for 2025/26. Budget removed included in green initiatives.

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Net Spend to 31/03/2024 £000s		SCHEME DESCRIPTION	Original Approved Scheme Budget £000s	Additional/Reduced (-) Approved Budget £000s	Latest Approved Budget £000s	More/(Less) Than Approved Budgets £000s	Proposed Budget £000s	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
		Voluntary and Community Sector Support							
	26	CIL St Andrew's Scout Hut Building	80		80	-54	26	Dependent on Third party - Under Review	CIL funding approved Cabinet October 2018 scheme to be included in capital programme approved by February Council 2019. This grant is currently under review and a report will be taken to propose that some of the grant is redirected to another facility.
	27	CIL Grant Chelmsford Society Model Engineers	5		5		5	No - dependent on Third party	CIL funding approved December 2021. Spend approved Council February 2022.
	28	CIL Grant Hot Box Live			0	6	6	New Scheme	CIL funding agreed
	29	CIL Grant St John's Church				10	10	New Scheme	CIL funding agreed
26	30	CIL Green Initiatives - Various Schemes	15	31	46	10	56	No - dependent on Third party	£100k CIL funding approved December 2021 for green initiatives grant funding. Spend approved Council February 2022. £100k pot is drawn down following approval of applications for funding.
		Cultural Services (deputy)							
3,141	31	Theatres' Modernisation	1,000	2,226	3,226	-25	3,201	Main works complete - final account agreed but still outstanding work items to complete	Approved at Council February 2021. Delegated authority to Director and Cabinet Member for Connected Chelmsford for a £1m budget. An additional £500k was approved November 2021. A further £1.246m was approved by Council in March 2022 following the return of tenders for the works. £500k approved Cabinet October 2022. £20k transferred to revenue as spend did not qualify for capital, budget reduced 2023/24.
	32	Oaklands Museum Staff Room and Kitchen Refit	24		24		24	No - Agreed to Defer to 2026/27	Approved by Council February 2023 and scheduled for 2024/25. October 2023 following review rephased to 2026/27
	33	Oaklands Museum Roof Works	63		63		63	Yes	Approved at Council February 2024. Works scheduled for 2025/26.
		FAIRER							
		Housing Services							
6,707	34	Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy (ii) Acquisition 20 x Houses	7,094		7,094		7,094	Remaining budget removed. Agreed Council February 2024	Original budget approved at Council February 2022 £8.2m and currently programmed for 2022/23. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. Budget for purchase of 20 houses. 17 properties purchased remaining budget deferred to 2023/24. Remaining budget to purchase 1 additional property deferred to 2025/26 due to delays in completion. £1.106m budget not required removed and used to establish new pooled fund. £387k budget remainimng to purchase house in 2024/25

Net Spend to 31/03/2024			Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
13	35	Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing - acquisition of land	1,300	0	1,300		1,300	Dependent on Third party	Approved £2m at Council February 2020. Delegated authority to Cabinet. Report taken to Council in July and £1.3m budget approved to purchase land for affordable housing. £0.7m not required and used to establish new pooled fund.
	36	Housing Initiatives Future schemes to be developed	6,964		6,964	-1,094	5,870	Business Case to be Developed	October 2023 - Review of housing delivery being undertaken. All unallocated/unspent housing initiatives budgets have been pooled into one single pot, £6.964m which will be used to assist in the delivery of any new policy determined from the review to assist in the delivery of temporary accommodation. Approved Council February 2024. MT review October removed balance £1.094m.
	37	Initiatives to increase the provision of Affordable Housing Funded by S106 - Grants	1,643	-1,325	318	2	320	Dependent on Third party	Budget approved in principle February 2022 Council. Delegated authority to the Director of Sustainable Communities to decide upon the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Fairer Chelmsford. £318k grant for CHP approved by delegation. £1.325m budget has been removed and the S106 funding redirected to the purchase of land for affordable housing.
35	38	Housing Grant to CHESS	350		350		350	Yes	Approved by Council February 2024 for payment in 2024/25. Initial payment made in 2023/24 to support initiative.
2,270	39	Local Authority Housing Fund Round 2		2,610	2,610		2,610	Yes	Grant awarded and paid over to CHP for acquisition of properties.
	40	Local Authority Housing Fund Round 3			0	2,807	2,807	New Scheme	Grant awarded and will be paid over to CHP for acquisition of properties.
		Corporate Property							
251	41	Land Development Site Investigations - Waterside	365	51	416		416	Programme of works to be determined	Approved Cabinet November 2021. Additional £50k approved by Council February 2024.
478	42	Various Land Sites' Disposal Costs	612	0	612		612	Under review	Approved Council February 2022. Delegated authority to the director to spend within the approved budget. Additional budget approved £120k February 2023 Council. Council report in July decision taken to transfer some smaller sites rather than develop in house, therefore prior spend will need to be transferred to revenue. £255k transferred to revenue 23/24.
3,440	43	Enabling Lockside Growth Area	450	5,506	5,956	200	6,156	In Negotiations - Late delivery	A Report taken to Cabinet in March 2018 requesting £4.5m and recommended to go on for Council approval. As there was a requirement to spend the budget earlier than the Council approval in July 2018 a sum of £450k was approved via an urgency. The remaining budget for the scheme was approved by Council in July 2018. An additional £500k was approved November 2021. Additional £956k approved July Council 2022. October 2023 delay in purchase of properties now delayed until 2024/25. Acquisition of remaining 3 properties delayed to 2025/26.

Net Spend to 31/03/2024 £000s		SCHEME DESCRIPTION	Original Approved Scheme Budget £000s	Additional/Reduced (-) Approved Budget £000s	Latest Approved Budget £000s	More/(Less) Than Approved Budgets £000s	Proposed Budget £000s	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
1	44	Land Acquisition Cemetery/Crematorium	1,800	2,200	4,000	**-800**	**3,200**	**To identify potential Land Site**	Approved at Council February 2019. Additional £1.8m approved Council February 2020. Additional £2.4m approved July 2022 Council. October 2023 Potential site identified, surveys for suitability being undertaken, budget adjusted for estimated cost of land Council February 2024.
	45	Refurbishment of Commercially Leased Properties - 1 Springfield Lyons	720		720	**1,280**	**2,000**	**New Scheme**	Approved at Council February 2024. Delegation to Cabinet to approve a business case following feasiblity and to spend within the approved budget. Works required to enable reletting of property. A new approval will be required by Council following tender exercise.
		Building Services							
	46	Civic Centre Ventilation and Roof Works	30		30		**30**	**New Scheme**	Approved at Council February 2024. Scheduled for 2024/25.
		Greener Chelmsford							
		Parks and Green Spaces							
	47	Cemetery and Crematorium Infrastructure	6,800		6,800	**-6,700**	**100**	**Move to Unfunded Priorities List**	Approved Council February 2020 with a delegation for Cabinet to approve a final scheme. MT review October 2024 - decision to remove scheme to Unfunded Priorities List as uncertainty with scheme and scheme costs,
	48	Beaulieu Park Pavilion Refurbishment	57		57		**57**	**No**	Approved at Council February 2020 and programmed for 2021/22. Deferred due to decarbonisation feasibility works to 2025/26.
	49	Chancellor Park Pavilion Works	46		46		**46**	**No - deferred to 2024/25**	Approved at Council February 2020 and programmed for 2021/22. Deferred due to decarbonisation feasibility works to 2024/25.
14	50	Beaulieu Pavilion Health and Safety Works	33		33		**33**	**No**	Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget.
	51	Lionmede Park Upgrade Tennis Courts	120		120		**120**	**New Scheme**	Approved supplementary estimate £120k funded from LTA contribution
	52	Rivers and Waterways Improvements	600	-107	493	**52**	**545**	**No - Scheme to be developed**	Approved at Council February 2020 with a delegation to the Director and Cabinet Member for Greener and Safer Chelmsford. Originally programmed over 3 years commencing 2021/22. Start of three year programme deferred to 2024/25. MT Review October 2024 deferred scheme to 2027/28. £52k vired from underspend on Lockgates Feasibility scheme number 8.
70	53	Mass Tree planting and Woodland Creation	4,400	-2,767	1,633		**1,633**	**Reviewed Annually**	Approved at Council February 2020 £4.4m with delegated authority to Director of Public Places, S151 Officer and the relevant Cabinet Members. Funding to be sought circa £2m. Three year programme scheduled wef 2021/22. Spend will now occur over longer period to 2029/30. Budget reduced £2.6m reduction reported to Council February 2024. Spend in relation to revenue transferred and budgets reduced annually.

Net Spend to 31/03/2024			Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		**SCHEME DESCRIPTION**	£000s	£000s	£000s	£000s	£000s		
9	54	CIL Landscape Enhancement Scheme Chignal Road	11		11		**11**	**Yes**	CIL funding approved October 2018 Chignal Road Landscaping scheme approved February 2019 Council.
	55	CIL Parks and Open Spaces - John Shennan Basketball		10	10	**-1**	**9**	**Yes**	CIL neighbourhood grant application from Moulsham Community Trust approved April 2024.
		Planning							
33	56	Garden Communities Infrastructure Fund		290	290		**290**	**Dependent on Third parties**	Various schemes will be grant funded
32	57	S106 Stonebridge Illuminations	37	20	57	**7**	**64**	**No**	Approved by delegation April 2019. Additional budget approved by delegation March 2020 £6k. £14k vired from River can Scheme 2023/24.
2	58	S106 River Can Pathway Lighting Design	10	-8	2	**-2**	**0**	**No**	Approved by delegation £10k January 2020. Additional budget approved by delegation March 2020 £6k. Scheme not progressing £14k vired to Stonebridge Scheme
81	59	S106 Public Art Channels	21	81	102	**6**	**108**	**No**	Approved by delegation January 2020 £21k. Additional sum approved by delegation £79k October 2021. £2k approved Council February 2024.
	60	S106 Marconi Water Tower	30		30	**-30**	**0**	**Remove**	£30k approved at February Council 2024. MT decision October 2024 to remove scheme.
145	61	CIL Sutherland Lodge Refurbishment	525		525		**525**	**No - scheme now progressing**	Approved Council July 2017.
		SAFER							
		Community Safety							
	62	Market Road Conveniences Accessibility	20		20		**20**	**No**	Approved by Council February 2023. Scheduled for 2023/24.
99	63	Public Convenience Refurbishment - Admirals and Central Park	168		168		**168**	**Yes**	Approved by Council February 2023 £84k each site. Two year programme scheduled to commence 2023/24. Central Park completed £113k. Remaining budget for Admirals Park £55k.
148	64	Community Flood Improvements	184	1	185		**185**	**Works Completed Monitoring to continue**	Capital grant received to enable the works to be completed. This scheme was approved by Cabinet in June 2017.

Net Spend to 31/03/2024			Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget	Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s		
		Waste Management and Recycling							
533	65	Chelmsford Indoor Market Refurbishment	500	100	600		**600**	**Outdoor works deferred to 2024/25**	Approved supplementary estimate February 2018. Scheme design finalised. Additional supplementary estimate approved for £200k December 2018 in order to implement the preferred design with suspended ceiling. Estimate reduced by £50k. New budget reported Council February 2020. A further reduction in budget, £50k, was noted by Council in July 2020.
	66	Retail Market Drainage Improvements	31		31		**31**	**Deferred to 2024/25**	Approved by Council February 2022. Delegated authority to Director to spend within approved budget.
	67	Retail Market Traders' Conveniences Remodelling	102		102		**102**	**Agreed defer 2026/27**	Approved Council February 2023. Scheduled for 2023/24. October 2023 reviewed and deferred to 2026/27.
	68	Retail Market Canopy Roof Liquid System	90		90		**90**	**Deferred to 2026/27**	Approved by Council February 2024. Works scheduled for 2025/26. MT review October 2024 deferred scheme to 2026/27
	69	High Chelmer MSCP and Retail Market Red Walkway Health and Safety works	14		14	**-5**	**9**	**Completed**	Approved by Council February 2024. Works scheduled for 2024/25,
	70	Freighter House Depot Resurfacing Works	216		216		**216**	**Yes**	Approved at Council February 2023. Five year programme scheduled to commence 2024/25.
45,982		**Grand Total**	**72,932**	**41,982**	**114,914**	**12,962**	**127,876**		

	Table 27 Reasons for Variations Greater Than £25,000						
	Scheme Description	Latest Approved Budget	Estimated Budget Required	Variation	Variation Type	Percentage Change	Reason
		£000's	£000's	£000's			
5	S106 Beaulieu Park Station 3rd Phase	5,081	21,998	16,917	Increased Budget fully funded	Note 1	Sec 106 agreement funding transferred to ECC for station. Agreement with ECC to contribute towards the station scheme at Beaulieu Park. Additional S106 contributions received or due to be received from developer. The change in this budget is requested to enable the payments to be made to ECC as requested.
8	Automatic Floodgates and Provision of Locks - Feasibility	107	55	-52	Budget vired	-48.60%	Lockgates feasibility completed and scheme in WIP pending decision on next steps. Unspent budget vired to Rivers and Waterways Improvement Scheme see no. 54.
16	High Chelmer car Park Waterproofing Levels 11,12,13	850	800	-50	Reduced Budget	-5.88%	Based on tendered costs for scheme the budget has been reduced.
17	High Chelmer MSCP Improvement Works	148	94	-54	Budget vired	N/A	These schemes were approved in February 2024 and are being funded with a contribution from SEPP. The service manager has reviewed what works are required and proposes a change to the profile of spend.
18	Fairfield Road Car Park Resurfacing and Relining	84	59	-25	Budget vired	N/A	
19	Moulsham Street Car park Resurfacing	0	79	79	Budget vired	N/A	
23	S106 Strategic Borough Sports	71	587	516	Increased budget fully funded	Note 1	This S106 Contribution is being used towards the funding of a new 3G pitch the Runwell Sports and Social Club. There is an agreement to transfer grant payments to Runwell Sports and Social Club to match their expenditure for a new facility. This change in this budget is requested to enable payments to be made as claims are submitted by the club.
25	Hylands House Footpath and Car Park Improved Lighting Scheme	38	0	-38	Budget removed	-100.00%	Following approval it was discovered that a budget provision had also been established within the Green Initiative Fund (GIF).
26	CIL St Andrew's Scout Hut Building	80	26	-54	Reduced Budget	-67.50%	The original scheme is not progressing and an application has been made to pay some of this CIL funding to the church hall where scouts now operate from. Report taken to July Cabinet requesting £26k to be used by St Andrews Church for windows and insulation project. Remaining balance £54k not required.
31	Theatres' Modernisation	3226	3201	-25	Reduced Budget - revenue spend	-0.77%	There is a continuing spend at the theatre to complete the works outstanding at the end of the contract. Some of the spend does not qualify as capital and has been transferred to revenue.
36	Housing Initiatives- Future schemes to be developed	6964	5870	-1094	Budget removed included on Unfunded Priorities	-15.71%	Following a review by MT in October 2024 a decision was taken to reduce the provision being held for future potential schemes, This has been removed and included on the Unfunded Priorities List.
40	Local Authority Housing Fund Round 3	0	2807	2807	Increased budget fully funded	N/A	Additional grant received to be used towards temporary accommodation provision. Likely to be paid over to a housing association.
43	Enabling Lockside Growth Area	5956	6156	200	Increased Budget	3.36%	Due to length of time it is taking to negotiate the acquisitions an additional budget is required to cover consultants and increased property costs,
44	Land Acquisition Cemetery/Crematorium	4000	3200	-800	Budget removed	-20.00%	Following agreement on a site and cost this budget has been reduced.
45	Refurbishment of Commercially Leased Properties - 1 Springfield Lyons	720	2000	1280	Increased Budget	177.78%	Based on early feasibility it is highly likely that this budget will need to be increased. A tender exercise is being undertaken with the tenders due back in January 2025. The service manager will be requesting budget approval once the full costs of the scheme are known,
47	Cemetery and Crematorium Infrastructure	6800	100	-6700	Budget removed included on Unfunded Priorities	-98.53%	As the proposed scheme has not been fully developed and required budget is not known, MT made the decision to remove from approved schemes and include on the Unfunded Priorities List. £100k budget remains to enable the service to continue their early planning works.
52	Rivers and Waterways Improvements	493	545	52	Budget vired	10.55%	Virement from scheme no. 10 Lockgates
60	S106 Marconi Water Tower	30	0	-30	Budget Removed	-100.00%	This proposed acquisition is not progressing .
Note 1	The Percentage change on these schemes have not been shown. These are adjustments required to ensure that there is approval in place to enable future agreed staged payments to continue to be made in line with previously agreed funding.						

TABLE 28 Replacement programme 2024/25-2026/27

APPROVED CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME

CAPITAL ASSET REPLACEMENT PROGRAMME	2024/25 Lastest Approved Budget 2024/25	2024/25 Variance for 2024/25 + Cost / - Saving	2024/25 Total Proposed Budget Requirement for 2024/25	2025/26 Latest Approved Budget 2025/26	2025/26 Variance for 2025/26 + Cost / - Saving	2025/26 Total Proposed Budget Requirement for 2025/26	2026/27 Last Forecast 2026/27	2026/27 Variance for 2026/27 + Cost / - Saving	2026/27 Total Proposed Budget Requirement for 2026/27	Total for period Last forecast 2024/25 to 2026/27	Total for period Variance for period + Cost / - Saving	Total for period Total Proposed Budget for 2024/25 to 2026/27
SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
LEADER												
Sustainable Transport (Deputy)												
1 Car Park LED Lighting	0	0	0	0	0	0	0	0	0	0	0	0
2 Car Park Pay on Foot Equipment	0	0	0	281	0	281	0	0	0	281	0	281
3 Car Park Vehicles and Equipment	32	0	32	22	0	22	3	0	3	57	0	57
Active												
Leisure and Heritage												
4 Dovedales Replacement Equipment	14	-14	0	206	14	220	3	0	3	223	0	223
5 Riverside Replacement Equipment	156	-7	149	69	8	77	101	17	118	326	18	344
6 Riverside Plant	131	-82	49	73	28	101	43	-20	23	247	-74	173
7 CSAC Replacement Equipment	61	-39	22	3	39	42	16	0	16	80	0	80
8 CSAC Expansion Fitness Room Equipment	0	0	0	45	0	45	0	0	0	45	0	45
9 CSAC Plant	36	-11	25	5	0	5	0	0	0	41	-11	30
10 SWFLC Replacement Programme	31	-28	3	0	28	28	3	0	3	34	0	34
11 SWFLC Plant Replacement	68	-10	58	18	10	28	79	-73	6	165	-73	92
12 SWF 3G Pitch	22	-21	1	400	21	421	0	0	0	422	0	422
13 Hylands House Mechanical and Electrical	36	-25	11	25	0	25	0	0	0	61	-25	36
14 Hylands Pavilion Infrastructure	6	0	6	25	0	25	0	0	0	31	0	31
15 Hylands Pavilion Skins and Linings	0	0	0	0	0	0	0	0	0	0	0	0
16 Hylands Pavilion Equipment	45	0	45	59	-44	15	0	0	0	104	-44	60
17 Hylands House Equipment	61	0	61	0	0	0	7	1	8	68	1	69
Cultural Services (Deputy)												
18 Theatres' Equipment	400	-5	395	742	-504	238	350	371	721	1,492	-138	1,354
19 Theatres' Equipment - Throw Lens	17	1	18	0	0	0	0	0	0	17	1	18
20 Theatres' Plant	16	2	18	6	0	6	0	0	0	22	2	24
21 Museum Equipment and Vehicles	2	0	2	60	-28	32	75	9	84	137	-19	118
22 Museum Platform Lift	9	-9	0	0	0	0	0	0	0	9	-9	0

CAPITAL ASSET REPLACEMENT PROGRAMME	2024/25			2025/26			2026/27			Total for period		
	Lastest Approved Budget 2024/25	Variance for 2024/25 + Cost / - Saving	Total Proposed Budget Requirement for 2024/25	Latest Approved Budget 2025/26	Variance for 2025/26 + Cost / - Saving	Total Proposed Budget Requirement for 2025/26	Last Forecast 2026/27	Variance for 2026/27 + Cost / - Saving	Total Proposed Budget Requirement for 2026/27	Last forecast 2024/25 to 2026/27	Variance for period + Cost / - Saving	Total Proposed Budget for 2024/25 to 2026/27
SCHEME DESCRIPTION	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Fairer												
Building Services												
23 Civic Centre Heating	0	0	0	32	-32	0	0	0	0	32	-32	0
24 Civic Centre Plant	0	0	0	17	-17	0	0	0	0	17	-17	0
25 Civic Centre Floor Replacements	0	0	0	0	0	0	0	0	0	0	0	0
26 Civic Centre Pool Cars	0	0	0				60	-10	50	60	-10	50
27 Civic Centre Stairlift	0	0	0				9	0	9	9	0	9
28 Print and Post Room Replacement Equip.	5	0	5	14	0	14	0	0	0	19	0	19
29 Street Lighting	29	0	29	21	-21	0	0	0	0	50	-21	29
Greener												
Parks and Green Spaces												
30 Crematorium Equipment	91	-58	33	222	-156	66	0	222	222	313	8	321
31 Crematorium Columbarium	14	0	14	0	0	0	14	0	14	28	0	28
32 Cemetery Plant	0	0	0	0	0	0	0	0	0	0	0	0
33 Play Area Replacements	338	22	360	272	22	294	219	35	254	829	79	908
34 Sports Equipment, floodlights, Irrigation	0	0	0	0	0	0	0	0	0	0	0	0
35 Parks and Sports Grounds Heating Systems	0	0	0	43	-43	0	25	18	43	68	-25	43
36 Parks Replacement Vehicles and Equipment	894	-698	196	231	593	824	173	256	429	1,298	151	1,449
37 Melbourne 3G Pitch	4	0	4	12	0	12	3	0	3	19	0	19
38 Hylands Estate Car Park Equipment	0	0	0	0	0	0	8	0	8	8	0	8
39 Chelmer Park Artificial Pitch	37	0	37	0	0	0	0	0	0	37	0	37
40 Waterhouse Lane Depot Heating	0	0	0	0	0	0	0	0	0	0	0	0
Safer												
Community Safety												
41 CCTV Replacement Equipment	48	0	48	236	-124	112	155	124	279	439	0	439
42 CCTV Various Schemes Sites CIL	3	0	3	0	0	0	0	0	0	3	0	3
43 CCTV Home Office GRIP Funded	0	0	0	0	0	0	0	0	0	0	0	0
44 PHPS Vehicles	0	0	0	0	0	0	27	1	28	27	1	28
45 PHPS Air Monitoring Equipment	70	-58	12	0	58	58	0	0	0	70	0	70
46 Healthy Home Loans	0	6	6	0	0	0	0	0	0	0	6	6
47 Discretionary Loans DFG Funded	0	0	0	0	0	0	0	0	0	0	0	0
48 RIA Loans DFG Funded	0	0	0	0	0	0	0	0	0	0	0	0
49 RIA Grants DFG Funded	0	0	0	0	0	0	0	0	0	0	0	0
50 Disabled Facility Grants (fully externally funded)	1,102	100	1,202	1,102	100	1,202	0	0	0	2,204	200	2,404
51 Housing Standards	0	0	0	0	0	0	0	0	0	0	0	0
52 PLACE	0	0	0	0	0	0	0	0	0	0	0	0

CAPITAL ASSET REPLACEMENT PROGRAMME	2024/25			2025/26			2026/27			Total for period		
	Lastest Approved Budget 2024/25	Variance for 2024/25 + Cost / - Saving	Total Proposed Budget Requirement for 2024/25	Latest Approved Budget 2025/26	Variance for 2025/26 + Cost / - Saving	Total Proposed Budget Requirement for 2025/26	Last Forecast 2026/27	Variance for 2026/27 + Cost / - Saving	Total Proposed Budget Requirement for 2026/27	Last forecast 2024/25 to 2026/27	Variance for period + Cost / - Saving	Total Proposed Budget for 2024/25 to 2026/27
SCHEME DESCRIPTION	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
Waste Management and Recycling												
53 Scootas for the Disabled	23	-16	7	3	20	23	0	0	0	26	4	30
54 Town Centre Bins	0	0	0	32	0	32	0	0	0	32	0	32
55 Retail Market Equipment	6	-6	0	0	0	0	0	0	0	6	-6	0
56 Retail Market Plant	0	0	0	0	0	0	0	0	0	0	0	0
57 Depot Telescopic Front loader	93	14	107	0	0	0	0	0	0	93	14	107
58 Route Optimisation System	0	0	0	0	0	0	5	-5	0	5	-5	0
59 Freighter House Plant	0	0	0	11	-11	0	0	0	0	11	-11	0
60 Vehicle Wash	170	0	170	0	0	0	0	0	0	170	0	170
61 Street Cleansing Vehicles	339	-339	0	271	373	644	0	0	0	610	34	644
62 Street Cleansing Equipment	8	-3	5	0	3	3	0	0	0	8	0	8
63 Street Cleansing Crane Vehicle	88	-88	0	0	88	88	0	0	0	88	0	88
64 Street Cleansing Gully Emptier	0	0	0	135	15	150	0	0	0	135	15	150
65 Wet Team Equipment	112	-112	0	0	91	91	0	0	0	112	-21	91
66 Hit Squad Replacements	112	-69	43	0	89	89	0	0	0	112	20	132
67 Refuse Vehicles	75	0	75	1,195	-445	750	230	495	725	1,500	50	1,550
68 Vehicle Maintenance	79	0	79	6	0	6	29	9	38	114	9	123
69 Recycling Vehicles	526	-75	451	894	26	920	1,009	41	1,050	2,429	-8	2,421
70 Recycling MRF	20	0	20	0	0	0	20	0	20	40	0	40
71 Food Vehicles	278	0	278	0	0	0	0	0	0	278	0	278
72 Prov. for Replacement with Electric Veh.	100	-100	0	70	30	100	0	70	70	170	0	170
73 Love Your Chelmsford Van	0	0	0	0	0	0	35	-3	32	35	-3	32
74 Public Convenience Van	0	0	0	0	0	0	25	7	32	25	7	32
Support Services (Deputy)												
75 Digital Services Replacement Programme	10	23	33	31	-19	12	6	0	6	47	4	51
76 Digital Storage	0	0	0	68	0	68	0	0	0	68	0	68
77 Digital Servers	0	0	0	48	0	48	0	0	0	48	0	48
78 Meeting Room Digital Equipment	57	-10	47	0	0	0	0	0	0	57	-10	47
79 Website Upgrade	8	-6	2	0	6	6	139	0	139	147	0	147
80 System Upgrade	9	-9	0	0	9	9	0	0	0	9	0	9
81 System Security	20	-20	0	0	20	20	0	0	0	20	0	20
82 Networks	129	47	176	118	-118	0	0	0	0	247	-71	176
83 Investment in Digital Technology - DPO	368	-240	128	0	240	240	0	0	0	368	0	368
84 Civic Duties Vehicle	0	0	0	0	0	0	0	0	0	0	0	0

CAPITAL ASSET REPLACEMENT PROGRAMME	2024/25 Lastest Approved Budget 2024/25	2024/25 Variance for 2024/25 + Cost / - Saving	2024/25 Total Proposed Budget Requirement for 2024/25	2025/26 Latest Approved Budget 2025/26	2025/26 Variance for 2025/26 + Cost / - Saving	2025/26 Total Proposed Budget Requirement for 2025/26	2026/27 Last Forecast 2026/27	2026/27 Variance for 2026/27 + Cost / - Saving	2026/27 Total Proposed Budget Requirement for 2026/27	Total for period Last forecast 2024/25 to 2026/27	Total for period Variance for period + Cost / - Saving	Total for period Total Proposed Budget for 2024/25 to 2026/27
SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
85 Provision for Increases in Prices 2026/27- Proposed Delegation to S151 Officer							0	150	150	0	150	150
Totals	6,408	-1,943	4,465	7,123	369	7,492	2,871	1,715	4,586	16,402	141	16,543

TABLE 28 Replacement Programme 2024/25 - 2026/27

Programme

Scheme Description	Variation	Variation Type	Percentage Change	Reason
	£000's			
Riverside Plant	-74	Transferred cost to Condition Survey	-29.96%	Replacements removed and dealt with within condition survey bid
SWFLC Plant Replacement	-73	Rephasing	-44.24%	replacement moved to later year
Hylands House Mechanical and Electrical	-25	Transferred cost to Condition Survey	-40.98%	Replacements removed and dealt with within condition survey bid
Hylands Pavilion Equipment	-44	Rephasing	-42.31%	replacement moved to later year
Theatres' Equipment	-138	Price and rephasing variations	-9.25%	-116K Price variation ; -22K Rephasing to later year
Civic Centre Heating	-32	Transferred cost to Condition Survey	-100.00%	Replacements removed and dealt with within condition survey bid
Play Area Replacements	79	Price Variation & additional spend Grant funded	9.53%	57K Higher replacement cost than budgeted ; 22K funded by grant
Parks and Sports Grounds Heating Systems	-25	Rephasing	-36.76%	Rephasing of sewerage pump to 27/28
Parks Replacement Vehicles and Equipment	151	Price Variation	11.63%	Higher replacement cost than budgeted
Disabled Facility Grants (fully externally funded)	200	Higher Grant Allocation	9.07%	Grant for 2025/26 was higher than budget and this has also been reflected in 2025/26
Street Cleansing Vehicles	34	Price Variation	5.57%	Higher replacement cost than budgeted
Refuse Vehicles	50	Price Variation	3.33%	Higher replacement cost than budgeted
Networks	-71	Consolidation of replacement	-28.74%	Review by service has resulted in lower spend on Networks rephased to be done in one year
Provision for Price Increases	150		100.00%	To establish a provision which will be applied to increases in cost in 2026/27 with a delegation to S151 Officer to spend as required.

APPENDIX 2

Intentionally Blank - The Council Tax Resolution to be reported to Full Council

Chelmsford City Council Cabinet

28th January 2025

Capital, Treasury Management & Investment Strategies 2025/26

Report by:
Cabinet Member for Finance

Officer Contact:
Phil Reeves, Accountancy Services Manager (section 151 officer), 01245 606562, phil.reeves@chelmsford.gov.uk

Purpose

To recommend an approach for managing the Council's cash and other types of investment including property; and

to explain how capital expenditure, capital financing and treasury management activities will contribute to the provision of services, how risk is managed, and the implications for future financial sustainability.

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

Preferred option and reasons
Recommend the report to Council without amendment for consideration and thereby meet statutory obligations.

Recommendations
That Cabinet requests that Full Council approve the Capital, Treasury Management and Investment Strategies.

1. Background

1.1. There are three financial strategies that the Council is obliged by Government to approve when setting a budget:
- Capital Strategy
- Treasury Management Strategy
- Investment Strategy

1.2. Capital Strategy

The Capital Strategy **Appendix 1** sets out a framework for the management of capital finance and links to capital and revenue budget plans being reported to Cabinet in January 2025. The strategy is not reviewed by the Treasury Management and Investment Sub-committee. The strategy should support the Council's objectives in 'Our Chelmsford Our Plan' and sets the framework in which the capital programme is planned. It enables the Council to prioritise the use of limited resources to support long-term priorities whilst balancing services' operational requirements. The strategy reports on deliverability, affordability and the risks associated with the strategy. The aim of this Capital Strategy is also to ensure that members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risks.

1.3. Treasury and Investment Strategies

Members of the Treasury Management and Investment Sub-Committee (TMISC) have reviewed the contents of these strategies and recommended that the Cabinet note their contents and seek Council approval for the Strategies.

The activities around the management of the Council's cash and external borrowing are known as Treasury Management (TM). Under statute and the CIPFA Code of Practice on Treasury Management ("the Code"), members are required to receive reports on the Council's TM activities. The document in **Appendix 2** complies with the Code and relevant Government regulations.

Full Council has overall responsibility for the Treasury Strategy but delegates to the TMISC responsibility to monitor activity and recommend changes to the strategy. The Accountancy Services Manager (Section 151 Officer) has delegated responsibility to manage operational TM activities within the approved strategy.

1.4. The Ministry of Housing, Communities and Local Government requires the Council to publish and have approved an Investment Strategy. This strategy covers investments that are deemed not to be Treasury Management activities. The Investment Strategy is in **Appendix 3**.

2. Executive Summary

Capital Strategy

- Sets out how this strategy will support the Council towards achieving 'Our Chelmsford Our Plan'.
- Sets limits to amounts that can be borrowed by the Council.
- Summarises the costs of the capital programme.
- Identifies how the Council plans to finance its capital expenditure programme and the cost to the revenue budget.
- Identifies how processes will limit risks associated with the strategy.
- Will ensure that members understand the Capital Strategy requirements, governance procedures and risks.

Treasury Strategy

Investments

- No material changes from the previous year.
- Target of a minimum of £5m of liquid funds to manage cashflow during the year remains unchanged. However, this target may be increased by officers during the year if liquidity management requires it.
- Cash available for investment is expected to reduce as the Council funds the capital programme.
- Prior to completion of the budget, gross interest income of circa £925k is expected for 2025/26 based on an assumed interest rate of 4.35% across the Council's portfolio.

Borrowing

- Changes
    - Maturity limit for 2 to 5 years has been increased to 100% to increase flexibility, if needed.
    - An affordability indicator has been added. This is a result of reviewing currently published indicators against those required by best practice.
    - No other material changes from the previous year.
- Borrowing will only be undertaken for the purpose of managing temporary liquidity or to fund the capital programme.
- Limits for external borrowing will be set in the Capital Strategy which will be reported to Cabinet and then Council as part of the 2025/26 Budget.
- Under the Constitution, the Section 151 Officer manages investments and borrowings, so will undertake any borrowing as needed. Prior to completion of the budget, the Council's cashflow planning indicates borrowing is likely to be required in late 2024/25 and onwards. Projections suggest external borrowing of £58m by March 2026 may be needed.

Non-Cash Investments (Investment Strategy)

- No changes to the principles of last year's investment strategy are recommended.
- No new capital expenditure (investments) will be made where the purpose of the investment is primarily for yield. This restriction is in line with 2024/25 Strategy.
- The strategy has provision to allow for the creation of a stand-alone housing company if needed and subject to appropriate approvals.
- The monitoring of non-treasury investments is undertaken by the Treasury Management and Investment Sub-committee.

3. Conclusion

3.1. Cabinet is asked to accept the endorsement by Treasury Management and Investment Sub-committee and to recommend to the Council the Treasury Management and Investment Strategies.

3.2. Cabinet is asked to recommend the Capital Strategy to Council. This strategy should be reviewed regularly and reported on during the year.

List of appendices:

Appendix 1 - Capital Strategy 2025/26

Appendix 2 – Treasury Management Strategy 2025/26

Appendix 3 – Investment Strategy 2025/26

Background papers:

Nil

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 and it's Capital Strategy.

Equality and Diversity:

N/A

Health and Safety:

N/A

Digital:

N/A

Other:

Consultees:

Management team, Section 151 Officer and Monitoring officer

Relevant Policies and Strategies:

Our Chelmsford Our Plan

Capital Strategy 2025/26

1.1 This capital strategy report provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services along with an overview of how associated risk is managed and the implications for future financial sustainability.

It should be noted that this strategy has not included future receipts which will be realised from disposals of strategic sites such as Chelmer Waterside as the amount and timing of the receipts is not currently known. Future forecasts and outlook should be judged in light of the potential upside from these receipts when realised.

Decisions made this year on capital and treasury management will have financial consequences for the Authority for many years into the future. They are therefore subject to both a national regulatory framework and a local policy framework, summarised in this report.

1.2 Capital expenditure is where the Council spends money on non-current assets, such as property or vehicles, that will be used for more than one year. The majority of these assets are used in service delivery. Additionally, in local government it can include spending on assets owned by other bodies, and loans or grants to other bodies which enable them to buy assets. The Council has some limited discretion on what counts as capital expenditure, for example assets costing below £10,000 do not have to be capitalised and can be charged to revenue in year.

1.3 **Governance: Capital Investment in Council Services – Capital Schemes and Replacement Programme**

The Replacement Programme is expenditure required to maintain existing levels of service provision. It includes software, vehicles, plant, equipment, grants and improvement loans which are budgeted for annually.

Capital Scheme items are usually building works but can be anything which does not meet the criteria of replacement, including regeneration schemes.

Details of the approved capital schemes, replacement programme and new scheme proposals included in this strategy can be found elsewhere on the agenda as part of the Budget 2025/26 report.

The Prudential Code requires that authorities demonstrate that they make capital spending and investment decisions in line with service objectives and have proper stewardship arrangements, provide value for money, are prudent, sustainable and affordable.

The Council's constitution and financial regulations govern the capital programme.

- All capital expenditure must be carried out in accordance with the financial regulations and the Council's constitution.
- Capital expenditure must comply with the statutory definition.
- The Capital Programme is approved by Full Council as part of the Council's annual budget report. It reports on the revenue cost of financing the capital expenditure to ensure that it is affordable. This is kept under review and updates are reported to Cabinet and approved by Full Council when required during the year.

- All schemes are formally approved into the capital programme by following an agreed process (see below).
- Officers are not authorised to commit expenditure without prior formal approval as set out in the financial regulations.
- Each scheme must be under the control of a responsible person/project manager.

New Capital Spending – Prioritisation and Approval

New capital spending should only be considered where the proposals are fully funded from, new external sources, from internal resources currently available, or where capital financing costs are offset from income/savings generated from the proposal or when increasing revenue costs is considered affordable.

It is always difficult to make choices between competing priorities and with reduced resources this is more challenging. To assist, during 2025/26 it is proposed that monitoring of capital programme projected costs will also include monitoring of resources to ensure the use of limited resources are prioritised.

Funding of new capital projects will require the production of a business case.
An annual process is in place where Service managers bid in September for new capital scheme proposals and replacement items to be included in the Council's capital programme.

Business cases are collated by Accountancy who review the proposals and ensure that financial elements are validated and calculate any financing and/or running costs.

The bids are reviewed and prioritised by Management Team then referred to Cabinet which then makes recommendations to Council in February each year.

The Council has introduced a corporate Project Management Toolkit to support good project management practice across the Council. The toolkit provides templates for business cases and guidance on all aspects of project management.

In determining viability, capital business cases must include:

- details of how the proposal will help to achieve the corporate priorities;
- details of the intended outcomes and potential running costs;
- a statement of the risks of undertaking the scheme and how these will be managed;
- details of consultations undertaken in arriving at the proposal and any potential alternatives; and
- robust/validated costs. Proposals will not be taken forward for approval where costs are indicative.

If the above items cannot be included, then the service manager should consider whether a feasibility study should be undertaken prior to submission of the business case.

Due to the high significant that the financing of capital schemes has on the revenue budget, all future one off-schemes that are not self-financing (produce income or savings at least equivalent to the additional revenue costs of the proposal), will be automatically included on an Unfunded Priorities list.

Management team will review proposals on unfunded list as part of the budget estimates' cycle. Schemes management team consider as a priority, will be progressed to a feasibility study to gain a clearer understanding of potential costs and therefore affordability of the scheme.

Business cases that are considered as a lower priority, that are unaffordable or that can be deferred will remain on the Unapproved Priorities list. The cost of the schemes on this list are not included in the forecast spend as they have not been approved. In some instances, approved capital schemes may be reviewed and moved onto the Unapproved Priorities list should higher priority schemes come forward or further costing is required due to a change in scope or the original costs require updating.

The Unapproved Priorities list has been produced in Annex 1 and will be maintained and updated on an annual basis. This list will take time to fully establish but will contain details of potential future schemes linked to the priorities in 'Our Chelmsford Our Plan'. When schemes become 'affordable' and of sufficient priority they will be brought forward for approval following submission of a business case and included in the Capital programme.

Wherever possible proposals will only be taken forward for approval and added to the capital programme when there is certainty with the cost and outcomes of the proposal. This may be based on quotes or in some cases a full tender exercise The full cost of the proposal must be identified including the revenue consequences and financing costs to ensure that the scheme is affordable. As the timing of the feasibility and tender works will not always align with the budget approval timetable it is likely that approval for the one-off schemes will be sought throughout the year.

Following approval, the agreed Corporate Project Management Toolkit should be used to ensure successful delivery of the project

There are always going to be schemes which need to be approved outside this process, due to urgent health and safety issues for example, or the need to respond quickly to market opportunities, and these will need approval in line with financial rules.

Governance and reporting arrangements, including risk management. will be reviewed to ensure that it remains fit for purpose and is in line with best practice.

1.4 Funding the Costs of Capital Expenditure

Below is an explanation of the Council's proposed approach to funding capital expenditure.

Methods of Capital Financing
Capital resources, these are the funds that pay for capital expenditure and can come from many sources. Broadly speaking these are:

- **Sales of Assets (Capital Receipts):** Any disposal of property or equipment over £10,000 in value is a capital receipt. These can only be spent on other capital items. The Council seeks to maximise the level of these resources, which will be available to support the Council's plans. The use of cash proceeds from disposals up to £100k will be prioritised to fund assets with the shortest useful life, such as vehicles and equipment, to reduce the requirement to borrow for assets that attract a greater annual Minimum Revenue Provision cost. The use of more strategic disposals, which will result in larger receipts, should be considered with a view to paying down debt and reducing financing costs. Relative benefits of the disposal of assets in exchange for non-cash benefits such as housing nomination rights which may reduce future Council revenue costs, will also be assessed on a site-by-site basis.

- **Leasing:** This is where we can use an asset in exchange for making a series of payments over several years. From 1st April 2024 under IFRS16 all leasing will be treated as a debt on the balance sheet. Leasing differs from traditional debt as more often than not the leasing company/property owner retains legal ownership of the asset. Companies are able to obtain capital allowances to reduce the cost to the Council. Leasing will be used following due diligence, comparing the financial and non-financial benefits and risks to the Council versus owning outright such assets.

- **Borrowing** (excluding leasing):
  - The Council can borrow externally from other local authorities, the Government or the private sector.
  - Borrowing can also be carried out internally, where cash balances are "borrowed" to fund capital expenditure.

  If the Council undertakes any form of internal or external borrowing, then payments must be made to cover future or current principal debt repayments (Minimum Revenue Provision (MRP)). Before the start of each financial year the Council should prepare a statement of its policy on charging MRP in respect of that financial year and submit it to full Council for approval. The statement should describe how it is proposed to discharge the duty to make prudent MRP charges during that year. The method to calculate MRP is set out in section 1.6 below 'The Borrowing Strategy'. Councils can choose to pay off debt from surplus capital resources, such as capital receipts, at any time.

- **Revenue contributions to capital:** the Council can use revenue budgets set aside to fund capital expenditure.

- **Grants:** there are Government grants and grants from external organisations. These can be used towards specific works that the Council can often bid for or can be non-specific.

- **Section 106 agreements and Community Infrastructure Levy (CIL)**: if a new development is undertaken within the City, the Council is legally entitled to ask for assets or money to mitigate the impact of the development. Wherever possible these contributions are used towards the financing of eligible capital spend.

The circumstances where each type of capital resource will be used depends on the nature of the scheme. Whilst developing scheme proposals, consideration should be given to the types of funding which offer the best value for money for the Council. Clearly, the optimal funding arrangements are those where third parties fund or help fund the investment. The s151 Officer will, at the end of each financial year, determine the appropriate funding for the capital programme.

The Council has limited capital resources and will apply those resources in a way that reduces the revenue burden of the schemes. This will therefore use the principle of applying any suitable resource available to fund schemes before using borrowing (internal or external). For example, CIL resources will be applied to schemes that meet CIL regulatory requirements at the earliest opportunity if this defers or avoids the need to borrow. A review will be undertaken in 2025 to determine how future CIL income can be used to support the Corporate Plan.

1.5 Cost of the Capital Programme

In the 2025/26 budget, the Council is planning capital expenditure as summarised below:

	2023/24 actual	2024/25 forecast	2025/26 budget	2026/27 budget	2027/28 budget
Replacement Programme Updated Budgets Require Approval	£3.573m	£4.465m	**£7.552m**	£4.586m	£4.595m
Capital Projects - Forecast Variations Require Approval	£19.048m	£42.825m	**£27.954m**	£5.766m	£3.096m
New Capital Submissions 2025/26 - Require Approval	£0.000m	£0.000m	**£0.980m**	£0.000m	£0.000m
Provision for Building Condition Works - Require Approval	£0.000m	£0.000m	**£3.910m**	£0.750m	£0.000m
TOTAL	£22.621m	£47.290m	**£40.396m**	£11.102m	£7.691m

Details of the programme can be found in the Budget Report 2025/26 elsewhere on this agenda.

This forecast expenditure has been assessed following a full review of the existing programme by Management team. Some previously approved schemes have been moved to the Unapproved Priorities list as they are now considered as possibly being unaffordable or the approved budgets are not based on validated costs. The funding (CIL) previously earmarked for these schemes has been redirected to other higher priority schemes to limit the revenue costs of the capital financing. An example of this would be the proposal for the new cemetery and crematorium infrastructure being removed until an updated business case is brought forward. The CIL freed up, has been re-directed to other schemes lowering the overall need to borrow.

Basis for Estimating Future Costs

The above table reflects the forecast capital programme and known replacement items. These costs are reflected in the Budget Report 2025/26 and variations from previously reported costs require approval.

The replacement programme will be approved for the years 2025/26 and 2026/27. The two-year approval provides services with the ability to better manage their replacements. They can move items between the two years should it be necessary and are able to place orders in advance as some vehicles have over a year lead in times for delivery. As the budgets will be approved in advance of spend, a provision for increases in price has been included. Use of this provision will be delegated to the s151 Officer.

There is a high risk that scheme costs will increase due to inflation and supply and demand. Annual reviews of approved scheme budgets will be undertaken to identify and seek approval for the consequences of inflation.

The table includes a provision for works which have been identified from building condition surveys. Decisions will need to be taken on the affordability and priority of these works. Feasibility and option appraisals will be carried out and business cases will need to be completed for some of the larger more complicated projects such as the Riverside Chiller Unit. A delegation will need to be established to enable the provision to be drawn down as more certainty of the costs is achieved.

The building condition surveys are carried out as part of a rolling programme so additional provisions will be required in future years.

An ongoing budget of £369k to make a revenue contribution to capital has been included in the revenue budgets. This will be vired in later years to cover the associated revenue financing costs (e.g. MRP and interest) when they become payable.

This capital programme has been based on what is affordable. Long-term unfunded priorities will only be included when they become affordable.

Financing of the programme is currently planned as shown in the table below.

	2023/24 Actual	**2024/25 forecast**	**2025/26 budget**	**2026/27 budget**	**2027/28 budget**
Capital Receipts	£0.408m	£1.649m	**£0.200m**	£0.200m	£0.200m
Grants and Contributions	£17.627m	£38.333m	**£18.467m**	£1.523m	£0.002m
Revenue Contributions	£0.897m	£0.901m	**£0.819m**	£0.062m	£0.192m
Borrowing	£2.784m	£6.180m	**£20.266m**	£7.880m	£7.014m
Finance Leases	£0.659m	£0.227m	**£0.644m**	£1.437m	£0.283m
Operational Leases	£0.246m	£0.000m	**£0.000m**	£0.000m	£0.000m
TOTAL	£22.621m	£47.290m	**£40.396m**	£11.102m	£7.691m

1.6 **Borrowing strategy**

The table above shows that the Council will need to borrow to fund its Capital spending.

For details on the governance for Council borrowing please see Appendix 2 of the Treasury Management Strategy.

IFRS16 Implementation

Changes to accounting regulations came into effect on the 1st April 2024 which required conversion and restatement of operational leases and contract hire to finance leases. The effect of this conversion is that the outstanding liability on the leases must be shown as a debt on the balance sheet. The conversion has increased the level of debt held on the Council's balance sheet. An exercise was undertaken with services to identify those leases that would need to be converted. The main classes of lease identified to be included were in relation to vehicles, properties with peppercorn rents and properties currently leased from private sector landlords for temporary accommodation.

The estimated converted level of debt taken onto the balance sheet as at 1st April 2024 was as follows:-
Vehicles £0.415m
Private Sector Landlords £5.061m

The estimated converted debt balances as at 31st March each year are shown in the table below as they need to be reported and included in the Authorised Limit and Operational Boundary borrowing limits.

The Capital Financing Requirement (CFR) is the calculation of the Council's internal and external borrowing used to finance its capital expenditure. Statutory guidance is that long-term debt should remain below the CFR. Temporary breaches for cashflow are acceptable.

The table below highlights the requirement for external borrowing to finance the capital programme from 2024/25.

Estimates of Gross Debt and the Capital Financing Requirement in £ millions	**31.3.2024 actual**	**31.3.2025 forecast**	**31.3.2026 budget**	**31.3.2027 budget**	**31.3.2028 budget**
Leasing (Debt)	£1.356m	£1.413m	£1.457m	£2.219m	£2.037m
New IFRS16 Conversion Debt		£4.315m	£3.532m	£2.711m	£1.850m
External Borrowing	£5.000m	£26.000m	£58.000m	£66.000m	£68.000m
Total "External Borrowings"	£6.356m	£31.728m	**£62.989m**	£70.930m	£71.887m
Total Capital Financing Requirement (CFR)	£37.576m	£47.619m	**£66.462m**	£72.727m	£76.655m
Internal Borrowing (makes up the difference between CFR and external borrowings)	£31.220m	£15.891m	**£3.473m**	£1.797m	£4.768m

The Council is required to approve a policy for repaying debt (MRP) which is in italics below:

MRP will be determined by charging the expenditure over the expected useful life of the relevant asset on an annuity basis up to a period of 50 years. For those short-term assets with a life of less than 10 years an average life year rate will be applied. Interest will be charged based on an average PWLB annuity rate for a loan with a term equivalent to the life of the asset. For assets acquired under leases, the principal repayment inherent in the lease will be used as the basis for MRP in respect of those assets. This policy does not prevent the Council from making early or one-off repayments of debt from capital receipts or from revenue provisions.
MRP is charged in the year following the one in which the expenditure is incurred or the first year following the one in which the asset becomes operational.

Affordability of the Capital Programme

The table below shows the planned repayment of debt. This is a charge to the revenue budgets. The consequences of any capital spend must be considered in relation to the impact on the revenue budgets and whether it is affordable. There are limited sources of new capital financing available, and this will result in additional capital spending being financed by borrowing. The Council will only commit to additional capital spending where it is affordable. The Council must take a prudent approach to new borrowing, any business cases brought forward must be robust and include forward predictions of affordability, with the aim that projects should be self-funding.

The table provides an indication of the cost to the revenue budget of repaying borrowing, both MRP and interest on external borrowing. Some of the capital schemes, earmarked for being financed by borrowing, will provide an income which will offset the cost of the MRP and interest. The revenue budgets for these schemes have not yet been included in a future year but are instead shown as a separate line in the table below. These financing costs could vary due to the timing of the capital spend and the interest rate when the financing is sourced. The borrowing costs shown below assume short term loans from other local authorities and interest rate assumptions are listed in section 2.4 of the Treasury Management Strategy.

Affordability Indicator: Financing Costs to Net Revenue Stream

	2023/24 Actual £m	**2024/25 Forecast £m**	**2025/26 Budget £m**	**2026/27 Budget £m**	**2027/28 Budget £m**
Interest costs on existing borrowing	0.031	0.002	0.000	0.000	0.000
Forecast Interest cost on new borrowing	0.000	0.160	1.090	1.837	1.848
Interest cost on leases	0.122	0.305	0.252	0.225	0.159
Provision for cost of financing new schemes	0.000	0.000	0.369	0.252	0.218
MRP Existing Schemes	0.811	1.840	2.067	2.935	3.218
MRP New Scheme Proposals	0.000	0.000	0.000	0.117	0.151
Total Financing Costs of Capital Programme	**0.964**	**2.307**	**3.778**	**5.366**	**5.594**
Affordability Indicator					
Net Revenue Stream £ms	28.976	29.556	30.147	30.750	31.365

Ratio of financing costs to Net Revenue Stream	3.33%	7.81%	12.53%	17.45%	17.84%

This Indicator shows the trend in the cost of capital against the net revenue stream of the Council. Net revenue stream is the estimate of the amounts to be met from government grants and local taxpayers excluding capital grants.

The higher the ratio, the higher the proportion of resources tied up to service net capital costs and represents a potential affordability risk.

The table below provides a reconciliation back to table 14 in the 2025/26 Budget Report elsewhere on this agenda.

	2023/24 Actual £m	**2024/25 Budget £m**	**2025/26 Budget £m**	**2026/27 Budget £m**	**2027/28 Budget £m**
Total Financing Costs of Capital Programme from Table above	0.964	2.307	3.778	5.366	5.594
Provision for cost of financing new schemes	0.000	0.000	-0.369	-0.369	-0.369
PSL costs MRP and Interest	0.000	-0.947	-0.948	-0.947	-0.947
Interest costs on revenue balances held	0.109	0.189	0.125	0.125	0.235
Interest Income	-2.884	-1.010	-0.925	-0.772	-0.726
MRP Variation Budget to Latest Forecast	0.000	0.040	0.000	0.000	0.000
Interest Variation from Budget to Latest Forecast	0.000	0.401	0.000	0.000	0.000
Net Revenue Financing Costs	**-1.811**	**0.980**	**1.661**	**3.403**	**3.787**

Affordable borrowing limit: The Council is legally obliged to set an affordable borrowing limit (also termed the authorised limit for external debt) each year and to keep it under review. In line with statutory guidance, a lower "operational boundary" is also set as a warning level should debt approach the limit. The higher borrowing limit may not reflect long-term need and may only be reached for short periods. It therefore can be higher than the Capital Financing Requirement.

Authorised limit and operational boundary for external debt in £ms

	2024/25 limit	**2025/26 limit**	**2026/27 limit**	**2027/28 limit**
Authorised limit – total external debt	£50m	£70m	£75m	£80m
Operational boundary – total external debt	£35m	£66m	£74m	£75m

Authorised limit – total external debt – this includes Finance leases.

Operational Boundary – total external debt – this is based on the debt outstanding on forecast finance leases and potential external borrowing.

Governance: Decisions on treasury management investment and borrowing are made daily and are therefore delegated to the Section 151 Officer and staff, who must act in line with the annual treasury management strategy approved by Council. Three times a year, the Treasury Management and Investment Sub-committee meets to review activity and any new material issues, recommend new strategies and review year-end performance.

1.7. Sustainability – Capital Funding

Capital Receipts from Disposals

The consequences of the Capital programme, such as loss of interest on capital receipts spent, or scheme running costs, will be included in the annual revenue budget reports to Council and Medium-Term Financial Forecast. This provides Members with the ability to gain assurance of the affordability and sustainability of the capital expenditure plans.

The Council has a plan for disposals of assets. The Council will be considering plans to dispose of several sites in the period up to the end of March 2028. Not all disposals will result in a capital receipt and there may be other benefits such as nomination rights for the use of affordable housing developed by Registered Social landlords (RSL's) on previously owned Council sites. There could be revenue costs associated with the disposal of assets and a loss of income which should be considered before a decision is made on the disposal.

Sites Under Consideration for disposal are listed below. Individual values of estimated receipts are not shown for commercial reasons.

1. Chelmer Waterside
2. Riverside Surplus Land
3. St Michaels Drive Roxwell Garage Site
4. Pease Place East Hanningfield
5. Glebe Road South Car Park
6. Rectory Lane East Car Park
7. Medway Close Garage Site
8. George Street Car Park
9. Railway Street Car Park
10. Meadows Land
11. Boreham Exception Site
12. Waterhouse Lane Petrol Station
13. Writtle Street Car Park (Land at Cricket Club)
14. Various Council owned dwellings currently used as temporary accommodation

A more cautious approach to the timing of receipts has been taken to move towards a 'worst-case' funding assumption reflecting economic conditions. The development potential of some larger sites is being considered but due to the uncertainty of the developments and the timing no receipts are being shown for the period up to 31/03/2028.

At the end of 31/3/2025 there is no material forecast holdings of capital receipts from asset sales. All of the smaller receipts collected will have been applied to resource the capital spend.

As detailed above, the limited forecast of capital receipts decreases the sustainability of capital funding and unless external sources of funding are identified for individual capital projects then borrowing will be required for future capital spending and the affordability of borrowing will need to be kept under review.

Where a disposal results in a receipt it should be carefully considered how that receipt should be applied to the funding of the capital spend.

Funding of the Replacement Programme

The Council borrows against shorter life assets to fund them. An example of the impact of borrowing against short term assets on the revenue budget is shown in the table below. It shows that the MRP cost charged to revenue is a much higher percentage for replacements than the capital schemes compared to the amount of borrowed.

Forecast MRP Charge on New Borrowing in 2025/26	Forecast Borrowing in Year	% of Spend	MRP Charge	% MRP Charge
Capital Schemes Capital Borrowing in Year	£15.999m	79%	£0.314m	37%
Capital Replacements	£4.267m	21%	£0.531m	63%
Total	**£20.266m**	**100%**	**£0.845m**	**100%**

It is expected that short term assets will need to be funded by borrowing and will attract higher financing costs as shown in the table.

An detailed exercise will need to be undertaken to assess the future cost of a full cycle of all the short-term replacements (those assets with 10 year or less life) required by services and what the impact will be on revenue. Depreciation charged on prior years' spending can be identified for vehicles and equipment which will be a good indicator of the cost going forward. As plant is normally treated as a component and added to the value of the building it will be more difficult to assess the future cost.

Risk

To reduce the risk of overspends, it is intended that wherever possible budgets should only be approved following completion of a business case when validated/robust scheme costs have been identified allowing for suitable contingencies and inflation. Once schemes are approved regular monitoring is undertaken to identify those schemes at risk of overspending or not being delivered on time so that appropriate action can be taken. To support risk management a corporate project management "tool kit" for officers undertaking large projects has been implemented in 2024/25.

As part of capital planning, a number of potential future projects or needs for additional funding have been identified. These are included in the Unapproved Priorities List. The list will be kept under review, which should improve planning of capital financing and minimise the risk of allocating resources against lower priority schemes.

The updating of building condition surveys has reduced the risk of not identifying high need capital spend in timely manner and improve prioritisation in short term. As these are carried out on a rolling programme there remains a risk that future capital costs have not been included beyond 2026/27. The next round of condition surveys is due in 2028/29 which will improve the accuracy of longer-term forecasting of costs.

The resourcing of the capital spend has been based on assumptions of receipts, grants and contributions being received and applied. To minimise risk, these assumptions have been prudent, however circumstances outside of the Council's control, such as economic environment, may impact on the timing of receipt of resources.

Future decisions in relation to the method of application of Community Infrastructure Levy to priority schemes may lead to an increase in borrowing costs, but may aid prioritisation of funding long term priorities.

Summary

The responsibility for decision making and ongoing monitoring in respect of capital expenditure, investment and borrowing, including prudential indicators, remains with Full Council. The level of the Council's borrowing is significant, reaching a forecast £77m by March 2028 with a £5.7m revenue cost and this differs from the budget report as the amount shown here includes a technical adjustment for temporary Accommodation funded by Private Sector Leases.

All members need to be fully informed as to all implications of its capital investment decisions, in particular those funded from borrowing. Council is asked to approve the 'Authorised Limit for External Debt' as shown in the table in section 1.6, £70m in 2025/26.

The borrowing and financing figures above do not include any costs for scheme proposals on the Unfunded Priorities List (Annex 1). These should be reviewed and brought forward for consideration on the basis of priority and affordability.

Due to the timing and uncertainty of receipts from disposals this strategy is currently based on the assumption that there will not be any large receipts in the period covered by the report. If capital receipts are realised for some of the larger strategic sites such as Chelmer Waterside within this period there will be significant benefits to the forecast.

Regular reporting and reviews of capital schemes costs, condition surveys and resources will ensure capital plans remain affordable.

Treasury Management Strategy

1.1 Treasury Management at Chelmsford City Council is conducted within the code /framework set by the Chartered Institute of Public Finance and Accountancy. *Treasury Management in the Public Services: Code of Practice 2021 Edition* requires the authority to approve a Treasury Management strategy before the start of each financial year. This report fulfils the authority's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA code.

1.2 Treasury Management covers the management of the Council's cash flows, borrowing and investments, and any associated risks. Chelmsford City Council has substantial cashflows and investments from its activities and is therefore exposed to a series of financial risks including the loss of invested funds. Risk also arises from possible changes in interest rates affecting investment income or the cost of any external borrowings.

1.3 The Council's investment priorities are, in order of priority:
(a) the security of capital,
(b) the liquidity of its investments; and
(c) yield.

The Government regulations and CIPFA both advise that absolute certainty of security of capital and liquidity does not have to be achieved before seeking yield from investments. An appropriate balance of all three should be sought and that balance is determined by the Council in its Treasury Strategy.

1.4 Borrowing purely to invest or lend on to make a return is unlawful and this Council will not engage in such activity. The borrowing to fund the capital programme is allowed and including borrowing up to a year in advance to secure the funding or de-risk the interest rates. Officers will aim to minimise borrowing costs by investing surplus cash based on forecast cashflow needs.

1.5 In the event of unforeseen major changes to the external environment or financial plans of the authority, it may be necessary for the Council to revise its strategy during the year.

1.6 This Treasury Management Strategy will focus solely on investments arising from the organisation's cashflows and debt management activity. Non-treasury investments will be covered separately under the Investment Strategy (**Appendix 2**). The monetary limits on borrowing will be set in the Capital Strategy which forms part of the 2025/26 budget papers going to Cabinet and Council in January and February.

2. External Context

2.1 The macroeconomic environment has a significant impact on the Council's treasury operations via inflation, interest rate and counterparty risks.
The Council obtains advice on macro-economic issues from its Treasury advisor, Link, and public news sources. Our treasury advisor, Link, is changing its name to MUFG Corporate Markets from January 2025 but will be referred to as Link through this document.

The Economic Environment and Interest Rate Forecast

2.2 The Bank Base Rate at the start of the financial year was 5.25% and was reduced to 5.00% in August and to 4.75% in November. Interest rates are generally expected to fall further.

2.3 The Office for Budget Responsibility (OBR) predicts the UK economy will grow by 2% in 2025, and 1.8% in 2026.

CPI inflation was running at 2.6% in November up from 2.3% in October and this is higher than the Bank of England's 2% target and could delay expected interest rate cuts.

Average wages excluding bonuses increased by 4.8% July to September 2024. A significant reduction in interest rates is less likely while wage growth remains at this level.

A factor that may offset wage and inflation growth in the Bank England decisions on interest rates is actual overall economic growth that fell by 0.1% in October. There are on balance expectations that interest rates will fall in 2025.

2.4 Below is Link's interest rate forecast for the period 2024 to 2027 and officer use this for planning. The expectation of the normal/neutral interest rate is within the range 2.5% to 3.5%. Actual Treasury Management activity will follow prevailing market conditions.

Link Group Interest Rate View	11.11.24												
	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
BANK RATE	4.75	4.50	4.25	4.00	4.00	3.75	3.75	3.75	3.50	3.50	3.50	3.50	3.50
3 month ave earnings	4.70	4.50	4.30	4.00	4.00	4.00	3.80	3.80	3.80	3.50	3.50	3.50	3.50
6 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
12 month ave earnings	4.70	4.40	4.20	3.90	3.90	3.90	3.80	3.80	3.80	3.50	3.50	3.50	3.50
5 yr PWLB	5.00	4.90	4.80	4.60	4.50	4.50	4.40	4.30	4.20	4.10	4.00	4.00	3.90
10 yr PWLB	5.30	5.10	5.00	4.80	4.80	4.70	4.50	4.50	4.40	4.30	4.20	4.20	4.10
25 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.50
50 yr PWLB	5.40	5.30	5.20	5.10	5.00	4.90	4.80	4.70	4.60	4.50	4.40	4.30	4.30

3. Forecast cashflow and external borrowing for the City Council

3.1 Forecast year-end investment balances are in the table below. These are best estimates at this stage *(Please note: if any changes are made to the capital programme in the budget, then the figures below will be amended before the report is presented to Council by the s151 officer.)*

Date	**31/03/2024 Actual (£m)**	**31/03/2025 Forecast (£m)**	**31/03/2026 Forecast (£m)**	**31/03/2027 Forecast (£m)**	**31/03/2028 Forecast (£m)**
Year-end **investment** held	25	14	14	14	14
Cumulative External **Borrowing**	5	26	58	66	68

In practice the amount of borrowing could well be lower due to slippage in of capital expenditure and if income such as CIL arrives earlier than expected.

3.2 Investment forecast

During most months, the cash balance can rise and fall by up to £15m due to receipt of various income and payments including precepts to other Essex bodies. The Council should therefore aim to keep sufficient cash in hand to manage these fluctuations. However, the Council can undertake temporary borrowing and will do so wherever needed, to ensure sufficient liquidity.

The financial year-end tends to be the lowest point for the Council's cash balances. This is because most residents pay their Council Tax over 10 instalments, but the Council pays these out to central government and other precepting authorities monthly; so significant net cash outflows occur in February and March each year. The principles to establish how investments should be managed are discussed in Section 4 below.

The £14m forecast investment balance is made up of cash for liquidity of £5m and £9m of long-term investments. The long-term investments are supported by reserves and other balances. A minimum of £10m of investments needs to be held by the Council to satisfy money market regulations (MiFID II requirements required £10m to enable the Council to maintain its professional client status).

3.3 Borrowing Forecast:

The Capital Strategy published with the Revenue 2025/26 budget papers will include debt limits reflective of the 2025/26 budget. A summary over page provides a breakdown of forecast borrowing position.

The CFR (Capital Financing Requirement) is the amount of capital expenditure the Council has financed by (internal and external) borrowing. The capital strategy will update the forecast of the CFR. The table below shows current estimates. This may be amended by s151 before this report is taken to Cabinet.

	March 2024 Actual £m	**March 2025 Forecast £m**
Capital Financing Requirement	37.6	47.6
Made up of:		
Surplus cash internally borrowed	31.2	15.9
External Debt (leasing)	1.4	5.7
External Borrowing	5.0	26.0

It is not unusual for councils to hold investments whilst external debt is being used to fund capital expenditure as, the Council has reserves that are cash-backed which can be invested for long-periods as the Council always maintains a certain level of reserves and working capital.

The Council may partially reduce investments by internally borrowing the cash (balance sheet resources) to fund the capital programme instead of external loans. This can lower financing costs payable by the revenue budget compared to external borrowing.

4.0 How we intend to Borrow

4.1 This section of the strategy sets out the Council's methods to borrow. Long-term borrowing is only used to fund the capital programme so the level of borrowing will never exceed the CFR (Capital Financing Requirement) for any meaningful amount of time. As previously stated in Section 3.3, the CFR is the amount of capital expenditure the Council has which will be financed by internal or external borrowing. The CFR will be determined by the decisions in Budget Report 2025/26.

4.2 The use of internal borrowing is undertaken where possible, instead of externalising debt, however, the Section 151 Officer will monitor the position to determine the optimal mix. Seeking to strike a balance between minimising interest costs, securing certainty of borrowing costs and ensuring it has the liquidity required.

4.3 Examples of where the Council can seek to borrow funds from are:

- Public Works Loan Board (PWLB). This is only allowed if a Council has no approved capital plans to purchase assets primarily for the purposes of yield. More details can be found in the Investment Strategy and paragraph 3.8 below.
- Other UK Local Authorities. This is usually relatively short-term debt running from a few days to two years in duration.
- Any institution which meets the Council's investment criteria.
- UK public or private sector pension funds (Excluding the Essex Local Authority Pension Fund).

4.4 The PWLB can lend to local authorities for any duration up to 50 years. The PWLB is the source of loans/funds if no other lender can provide finance. The PWLB will not lend to an authority that plans to buy investment assets primarily for yield. The Section 151 Officer will be expected by the PWLB to certify that no such purchases are planned.

From a Treasury Management perspective, it is recommended that the PWLB should be retained as a borrowing option and therefore the purchase of investment assets primarily for yield should not be considered. This is recommended not only due to the reduced rates available through PWLB but due to the backstop accessibility of this source of borrowing.

4.5 Borrowing officers can undertake for the Council is limited by the following debt indicators, the amounts are approved each in the Capital Strategy:

- The Authorised Limit is the limit placed by the Council on the absolute level of its gross debt at any time. The Local Government Act 2003 stipulates that it must not be breached at any time. When setting the limits, these will need to be consistent with the liability benchmark as this shows the borrowing requirement to fund the forecast capital programme.
- The Operational Boundary of external debt is lower reflecting the planned maximum level of debt at any time, the difference being designed to give headroom to deal with unforeseen movements in cash flow. A sustained or regular trend above the Operational Boundary would require investigation and appropriate action.

The calculations are linked to the CFR (the overall borrowing needed to fund the capital programme).
During the financial year TMISC will receive reports on how any borrowing compares to the indicators.
In Annex 4 of this report, Prudential Borrowing and Investment indicators are shown.

4.6 Officers will undertake short-term borrowing for liquidity purposes.

4.7 In addition to borrowing via loans, other debt financing models may be used to finance the capital programme where this represents best value for the authority. These forms of debt are included in the overall borrowing limits. Such debt finance models include:

- Sale and leaseback arrangements
- Hire purchase arrangements

5 How we intend to Invest

5.1 Investment objectives are in order of priority:

- Security of assets – investing in counterparties only where the risks of incurring a capital loss through default, and the risks of late payment of principal and interest, are low. Also, by spreading risk as widely as is practically possible.
- Liquidity – Ensuring that the authority can access enough cash to meet its obligations with appropriate notice. It is recommended for 2025/26 a target of at least £5m of short-notice funds is held. The definition of short notice will be any held for less than or equal to 35 days.
- Yield – subject to the management of risks associated with security and liquidity of assets, the Council will seek to maximise the yield from its investment portfolio.

The Government regulations and CIPFA both advise that absolute certainty of security of capital and liquidity does not have to be achieved before seeking yield from investments. The Council will aim to achieve the optimum return on its investments with proper levels of security and liquidity that is within the Council’s risk appetite.

5.2 The Council uses credit ratings and Link Group’s advice to determine suitable counterparties. Link Group employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies – Fitch, Moody’s and Standard & Poor’s. The credit ratings of counterparties are supplemented with the following overlays:

- “watches” and “outlooks” from credit rating agencies.
- CDS spreads that may give early warning of changes in credit ratings.
- sovereign ratings to select counterparties from only the most creditworthy countries.

Link combines credit ratings and any assigned Watches and Outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads. The result is a series of colour-coded bands which indicate the relative creditworthiness of counterparties.

The Council’s policy has been and is recommended to differ from Link Group advice when it comes to duration of investments with Banks (UK and Foreign) and Building Societies. The Council’s officers have focused more on long-term credit ratings and an assessment of systematic importance to the UK economy when assessing investment duration. This means the Council has a slightly longer duration and slightly less Counter parties than suggested by Link Group, but still maintains diversification of investments and security of the Council's assets.

Given the advice received by the Council regarding credit risks, and potential economic activity, the Council will not change its approach in 2025/26 and will retain within the strategy the following investment types (**see Annex 2 for background**):

- Enhanced Money Market Funds & Money Market Funds (MMF)
- UK Public bodies
- Unsecured Bank Investments
- Unsecured Building Society Investments
- Unsecured Non-UK Bank Investments
- Unsecured Registered Social Landlord Loans
- Covered Bonds, Reverse Repurchase Agreements and Supranational Bonds
- Multi Asset funds, Bond funds and Property funds

Annex 3 sets out the background detail relating to counterparties, also limits of size of investment and durations. These are unchanged from previous years.

5.3 The institutions the Council can invest with are well-capitalised. General credit conditions across the sector are expected to remain benign, limiting the chances of losses to the Council. However, no investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit-rating criteria.

5.4 Public Bodies provide much less risk as investment counterparties, but yields can be vary depending on the liquidity available within the market. The Council will consider security, liquidity and return when reviewing new investments over different organisations and different investment categories (pooled funds, public bodies, etc.) to provide a satisfactory balance of security of capital and return. The City Council will avoid lending to councils that have a section 114 notice but there is no evidence that a s114 notice makes a loss of investment more likely.

5.5 Changes in valuation of the Muti-Asset fund holding under IFRS9 accounting standards are chargeable to a company's profit and loss in the financial year. For a Council, if IFRS 9 were applied, it would mean the local taxpayer meeting valuation changes through the general fund as cost or gain even if they were due to temporary volatility. An IFRS 9 statutory override was applied by Government to local government since 2018 and was extended until 31 March 2025 and the Government is consulting on its proposal to not to extend this override beyond its current end date. The Council is expected to able to manage any consequences from IFRS9 through it reserves.

5.6 Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making, but the framework for evaluating investment opportunities is still developing and therefore the Council's approach does not currently include ESG scoring or other real-time ESG criteria at an individual investment level.

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.

Therefore, externally managed funds will be required have regard for ESG, but this is not possible for internally managed bank deposits and short-term investments (money market funds).

5.7 The Council's cashflow and need to borrow mean officers expect investments during 2025/26 to relatively short in duration.

5.8 The indicative budget for interest income for 2025/26 is £925K based on an average investment portfolio of £21m at an interest rate of 4.35%. If actual levels of investments or actual interest rates differ from those forecasts, performance against the budget could be significantly different. The interest income is highly dependent on the timing of capital programme expenditure.

6 Role of the Treasury Management and Investment Sub-committee

6.1 The Sub-committee will be informed of investment, borrowing activity and of significant changes in conditions that may lessen or increase the risks of Treasury Management activity. The Sub-committee will, where necessary, consider changes to the strategy and report back to Council.

6.2 Reporting and reviewing of treasury management activity will include

- Monitoring Treasury management indicators (**Annex 4**): The code requires local authorities to have regard to certain treasury indicators. The indicators will assist in measuring and managing the Council's exposure to Treasury Management risk in 2025/26. The 2021 Prudential Code introduced Prudential indicators and a requirement for monitoring to be reported formally on at least a quarterly basis. However, due to the volume of finance reports already made to formal committees, it is recommended that reporting is three times a year to TMISC or Cabinet. Officers believe the existing 3 meetings of the TMISC committee are sufficient.
- The indicators in reality include limits and indicators. Limits should not be breached, and if they are, TMISC should report that to Full Council, whereas indicators can be breached during the year if necessary. TMISC should seek clarification on why an indicator is breached and seek appropriate actions.

Investment Strategy

This document ensures compliance with the requirements of the CIPFA Prudential Code and the Ministry of Housing, Communities and Local Government (MHCLG) guidance on local authority investment. The CIPFA code and MHCLG guidance recognise that organisations may make investments for reasons outside of treasury management objectives and these investments may prioritise other objectives above the security of capital.

Contents of the Investment Strategy

- The types of non-cash investments
- How Council monitors performance
- The role of the sub-committee

Investment Primarily for Yield (overarching principle)

Guidance from the PWLB issued in 2020/21 bans any local authority from borrowing from it if, in the current or following 2 years, the authority has plans in its capital programme to invest in assets to be held primarily for yield. The City Council can access non-PWLB sources to fund capital investment. However, the Council previously approved the principle that keeping access to PWLB borrowing was more important than keeping the option to undertake the purchase of investment property primarily for yield. The recommended overarching principle in the investment strategy is that the Council will not undertake any capital investment with the primary objective of yield. The CIPFA 2021 Prudential and Treasury Management best practice code is explicit that authorities must not borrow for the primary purpose of earning a financial return.

Service Investments: Loans and Shareholdings

These covers making loans to, and buying shares in, local service providers, local small businesses to promote economic growth, and, for some authorities, subsidiary companies that provide services. Considering the public service objective, Councils can take moderate risk with the principal invested.

The main risk when making service loans is that the borrower will be unable to repay the principal lent and/or the interest due. To limit this risk, and ensure that total exposure to service loans remains proportionate to the size of the Authority, upper limits on the outstanding loans have been set as follows: -

Category of borrower	**31.3.2024 actual**			**2025/26**
	Balance owing	**Loss allowance**	**Net figure in accounts**	**Approved Limit**
Chelmsford City Football Club	£0.083m	£0.083m	£0.000m	£0.021m
CHESS (Support for Homeless Service)	Nil	Nil	Nil	£0.700m
Maximum New loans if required.	Nil	Nil	Nil	£10.000m
TOTAL LIMIT	**£0.083m**	**£0.083m**	**£0.00m**	**£10.721m**

The above table includes an allowance of up to £10m of new loans should the Council for example decide to create a standalone company to facilitate the creation of additional affordable housing or for other trading purposes. Any decision would be subject to Council approval.

The football club has made 3 payments during 2024/25 and has one final outstanding that is due to be paid in the next financial year.

The Council will monitor the financial position of the recipient or potential recipient using (but not limited to) credit ratings where appropriate, published financial information (such as annual accounts), press articles and by maintaining an open dialogue.

Accounting standards require the Authority to set aside an allowance for losses on loans, reflecting the likelihood of non-payment. However, the Authority makes every reasonable effort to collect the full sum lent and has appropriate credit control arrangements in place to recover overdue repayments.

There may be times to approve items outside this process, due to urgent health and safety issues for example, or the need to respond quickly to market opportunities. These changes will need approval in line with the constitution.

Commercial Investments:

MHCLG defines property to be a commercial investment if it is held primarily to generate a financial return. This type of investment may also involve making loans to subsidiaries or partners, where the aim is achieving profit.

The Council's commercial property investments are summarised below. No new assets have been acquired since last reported; any increases shown reflect improvement or refurbishment works.

There was a fall in valuation of the Aquarium office building as result of lower occupancy and the broader market having lower demand. The value of Meadows Retail Shopping Centre fell due to low rents and occupancy.

Property Type	31.3.2024 actual				31.3.2025 expected				
	Disposals In Year	Transfers to PPE in Year	Works and Gains or (losses)	Value in accounts	Acquisitions In Year	Disposals In Year	Transfers to PPE in Year	Works/ Additional Gains or (losses)	Value in accounts
Office	£0.0m	£0.0m	-£4.9m	**£15.7m**	£0.0m	£0.0m	£0.0m	-£0.2m	**£15.4m**
Other	£0.0m	-£0.2m	£0.1m	**£4.7m**	£0.0m	£0.0m	£0.0m	£0.1m	**£4.7m**
Retail	£0.0m	£0.0m	-£22.2m	**£33.8m**	£0.0m	£0.0m	£0.0m	-£0.1m	**£33.7m**
Industrial	£0.0m	£0.0m	£0.0m	**£0.0m**	£0.0m	£0.0m	£0.0m	£0.0m	**£0.0m**
TOTAL	**£0.0m**	**-£0.2m**	**-£27.0m**	**£54.1m**	**£0.0m**	**£0.0m**	**£0.0m**	**-£0.2m**	**£53.9m**

The Council will consider the purchase of commercial property but only where it supports regeneration, facilitates land assembly for future regeneration projects, or supports Council priorities set out in "Our Chelmsford: Our Plan" but not where the primary purpose would be for yield.

Properties will only be purchased within the Council's geographic area.

Any properties that generate commercial yield will be monitored by the Treasury Management and Investment sub-committee until redevelopment occurs.

Loan Commitments and Financial Guarantees

Although not strictly counted as investments since no money has exchanged hands, loan commitments and financial guarantees carry similar risks to the Authority and are included here for completeness. The Council is entering into a new loan agreement with CHESS (Support for Homeless Services) of up to £700K to help finance their redevelopment of a Homeless Accommodation.

Capacity, Skills and Culture

The Council employs professionally qualified and experienced staff in senior positions with responsibility for making capital expenditure, borrowing and investment decisions. For example, the Accountancy Services Manager (Section 151 Officer) is a qualified accountant with over 30 years' experience and the Head of Property is a member of the Royal Institution of Chartered Surveyors with over 20 years' experience in both Public and Private Sectors. The Council pays for junior staff to study towards relevant professional qualifications including CIPFA and external short courses to keep abreast of developments and maintain up to date skills and knowledge.

Elected members: The Council does not expect members to make investment decisions but to understand the risks the Treasury Strategy creates. The Council therefore provides training for members on the appropriate issues by providing advice and access to Link Group, the Council's Treasury Advisors.

Training and qualifications: Documents and schedules will be kept of training and qualifications of the key roles.

Due Diligence: When undertaking investments there is a need to recognise where the Council is lacking detailed market knowledge and then external advisors will be employed. The Council uses Link Group as Treasury Management Advisors and external property valuers are engaged when undertaking material purchases.

Investment Indicators (Limits or Indicators)

The Authority must set the following quantitative indicators to allow elected members and the public to assess the Authority's total risk exposure because of its investment decisions.

1) Total investment risk exposure (indicator): The first indicator shows the Authority's total exposure to potential investment losses. This includes amounts the Authority is contractually committed to lend but have yet to be drawn down and guarantees the Authority has issued over third-party loans.

Total investment exposure	**31.03.2024 Actual**	**31.03.2025 Forecast**	**31.03.2026 Forecast**
Treasury management investments	£25.5m	£14.0m	£14.0m
Service investments: Loans	£ 0.1m	£0.7m	£0.7m
Commercial investments: Property	£54.1m	£53.9m	£54.1m
TOTAL INVESTMENTS	£79.7m	£68.6m	£68.8m

The commercial property forecast values shown above are projected changes arrived at after discussions with the Council's external valuer. It has been assumed that offices remain relatively static, with retail and other property types having a 1% increase except for Meadows Retail and Aquarium Office.

2) How investments are funded (indicator): Investments funded from borrowing have more risk than those funded from surplus resources, so Government guidance is that there should be indicators on how investments are funded. Since the Authorities do not normally associate particular assets with specific borrowing liabilities, this guidance is difficult to comply with. However, the following table probably best describes any borrowing link to investments.

Investments funded by borrowing	**31.03.2024 Actual**	**31.03.2025 Forecast**	**31.03.2026 Forecast**	**31.03.2027 Forecast**
Service investments: Loans	Nil	Nil	Nil	Nil
Commercial investments: Property*	£6.8m	£6.7m	£7.9m	£7.8m
TOTAL FUNDED BY BORROWING	£6.8m	£6.7m	£7.9m	£7.8m

*In 2019/20 to alleviate the temporary costs of the pandemic, the Council choose not to make revenue contributions to capital. The overall level of borrowing would have been lower, and the commercial assets (Aquarium offices) would not have been funded from internal borrowing. The additional borrowing in 2026 and 2027 relates to remodelling works to existing properties and development of existing sites.

3) Rate of return received (indicator): This indicator shows the net investment income received less the associated costs, including the cost of borrowing where appropriate, the calculated as a proportion of the sum initially invested.

Investments net rate of return (income)	**2023/24 Actual**	**2024/25 Forecast**	**2025/26 Forecast**
Treasury management investments	5.5%	4.7%	4.3%
Service investments: Loans	Nil	Nil	Nil
Commercial investments: Property	6.6%	6.5%	5.7%
Treasury Management Income £ms (draft estimate 25/26)	£2.9m	£1.5m	£0.9m
Investment Rent Income £ms (draft estimate 25/26)	£3.5m	£3.1m	£2.9m

4) Other investment indicators

The Section 151 Officer has identified the following estimates to help assess Risks and Proportionality of investment activity at the Council:

Estimates	**2023/24 Actual**	**2024/25 estimate**	**2025/26 estimate**	**2026/27 estimate**	**2027/28 estimate**
Income from Treasury Management as Percentage of Net Revenue Stream	8.5%	4.1%	2.6%	2.1%	1.9%
Commercial Income as percentage of Net Revenue Stream (to be replaced with next line in 2025/26)	13.5%	12.2%	11.5%	11.9%	13.9%
Commercial Income as percentage of Net Service Expenditure	11.5%	10.3%	9.6%	9.9%	11.4%
Total Borrowing Undertaken to Fund Investment Properties	£6.8m	£6.7m	£7.9m	£7.8m	£7.6m

The estimates/indicators reflect historic decisions, and the schemes included in the proposed/approved Capital programme.

5) Investment Indicator Limits

Below are limits on investments which reflect the estimates above plus allowance for some headroom or flexibility to undertake higher levels of investment activity. The limit is that recommended by the Section 151 Officer. These limits are required under Government guidance and should not be exceeded. If the Council does exceed these limits, then it is expected not to rashly dispose of investments but instead should avoid entering any further investments except for short term Treasury Management activity until appropriate alleviation of the breach is undertaken.

Limits	**2023/24 Limit**	**204/25 Limit**	**2025/26 Limit**	**2026/26 Limit**	**2026/27 Limit**
Commercial Income as percentage of Net Service Expenditure *(to be replaced in 2025/26 with the limit below)*	14%	11%	14%	14%	14%
Commercial Income as percentage of Net Revenue Stream			19%	19%	19%

A new limit has been added to the table above as it is proposed to switch in 2025/26 to Net Revenue Stream to be more line with code.

Role of Treasury and Investment Sub-committee

The non-cash investments require continuous monitoring, and the role of the sub-committee is to undertake that ongoing assessment. At a previous sub-committee meeting it was agreed that the following would be the basis of the ongoing monitoring:

- Any changes in the portfolio in the period (acquisitions and sales)
- All charges and receipts, indicating any arrears.
- Capital expenditure; planned or reactive.
- Performance against budgets; both expenditure and income.
- Any potential changes to the income through lease renewals and rent reviews.

The Sub-committee is also responsible for recommending the Investment Strategy. The strategy requires Full Council approval.

Unfunded Priorities List Identified December 2024

	Proposed Schemes	**Brief Overview of Proposal**
	Leader	
1	Accommodation Strategy - Coval Lane Building	To relocate staff in Coval Lane to Duke Street with the intention to rent out the majority of the Coval Lane Building with the aim of covering fixed costs whilst also generating a rental income.
	Active Chelmsford	
2	SWF Leisure Gym & Studio expansion	To convert existing "gym" to enhance health & fitness facilities to enable daytime use in line with the swimming pool
3	Hylands Walled Garden	To bring walled garden into use (TBA) with a commercial partner. Feasibility, followed by market testing - will likely need some CCC financial input
	Strategic Outdoor Sports Provision	
4	Runwell Sports and Social Club	Provision of additional facility for community by third party funded from S106 Contributions
5	Community Sports Ground North Chelmsford (East New Hall School)	Provision of additional facility for community
6	Melbourne Park Changing Room Pavilion, Flood lighting and surface replacement of multi-sport Courts	Enhancement of existing community facility
7	Coronation Park additional Rugby Pitch	Provision of additional facility for community
8	Additional 3G Pitch - Warren Farm Sports Area additional floodlit artificial pitch	Provision of additional facility for community
9	Saltcoats Park and Compass Gardens - new cricket and football facilities and sports pavilion	Provision of additional facility for community
10	Springfield Hall - enhanced floodlit football facilities	Enhancement of existing community facility
	Connected Chelmsford	
11	Museum Re-imagining The Bothy, Oaklands Park	Adaptations to expand use of asset
	Fairer Chelmsford	
12	Housing Initiatives Provision	To continue to increase provision of temporary and affordable housing.
	Greener Chelmsford	
13	Sandford Mill Future Use of Area	
14	Rivers, Waterways and bridges - development and Improvement	Parks, Green Spaces and Waterways Strategy 2022 and Improvement Plan for Rivers and Waterways Policy Board 2022

15	Cemetery and Crematorium Infrastructure	To enable provision of current service at new location
	Growing Chelmsford	
16	Local Plan Digital Platform	Replacement digital solution to engage, prepare, consult and monitor future Local Plan
17	Public Realm - Market Square (1)	Enhancement to Market Square to make the space more attractive and active
18	Public realm - Half Moon Square to Stone Bridge (2)	Improve public realm in city centre
19	Public Realm - Stone Bridge to Baddow Road (3)	Improve public realm in city centre
20	Public Realm - Springfield Road (4)	Improve public realm in city centre
21	Cathedral Precinct Enhancement Scheme	Public realm enhancement to Cathedral Grounds and adjoining connecting spaces
22	ECC Army and Navy Contribution	Contribution to ECC to enable development of highways
23	ECC East Chelmsford Cycling & Walking Connectivity	Contribution to ECC to enable works
24	Q-Tech Park	Economic development initiative
25	Car Parking - Future requirements	Potential decked car park
26	Townfield Street Improvement works	Staircase and lobbies structural and waterproofing works
27	North-East Chelmsford Garden Community Infrastructure Ringfenced CIL	New development
28	South Woodham Ferrers Town Infrastructure - Ringfenced CIL	Improve facilities
29	Land Bank	To create a provision to acquire new land for the future (not from CIL)
30	Park and Ride	

Treasury Investment Types

Enhanced Money Market and Money Market Funds. The Council has access to enhanced money market funds (AAA rated) which offer a rate of return but require 2 – 5 days' notice to withdraw funds.

The Council invests short-term cash in several AAA-rated money market funds. These funds provide a rate of interest (4.68%-4.76% in November 2024) and most importantly allow same-day access to funds. Interest rates are linked to the BOE base rate and so any increase in this will feed through to the rates earned for the Council.

These funds spread the Council's investment over many financial institutions, so reducing risk. Historically the funds have proved very safe.

UK Public Bodies. Debt Management Agency Deposit Facility, Government Treasury Bills or Gilts are all investments with the UK Central Government. These are the safest possible form of UK investment, so the Council will place no limit on the amount that can be invested.

Local Authorities / Bank Deposits Collateralised (guaranteed against local authority loans). These are theoretically as safe as lending to Government, but what would happen should a Local Authority go bankrupt has never been tested in law. It is therefore prudent to place some limit on investments with each local authority but recognising this type of investment is much safer than most alternatives.

Unsecured UK bank investments. The changes to UK Bank regulation from the adoption of a "bail-in" approach to recapitalising banks and the move to ringfencing of UK bank retail operations have increased the amount that could be lost in the event of a bank failure. With the completion of ringfencing activities by major banks to protect retail investors from investment banking losses, different banks have placed local authority depositors in either the retail or investment banking divisions. It should be noted that the credit scores for the banks to which the Council lends have either remained the same or improved because of ringfencing. The Council believes that it is prudent to invest with banks who are on Link Group suggested lists. Link Group only suggest investments with UK banks for up to 6 months for the majority of those listed. The Council differs from Link Group advice in terms of the length of investment, up to a period of 365 days. But only if the credit rating criteria (below) are met and no information is available that identifies unacceptable risk. The Council will not invest with any bank that is not on the suggested Link Group list.

Unsecured building society investments. Link Group recommend a pool of Building Societies that it suggests clients could invest with. Where our criteria do differ to Link Group relates to the suggested duration periods where Link Group only recommend up to a maximum of 6 months. The Council current policy goes beyond Link Group advice and lends up to 365 days.

It is recommended that the Council's treasury strategy takes a different approach to investing with building societies than that suggested by Link Group. If a building society has a long-term credit rating of at least A- then investments for up to 365 days should be allowed. This is the same as the Council's previous counterparty policy for Building Societies but is a higher risk approach than Link Group based on duration.

Unsecured Non-UK bank investments. Link Group review the approach to investment with non-UK banks separately to UK banks. This reflects the different risks and ownership structures that affect the security of the investment. The Council first uses Link Group advice to select appropriate non-UK banks and then uses credit rating information to make investment decisions. The Council uses credit rating of AA- for selecting investments with non-UK banks of up to a maximum of 365 days and A- for investments of up to 100 days.

The Council may differ from Link Group advice in terms of the length of investment, if the credit rating criteria above are met. The Council will not invest with any bank that is not on the suggested Link Group list. In practice, the Council's approach is more conservative than Link Group who, for non-UK banks with a Fitch rating of between A- to A+, suggest in many cases durations up to 6 months. The Council is broadly consistent with Link Group where the suggested duration is up to 2 years for the non-UK banks with a rating of AA-.

Registered Social Landlord (RSL) Loans. The Council can lend to RSLs in the pursuit of treasury management objectives but must treat any loans made for policy reasons as capital expenditure. The option to lend for Treasury purposes has been on the Council's counterparty list for several years but there has not been a suitable opportunity.

Covered Bonds, Reverse Repurchase Agreements and Supranational Bonds. These are all different investment products but have in common the highest levels of credit rating. They are either backed by a pool of guaranteed bank assets or UK and/or foreign Governments. The Council takes advice from Link Group before undertaking any of these investments, so an investigation of the individual strength of each investment has been determined. They are rarely used by the Council.

Multi-Asset, Bond and Property Funds. These potentially offer the Council income and capital growth of the sum invested. There are several types of funds including property funds, bond funds, equity funds and multi-asset funds. Funds seek to reduce risk by building a pool of investments and as such are considerably safer than an investment of comparable size in a specific single asset.

However, any fund exposes the Council to market price volatility. Officers will carefully consider any investment opportunities and always keep any ownership under review. A review of the risks and benefits of using Funds was made in the summer of 2019 and which concluded that Multi-Asset, Bond and Property funds provide a suitable method to invest Council funds.

As at the end of November 2024, the Council has an investment of around £9m in 3 Multi-Asset funds.

Counterparty – Duration and Monetary Limits

The duration that an investment is made affects the amount of risk to the capital invested. The longer the investment the more risk of some unexpected change occurring to the financial strength of the deposit taker. Perhaps, more importantly the Council can only invest for durations that enable Council's liquidity to be managed effectively. To reduce these risks limits can be placed on the length of investments. The Council is required by law to identify the proposed investment criteria under the categories Specified and Non-Specified, as shown below:

Specified Investments

- investments of duration less than or equal to 365 days and denominated in sterling.

- investments made to UK Government, UK local authorities or institutions of high credit quality.

- high credit quality defined as a minimum A- by Fitch or the equivalent score of the other main rating bodies (Standard & Poor's, Moody's).

Specified Counterparty	**Minimum Credit Criteria**	**Max. Limit £m**	**Max. maturity period**	**Change from Prev. approach**
Enhanced Money Market Funds (Variable Unit Price) Up to 5 funds	AAA	£6m each fund	2-5-day notice	None
Money Market Funds (per fund)	AAA	£6m each fund	Instant Access	None
Debt Management Agency Deposit Facility, Government Treasury Bills or Gilts	UK Government	No Limit	365 days	None
Local Authorities / Bank Deposits Collateralised (guaranteed against local authority loans)	UK Government	£10m each authority	365 days	None
UK Banks	A-	£3m for each group	365 days	None
Building Societies	A-	£3m for each group	365 days	None
Non-UK Banks	AA-	£3m each group	365 days	None

Non-UK Banks	A-	£3m each group	100 days	None
Registered Social Landlord Loans	A-	£3m each group	365 days	None
Covered Bonds	AA-	£6m	365 days	None
Reverse Repurchase Agreements (each agreement)	AA-	£6m	365 days	None
Supranational Bonds (per institution)	AAA	£6m	365 days	None

The counterparty limit for 2024/25 is £3m per financial institution and it is recommended that this is retained for 2025/26. Reducing the £3m limit would reduce the number of institutions willing to take Council deposits, as a smaller investment would be judged too small to be economic for large institutions. Indeed, there are many institutions who will not accept £3m from the Council as this is too small for them.

Non-specified Investments

These do not meet the criteria of specified investments. They are identified separately to ensure the Council understands that these are higher risk, either due to counter party risk, liquidity risk, market risk or interest rate risk.

Counterparty	**Min. Credit Criteria**	**Max. Limit £m**	**Max. maturity period**	**Change from existing approach**
Multi-Asset or Bond funds	Unrated	£5m per fund	n/a	None
Covered Bonds (per bond)	AA-	£6m	3 years	None
Supranational Bonds (per each institution)	AAA	£6m	3 years	None
Debt Management Agency Deposit Facility, Government Bills or Gilts	UK Government	No Limit	5 years	None
Local Authorities / Bank Deposits Collateralised (guaranteed against local authority loans	UK Government	£10m each authority	5 years	None

Treasury Management Indicators

Limits

1) **Long-Term Treasury Management Investments** (Limit) – The purpose of this indicator is to manage the Authority's exposure to the risk of incurring losses by seeking early repayment of its investment or the costs of enforced borrowing for liquidity purposes. The prudential limits on the long-term treasury management investment will be: -

Price Risk Indicator	**2023/24**	**2024/25**	**2025/26**	**Investment Funds**
Limit on total principal invested beyond year end	£10m	£10m	£10m	£12m

The £12m shown is a maximum limit for investment funds which have no fixed maturity date such as Multi Asset. Additionally, there is a separate £10m limit for sums invested in fixed term investments over 365 days in duration. The £10m limit for cash invested over 365 days is only expected to be used if cash balances turn out materially higher than forecast, which is unlikely.

2) **Counterparty limit –** The Council will be informed whether investments have been made within the approved limits for counterparties and any breaches will be reported during the year. The limits are shown in Annex 3.

3) **Maturity structure of borrowing:**

These gross limits set to reduce the Authority's exposure to large amounts falling due for refinancing in a short space of time. Officers will have regard to prevailing interest rate assumptions when undertaking borrowing.

The Council is asked to approve the following treasury indicators and limits: -

Maturity structure of fixed interest rate borrowing 2025/26		
	Lower	**Upper**
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	50%
10 years to 25 years	0%	50%
25 years to 50 years	0%	50%
Maturity structure of variable interest rate borrowing 2025/26		
	Lower	**Upper**
Under 12 months	0%	100%
12 months to 2 years	0%	100%
2 years to 5 years	0%	100%
5 years to 10 years	0%	50%
10 years to 25 years	0%	50%
25 years to 50 years	0%	50%

The borrowing limits are set within the capital strategy and the above shows the maturity structure of loans.

Indicators that are Targets

1) **Liquidity –** The liquidity indicator is a voluntary measure that seeks to ensure that the Council has the necessary funds to meet unexpected payments within a rolling period without additional borrowing.

Liquidity Risk Indicator	Target
Total minimum cash available within 35 days	£5m

2) **Liability Benchmark (indicator):**

This indicator is a tool to help establish whether the Council is likely to be a long-term borrower or long-term investor and as a result aids long-term planning. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

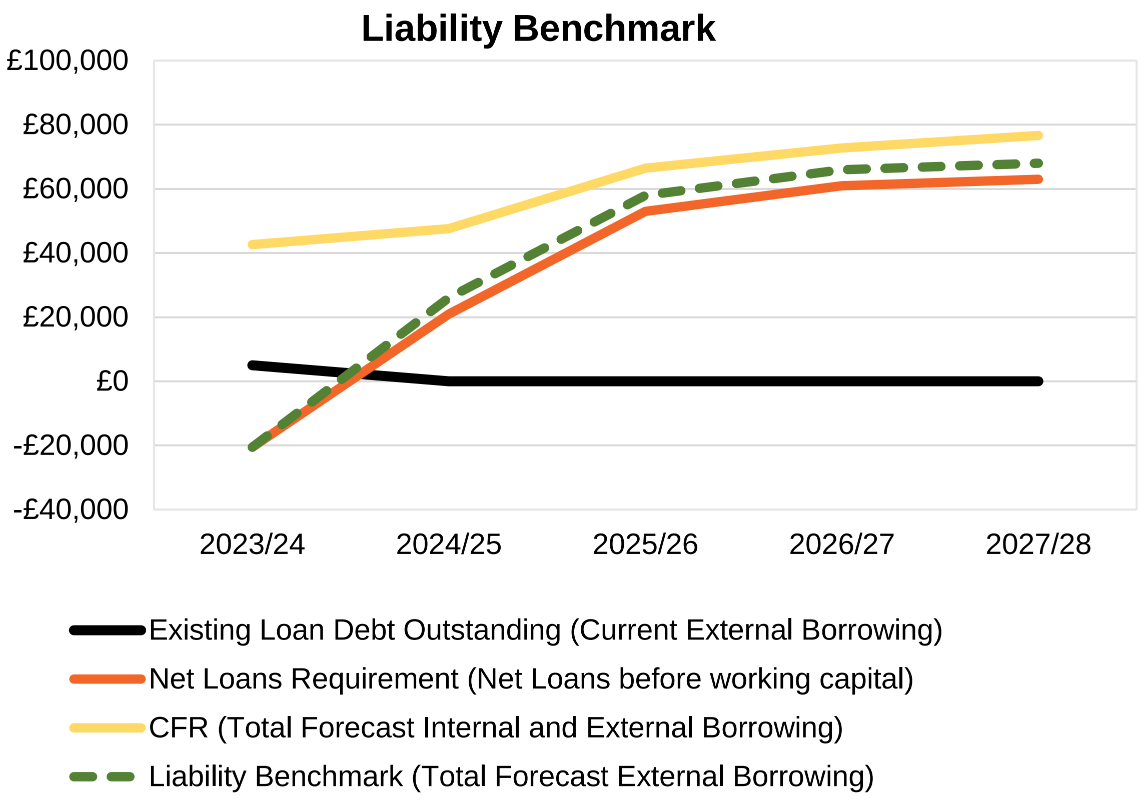
Ref.	**Liability Benchmark**	**31/03/24 Actual (£m)**	**31/03/25 Estimate (£m)**	**31/03/26 Forecast (£m)**	**31/03/27 Forecast (£m)**	**31/03/28 Forecast (£m)**
1	Capital Financing Requirement (CFR)	38	48	66	73	77
2	Less: Balance sheet resources	58	27	13	12	14
3	**Net loans requirement (Negative shows surplus cash/Positive are external borrowing requirement)**	**-20**	**21**	**53**	**61**	**63**
4	Plus: Liquidity allowance		5	5	5	5
5	**Liability benchmark (Negative shows surplus cash/Positive are external borrowing requirement)**	**-20**	**26**	**58**	**66**	**68**

<-------------Externally Loans Borrowing------------->

The table above shows
Ref 1 - our capital financing requirement, being total external and internal borrowing needed to fund the capital programme. Example at 31/03/24 the capital programme needed £38m of borrowing.
Ref 3 - is a forecast of any external borrowing expected/required. A positive figure means external borrowing is forecast to be required. This indicator will be updated by the Section 151 officer for January Cabinet to reflect any new budget proposals.

The current forecasts identify short-term borrowing of c.£26m will be needed towards the end of March 2025, £58m in 2025/26, and £66m in 2026/27 cumulatively.

The information above is shown graphically below.


Liability Benchmark
£100,000
£80,000
£60,000
£40,000
£20,000
£0
-£20,000
-£40,000
2023/24
2024/25
2025/26
2026/27
2027/28
Existing Loan Debt Outstanding (Current External Borrowing)
Net Loans Requirement (Net Loans before working capital)
CFR (Total Forecast Internal and External Borrowing)
Liability Benchmark (Total Forecast External Borrowing)

Chelmsford City Council Cabinet

28 January 2025

Local Council Tax Support (LCTS) Scheme 2025/26

Report by:
Cabinet Member for Finance

Officer Contact:
Rob Hawes, Revenue and Benefit Services Manager, 01245 606695, robert.hawes@chelmsford.gov.uk

Purpose

To present for consideration a Local Council Tax Support (LCTS) scheme for 2025/26 to put forward for Full Council approval before 11 March 2025.

Recommendation

That Cabinet recommends to Full Council that the existing LCTS scheme for 2024/25 is adopted, without alteration, as the LCTS scheme for 2025/26.

1. Background

1.1. Since 2013/14, every billing authority has been required to approve a Local Council Tax Support (LCTS) Scheme, prior to 11 March, in respect of the forthcoming financial year. The LCTS scheme assists people on a low income with their Council Tax liability by reducing the amount they have to pay. Entitlement to Council Tax Support (CTS) is 'means-tested', whereby entitlement reduces as household income increases. The Council must incorporate Government rules in respect of pensioners, but it has significant freedom to decide the rules in respect of 'working age' households.

1.2. In 2013/14, the Council decided to reduce the maximum level of CTS which could be awarded to an amount equivalent to 80% of a household's Council Tax liability. This meant that all working age households paid a minimum of 20% of their Council Tax liability. This decision was taken to ensure that scheme expenditure did not exceed the funding provided. Following a reduction in Government grant for 2014/15, the minimum payment was raised to 23% and has remained at that level ever since. Subsequent reductions in Government grants have meant that the scheme expenditure now exceeds any grant received and Chelmsford's council tax payers are now contributing to the cost of the scheme. The amount of that contribution cannot be calculated exactly as the direct link between Central Government grant for LCTS was broken in 2014/15 when the specific LCTS grant was incorporated into the overall Settlement Funding Assessment.

2. Current 2024/25 LCTS scheme summary

Key principles

2.1. The key principles of the existing LCTS scheme are as follows:

- Local councils have the power to decide how much help is given to working age households. In Chelmsford, all working age recipients pay a minimum of 23% of their Council Tax liability.
- The rules for pensioner households are set by the Government. Chelmsford's pensioners can receive a maximum of 100% of their Council Tax liability, so they may not pay any Council Tax.

2.2. A more detailed summary of the key principles can be found in Appendix 2.

2.3. The Council is required to agree and approve a working age LCTS scheme for 2025/26. It is recommended that the 2024/25 scheme is retained in its current form without amendment.

2.4. The Government is expected to make small amendments to the statutory parts of the LCTS scheme shortly. If it does so, amendments to Chelmsford City Council's 2025/26 LCTS scheme will follow automatically, so there is no requirement for Cabinet or Full Council to approve these statutory changes.

3. Scheme Finances

3.1. The Government includes an amount in respect of LCTS scheme expenditure in the annual settlement for Chelmsford City Council, Essex County Council and the Police and Fire authorities. It is the billing authority, Chelmsford City Council, which is responsible for assessing the amount of LCTS payable and reconciling this through the Council Tax collection fund.

3.2. Since the amount of grant in respect of LCTS is no longer separately identified, it is not possible to accurately estimate the amount by which LCTS scheme expenditure exceeds the available grant. What is clear is that the overall annual amount of Government grant to the precepting bodies (Essex County Council, Chelmsford City Council and Essex Police, Crime and Fire Commissioner) is £144.32m less in 2024/25 than in 2013/14, while scheme expenditure remained relatively constant at around £6.5m per annum until 2019/20. It is reasonable to assume that the gap between CTS grant amounts and scheme expenditure has risen each year.

3.3. The Covid-19 pandemic and reduction in economic activity caused a large increase in caseload numbers in 2020/21 and, although caseload levels are now falling, increases in the level of Council Tax each year mean that scheme expenditure now stands at £7.488m as at 31 December 2024. This means that the shortfall between CTS grant and expenditure has increased once more. Given the budget position for 2025/26, it is not advisable to increase the expenditure on the LCTS scheme by making its provisions more generous in 2025/26. Increasing LCTS scheme expenditure would have a detrimental financial effect on the other preceptors, which are facing their own budget challenges. Conversely, as there are cost of living pressures on households in the wider economy and Council Tax levels are likely to rise, it would place additional pressure on low-income residents if the Council attempted to reduce LCTS expenditure by making the LCTS scheme less generous.

3.4. As at the end of December 2024, the amount of LCTS paid to working age households totals £4.13m, with a further £3.358m paid to pensioner households. £1.13m of the working age total is being paid to households receiving minimum levels of income. As the only cost-effective method of recovery available in such cases is a £3.75 per week deduction from benefits, there is a strong likelihood that any attempt to reduce scheme expenditure by reducing the amount of LCTS that is paid would be matched by a comparable fall in collection rates. Despite the increase in Council Tax rates in 2024/25, LCTS expenditure in respect of the poorest households has fallen slightly compared to 2023/24. However, LCTS expenditure in respect of households not receiving maximum LCTS has risen by 16.7% to £3m. This suggests that households are moving into relatively low-paid employment rather than remaining on minimum social security benefits as the economy recovers from Covid. However, all households will be affected by the ongoing high costs of such basic necessities as food and energy costs, which will further increase the difficulty of council tax collection in 2025/26.

4. Equality Issues

4.1 When deciding upon a scheme, the Council is required to have due regard to its Public Sector Equality Duties, which requires public authorities to give due regard to the need to:

i. Eliminate unlawful discrimination and harassment in the respective fields of race, sex and disability;
ii. Promote equality of opportunity between those with a protected characteristic and others; in addition, the Race and Disabilities Duties include the need to promote good race relations;
iii. Take steps to take account of disabled people's disabilities even where that involves treating disabled people more favourably than others; and,
iv. Promote positive attitudes towards disabled people and to encourage participation by them in public life.

4.2 An Equality Impact Assessment (EIA) for 2023/24's LCTS scheme is attached for reference at Appendix 1. This will need to be revisited if changes to the scheme are proposed in future years. The EIA identifies impacts upon relevant groups and any mitigations which are in place. It is important that decisions relating to our LCTS scheme are taken with these matters in mind. Although the PSED does not prevent councils from taking decisions which impact adversely on groups with 'protected characteristics', they must ensure that they are not impacted in a worse fashion than non-protected groups.

5. Conclusion

5.1 The LCTS scheme is an important support for low-income households. Given the current economic climate and the ongoing uncertain economic outlook for 2025/26, it is not considered desirable to reduce the level of support provided by the LCTS scheme, nor do the Council's finances permit any expansion to scheme expenditure by making it more generous. It is recommended that the current 2024/25 LCTS scheme is adopted unchanged for 2025/26.

List of appendices:

Appendix 1 – Equality Impact Assessment

Appendix 2 – Main principles of the LCTS scheme

Background papers:

None

Corporate Implications

Legal/Constitutional: A local scheme must be agreed by Full Council before 11 March 2025. If Cabinet is minded to propose changes to the existing scheme, a public consultation lasting a minimum of six weeks must take place on any proposed change. This paper cannot be deferred to a later meeting as a delay would mean that there would be insufficient time to obtain a ratifying decision at Full Council.

Financial: The exact relationship between reducing LCTS expenditure and Council Tax collection rates is unclear, although in-year collection rates of Council Tax have dropped by 2% since LCTS was introduced in April 2013. 2% equates to a shortfall of £3m on an estimated Council Tax debit of £152m in 2024/25, although strong performance on arrears collection in subsequent years has largely offset this reduction. 2024/25 collection performance is expected to be slightly better than 2023/24, with collection rates currently 0.11% higher than in 2023/24.

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: No change. Equality impact Assessment attached as Appendix 1

Health and Safety: None

Digital: The existing Benefits software is capable of maintaining the current scheme. Any radical proposed changes will need to be evaluated as to whether the software can deliver them.

Other:

Consultees:

Director of Connected Chelmsford, Legal and Democratic Services Manager, Pan Essex Council Tax Support Scheme Project Group

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Relevant Policies and Strategies:

The report takes into account the following policies and strategies of the Council:

Benefits Operational and Internal Security Policy
Benefits Customer Service Policy

This form enables an assessment of the impact a policy, strategy or activity on customers and employees.

A: Assessor Details	
Name of policy / function(s):	**Local Council Tax Support scheme with effect from April 2024**
Officer(s) completing this assessment:	**Robert Hawes**
Date of assessment:	**14 December 2023**

B: Summary Details	
Description of policy, strategy or activity and what it is aiming to do	☐ **new** **OR** ✓**existing** (***If existing***, **when was the last assessment?** December 2022 ☐ **internal** **OR** ✓ **external (i.e. public-facing)** ☐ **statutory** **OR** ✓ **non-statutory – parts of the policy will be governed by statute, those affecting pensioners and rules relating to entitlement to persons from abroad for both pensioners and working age**
Policy Owner (service)	**Revenues and Benefits**
Scope: **Internal - Service/Directorate/Council wide** **External – specify community groups**	**External – applies to any member of the community on a low income requiring assistance with their Council Tax liability**

C: Assessment of impact Using the information above, assess if the policy / function could potentially disproportionately impact on different protected groups. Specify if the potential impact is positive, could adversely impact or if there is no impact. If an adverse impact, indicate how the impact will be mitigated. **Please note any data used in the impact assessment should be anonymised and with due regard given to data privacy in line with GDPR.**					
Characteristic	**Positive impact**	**Could adversely impact**	**No impact**	**How different groups could be affected**	**Actions to reduce negative or increase positive impact**
Age What will the impact be on different age groups such as younger or older people?		The amount of assistance available does vary dependent upon age, although no changes are proposed in this respect for 2024/25.		Pensioners receive additional allowances which ensure that they receive more support than a working age person with the same income. Individuals or households where both members are under 25 will receive less assistance than when one or both members are over 25. This disparity in assistance is a standard feature of all welfare benefit schemes. Pensioner households are entitled to a maximum of 100% of their Council Tax liability. Working age households are entitled to a maximum of 77% of their Council Tax liability	

Characteristic	**Positive impact**	**Could adversely impact**	**No impact**	**How different groups could be affected**	**Actions to reduce negative or increase positive impact**
Disability Consider all disabilities such as hearing loss, dyslexia etc as well as access issues for wheelchair users where appropriate			No changes are proposed to affect people with this characteristic		Additional allowances are already in place for people receiving specified disability benefits.
Pregnancy and maternity Pregnant women and new and breastfeeding Mums			No changes are proposed to affect people with this characteristic		Households with children receive additional allowances which result in higher entitlements. Chelmsford City Council has not implemented the wider welfare benefit policy which restricts that assistance to the first two children in a household.
Marriage or Civil Partnership Could this policy discriminate on the grounds of marriage or civil partnership			There is no distinction between the treatment of married persons, persons in a civil partnership or unmarried couples.		
Sex Is the service used by people of			No distinction is made in the		

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
both male and female biological characteristics or intersex and are the sexes given equal opportunity?			assessment of entitlement as a result of biological gender.		
Gender reassignment Is there an impact on people who are going through or who have completed Gender Reassignment? Additionally, is there an impact on people with different gender identity?			No distinction is made in the assessment of entitlement as a result of gender identity.		
Religion or belief Includes not having religion or belief			No distinction is made in the assessment of entitlement as a result of religious belief.		
Sexual Orientation What is the impact on people of different sexual orientation such heterosexual, lesbian, gay or bisexual people?			No distinction is made in the assessment of entitlement as a result of sexual		

Characteristic	Positive impact	Could adversely impact	No impact	How different groups could be affected	Actions to reduce negative or increase positive impact
			orientation.		
Race Includes ethnic or national origins		Yes		Brexit removed entitlement from EU nationals without 'settled status'. This is in addition to the restrictions to benefit already in place on non-EU nationals.	This element of the policy is dictated by Government by way of statutory instrument and cannot be amended by the Council.
Are there any other groups who could find it difficult to access or make use of the policy / function? For example: low income / people living in rural areas / single parents / carers and the cared for / past offenders / long-term unemployed / housebound / history of domestic abuse / people who don't speak English as a first language / people without computer access etc.			No		

Chelmsford City Council

D: Consultation process, information used to analyse the effects on protected groups/equality and key findings Please describe the consultation process and evidence gathered. You may attach copies or links to the data / research you are using.		
1.	**<u>Consultation/engagement</u>** **What consultation or engagement has been undertaken regarding this policy?** *[Please summarise what, when and who was involved]*	The policy was subject to public consultation between 3/12/20 and 18/01/21. Following analysis of the consultation responses, this impact assessment was amended. No substantive changes have been made to the policy since that date.
2.	**<u>Key findings</u>** *(Summarise the key findings of your consultation in relation to protected groups as outlined above).*	The consultation attracted very few responses. However, each of the three respondents who identified themselves as being in one or more of the protected groups agreed that the proposed change in wording should be made, with one respondent suggesting that the change should be more wide-ranging to allow changes in scheme design to be made at any time.
3.	**<u>Data/Information</u>** **What relevant data or information is currently available about the customers and employees who may use this service or could be affected by this policy?** *(For example: equality monitoring, surveys, demographic data, research, evidence about demand/ take-up/satisfaction etc).* **What additional information could be collected which would increase your understanding about the potential impact of the policy?** *(What involvement or consultation with affected groups is still needed?)*	Incomes, capital holdings, age, sex and household make-up of existing recipients of Council Tax Benefit recipients are known. Data regarding disability can be inferred from both income and qualification for additional premiums. Data regarding ethnicity, sexual orientation, religious beliefs and language is minimal as these characteristics are not relevant when assessing entitlement. Respondents to the consultation were given the option to provide ethnicity, age, sexual orientation, disability and religious beliefs in addition to their answers. Feedback from customers, voluntary or community groups, advice agencies and residents was sought as part of the consultation.

4.	***For existing policies, strategy, activity only:*** **What has changed since the last assessment?** *(For example: evidence of public concern or complaints / new information has come to light / changes in service provision / changes in service users/ assessed impact on protected groups etc)*	Reductions in grants from central Government over a prolonged period have not been offset by more recent small increases. Inflation, the cost of homelessness and the overall commercial environment are placing considerable pressure on Chelmsford's finances. Councillors are able to decide whether or not to increase expenditure on Local Council Tax Support.

E: Relevance to the Equality Duty Aims: *Consider how the policy relates to the aims below (directly or indirectly), and if it could be adjusted to further meet these equality aims.*		
1.	**To eliminate unlawful discrimination, harassment and victimisation**	People with disabilities will continue to receive additional premiums as part of the calculation of local Council Tax Support. Chelmsford's Local Council Tax Support scheme has retained additional premiums for disabled people and continues to disregard the whole of any Disability Living Allowance or its replacement, Personal Independence Payment, from the assessment of entitlement.
2.	**To advance equality of opportunity between people who share a protected characteristic and those who do not** (*This means removing or minimising disadvantages, taking steps to meet needs of different people and encouraging participation. It can involve treating people better than others, e.g. disabled people).*	As above, disabled people will continue to be treated more favourably than non-disabled people with a similar income, which recognises the extra costs attributable to disability. Parents with dependent children will continue to receive additional premiums in respect of children as part of the calculation of support, thereby recognising the extra costs associated with bringing up a family. In 2015, Councillors rejected the option to remove the Family Premium (worth a maximum of £3.48 per week in Council Tax Support) from the calculation of LCTS for new working age claimants with effect from April 2016. There is no intention to remove the additional premiums awarded to households with more than 2 children within the means test. Therefore, people with children will still be treated more favourably than people without insofar as the additional cost of raising children is reflected in the amount of income a household with children can have before CTS is affected.

3.	**To foster good relations between those who share a protected characteristic and those who do not.** If so, how? *(This means promoting understanding between different groups and tackling prejudice)*	This policy is not intended to affect community relations and no such effects have been identified, nor are any anticipated.

F: Conclusion	
Decision:	**Explanation:**
✓ **Continue the policy with no changes** *[For example: evidence suggests no potential for discrimination / all opportunities have been taken to advance equality.]*	
☐ **Continue the policy with adjustments** *[For example: Low risk of negative impact / actions or adjustments would further improve positives or remove a potential negative impact.]*	
☐ **Adverse impact but continue** *[For example: Negative impact has been objectively justified.]*	
☐ **Suspend or withdraw the policy for further review / consideration of alternative proposals** *[For example: High risk of negative impact for any group / insufficient evidence / need to involve or consult with protected groups / negative impact which cannot be mitigated or justified / unlawful discrimination etc.]*	

Chelmsford City Council

Approved by*:*

Lead Officer / Responsible officer: ……………………………………………………………Date: ……………………

Senior Manager: …Robert Hawes…………………………………………………………………..Date: …14 December 2023……...

[Please save a copy and send one to Human Resources for publication on the website as appropriate]

Appendix 2 - LOCAL COUNCIL TAX SUPPORT (LCTS) SCHEME 2025/26

Main points of the LCTS scheme:

- Council Tax liability, for the purpose of calculating entitlement, is restricted to the appropriate Band D level. This means that a working age person in a Band H property, for example, will have their LCTS calculated using the Band D amount applicable to the parish area in which they live. A pensioner household receives LCTS based on their actual liability regardless of Band.
- LCTS is not available to working age households with more than £6,000 in savings. Pensioners can have up to £16,000 in savings before entitlement is removed.
- Households with other non-dependant adults in them receive reduced amounts of LCTS as the non-dependants are expected to contribute towards the running costs of the household. These contributions depend on the income of the non-dependant. Non-dependant deductions also apply to pensioner households, for whom the level is set by the Government.
- £10 per week of child maintenance received is disregarded. Any child maintenance paid to a pensioner household is disregarded in full.
- There are additional disregards to earned income to encourage work. This provision is more generous for the working age than for pensioners.
- For self-employed recipients, national minimum wage levels are assumed as income for the purposes of calculating LCTS entitlement if the declared income from self-employment is lower than the minimum wage. This applies after the first year of self-employment.

The amount of any reduction in council tax for people on low incomes is means-tested. This means that a household's income is compared against a set of allowances. These allowances vary depending on the personal circumstances of the household ie number of children, any disabilities etc. Working age households with an income equal to, or below, the relevant allowances receive maximum allowable LCTS ie 77% of Council Tax liability (capped at Band D rates, as described above). Households with an income above the relevant allowances have support withdrawn at the rate of 20p for every pound by which income exceeds allowances.

Chelmsford City Council Cabinet

28 January 2025

Discretionary Business Rate Relief Policy 2025/26

Report by:
Cabinet Member for Finance

Officer Contact:
Rob Hawes, Revenue and Benefit Services Manager, 01245 606695,
robert.hawes@chelmsford.gov.uk

Purpose

To amend the existing Discretionary Business Rate Relief policy to give effect to changes to business rates reliefs announced by the Government.

Options

1 To agree the proposed amendments
2 To reject the proposed amendments

Recommendation

That the Discretionary Rate Relief Policy 2025/26, attached as Appendix A, is agreed.

Summary

The Government has announced several changes in business rate liabilities:

- the business rates paid by retail, hospitality and leisure businesses have been reduced for some years – this is extended but made less generous;
- private schools are being prevented from receiving any mandatory relief; and
- a relief for local newspapers is being discontinued.

As the City Council collects business rates on behalf of the Government, we need to update our policy to take account of these announcements.

1. Background

1.1. The Government does not often change the legislation regarding business rates discounts and reliefs. Instead, it generally requests that local authorities use discretionary relief powers to give effect to additional measures. In return for this, Government commits to fully reimburse local authorities for the cost of granting these various discretionary reliefs.

1.2. In situations where the Government does alter legislation, discretionary relief policies need to be amended accordingly.

1.3. In addition, local authorities can exercise their discretionary powers to reduce the business rate liabilities of any other organisations it chooses. The cost of such discretion is borne wholly by the local authority.

1.4. As a result, Chelmsford City Council's discretionary rate relief policy contains a mixture of local and national policy priorities.

2. Amendments to the existing policy

2.1. For ease of reference, the proposed policy has been attached as Appendix A and the existing policy as Appendix B. Alterations proposed are shown in Appendix A in red font. The substantive changes are detailed below.

2.2. In the Autumn Budget on 30 October 2024, the Government announced its intention to extend the existing Retail, Hospitality and Leisure relief (section 6) for an additional year to cover the 2025/26 financial year. The value of the relief has been reduced from 75% to 40% of the rate liability. The scope of properties covered by the relief has not altered (section 7).

2.3. The Government has introduced the Non-Domestic Rating (Multipliers and Private Schools) Bill, which is currently at report stage in the Commons. Its intention is to remove charity rate relief eligibility from most private schools with effect from 1 April 2025. It is proposed that the discretionary rate relief policy (s1.2 of the policy) is amended to exclude defined private schools from any discretionary relief to mirror the mandatory charity rate relief removal.

2.4. Local Newspaper Relief (s10 of the 2024/25 policy) has not been extended by the Government and it is proposed that it is removed from the 2025/26 policy.

3. Conclusion

3.1 The amendments to the existing reliefs available to reduce business rates bills should be agreed as detailed in Appendix A. Chelmsford City Council uses the discretionary rate relief policy to implement government decisions relating to business rates. Failure to amend the policy would leave Chelmsford businesses being charged more than intended or would leave the Council bearing the cost of reliefs which are not then matched by Government funding.

List of appendices:

Appendix A – Proposed Discretionary Rate Relief Policy 2025/26

Appendix B – Existing Discretionary Rate Relief Policy 2024/25

Background papers:

None

Corporate Implications

Legal/Constitutional: All relevant legal considerations are addressed within the body of the report and the proposed policy.

Financial: None, unless Government decides that rate relief has been granted inappropriately.

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: No EQIA has been carried out as this policy only affects business.

Health and Safety: None

Digital: None

Other:

Consultees: Director of Connected Chelmsford, Legal and Democratic Services Manager

Relevant Policies and Strategies:

The report takes into account the following policies and strategies of the Council:

The changes support the ambition in Our Chelmsford, Our Plan to be a leading regional centre by assisting businesses to meet their business rate liability.

CHELMSFORD CITY COUNCIL'S DISCRETIONARY RATE RELIEF POLICY 2024/2025

1. Introduction

1.1 Section 47 of the Local Government Finance Act 1988 allows Local Authorities to award discretionary rate relief to a range of organisations, including charities, Community Amateur Sports Clubs and other non-profit making bodies.

1.2 In the case of charities, the ratepayer must be a charity or trustee for a charity and the property must be wholly or mainly used for charitable purposes. Mandatory relief of 80% will be given in such cases, where not excluded by legislation, and such qualifying charities can also receive up to a further 20% discretionary relief.

1.3 In the case of Community Amateur Sports Clubs, these must be registered with HM Revenue & Customs in order to be eligible for 80% mandatory relief. They can also receive up to a further 20% discretionary relief.

1.4 In the case of non-profit making organisations, all or part of the property must be occupied by an institution or organisation which is not established or conducted for profit and whose main objectives are charitable or otherwise philanthropic or religious, or concerned with education, social welfare, science, literature or the fine arts or it is wholly or mainly used for the purposes of recreation.

2. Awarding Relief

2.1 The Council's policy for determining applications for discretionary rate relief can be divided into 2 parts as follows:

Part 1

2.2 A 'top-up' discretionary rate relief of up to 20% may be granted to charitable organisations who already receive 80% mandatory relief.
The Council currently chooses to award 'top-up' relief to scouts, guides and the sea cadets.

Part 2

2.3 It is intended that the scheme provides a mechanism for sports clubs and organisations to continue and expand their role in providing sports development opportunities, by maximising the availability of relief to those clubs and organisations who operate in accordance with the Council's aspirations for the development of sport in the City.

2.4 All sports clubs and organisations will start off with a flat rate of 40% rate relief, provided that they meet the following criteria:

(a) The primary purpose of the club/organisation should be to provide sporting opportunities to its members or to a local community

(b) Membership should be open to all members of the community irrespective of gender, race, age, disability, religious belief and financial circumstances

(c) Membership fees should be realistic and not used as a means of restricting membership to a particular community group

(d) Profits and surpluses must be used to further the sporting objectives of the club/organisation and not distributed as a share or dividend amongst some or all members

(e) A legal constitution must be in existence and applicants must demonstrate that they are operating in accordance with its requirements.

3. <u>Adjusted Relief</u>

3.1 Applicants who meet all of the above criteria and are awarded the basic 40% rate relief, will also be able to have their relief adjusted by some or all of the following:

10% The applicant can demonstrate a close working relationship with local schools & disabled groups and where practical, has supported the development of their sport(s) in schools and has encouraged and assisted school pupils and/or disabled persons to join appropriate clubs. The applicant undertakes to continue this development work

10% The applicant can demonstrate support for its coaches and administrators to obtain further relevant qualifications, e.g. coaching qualifications, National Coaching Foundation courses, Running Sport courses etc. The applicant undertakes to continue this week.

10% The applicant can demonstrate that they have provided opportunities for regular use of its facilities and equipment by outside groups/the Council's Sports Development Unit and undertakes to continue this policy

10% The applicant can demonstrate that they have in place or are working towards a development plan and (if applicable) a child protection policy

-20% Should less than 50% of members be resident in the City, then a reduction in relief of 20% of the total rate liability will be made

Table of relief at current levels.

Relief	
Discretionary Rate Relief	Base level of 40%
Work with Schools or Disadvantaged Groups	+10%
Support for coaches/administrators	+10%
Shared use of facilities	+10%
Current Development Plan/child protection policy	+10%
Less than 50% of members resident in the borough	-20%

EXTENSIONS TO CHELMSFORD CITY COUNCIL'S DISCRETIONARY RATE RELIEF POLICY

1. Introduction

1.1 Section 69 of the Localism Act 2011 amends Section 47 of the Local Government Finance Act 1988. The changes came into effect from 1 April 2012, and they extend the existing provision relating to the granting of discretionary rate relief.

1.2 The changes allow Local Authorities to grant discretionary rate relief in any circumstances where it feels fit. However, the whole cost of any purely discretionary relief awarded will have to be met by the City's Council Tax payers. Some discretionary reliefs are reimbursed in full by the Government via grants paid in accordance with section 31 of the Local Government Act 2003. Full details are set out below. Currently, these reliefs are 75% Retail, Hospitality and Leisure Relief Scheme (1 April 2024 to 31 March 2025 only); Supporting Small Business Relief; and, Local Newspaper Relief (until 31 March 2025).

2. Awarding Relief

2.1 Any ratepayer applying for discretionary rate relief who does not meet the criteria for relief under the existing policy must meet all of the following criteria and any award will be based on these factors:

(a) The ratepayer must not be entitled to mandatory rate relief (Charity or Rural Rate Relief)

(b) The ratepayer must not be an organisation that could receive relief as a non-profit making organisation or as Community Amateur Sports Club.

(c) The ratepayer must occupy the premises – no relief will be granted for unoccupied properties

(d) The premises and the organisation must be of significant benefit to the residents of the City

(e) The ratepayer must:
   (i) Provide facilities to certain priority groups such as elderly, disabled, minority or disadvantaged groups, OR
   (ii) Provide significant employment or employment opportunities to residents of the City

(f) Provide residents of the City with such services, opportunities or facilities that cannot be obtained locally or are not provided by another organisation

(g) The ratepayer must show that the organisation will comply with all legislative requirements and operate in an ethical, sustainable, and environmentally friendly manner at all times

2.2 Where a ratepayer can demonstrate that all the above criteria are met, any award must have due regard to:

(a) the financial status of the applicant when determining the level of relief to be granted, and
(b) the impact and best interests of the Council Tax payers of the City

2.3 Relief will not be given to those organisations where a bar is the main activity. It would be expected that any bar profits would be used to offset any expenses thus negating the reliance on public funds.

2.4 Where a ratepayer is suffering hardship or severe difficulties in paying their rates liability then an application may be made for relief under Section 49 of the Local Government Finance Act 1988. There will be no requirement to grant relief in such cases under the Council's discretionary rate relief policy.

3. Level and Period of Relief granted

3.1 The level of relief to be granted, if any, will range from 0% to 100% of the ratepayer's liability. Given the continuing reduction in government grant funding to the Council, awards of discretionary rate relief will be made for a fixed period and reviewed on an annual basis.

4. Equality and Diversity Implications

4.1 It is important that the Discretionary Rate Relief Policy clearly shows the criteria on which premises could be eligible so that all potential applicants are aware of why their application has been either accepted or refused.

5. Right of Appeal

5.1 There is no statutory right of appeal against a decision made by the Council in respect of discretionary rate relief. However, the Director of Connected Chelmsford will review the decision if the ratepayer is dissatisfied with the outcome.

5.2 If an unsuccessful applicant requests a review, they will still need to continue to pay their rates bill. Once the review has been carried out, the ratepayer will be informed, in writing, of the decision.

5.3 The right of appeal process does not affect a ratepayer's legal right to challenge the decision by way of a judicial review.

6. RETAIL, HOSPITALITY AND LEISURE RELIEF SCHEME (1 APRIL 2025 to 31 MARCH 2026 ONLY)

6.1 For properties specified in section 7 the relief available is 40% of the bill after mandatory reliefs and other discretionary reliefs funded by Section 31 grants have been applied. Ratepayers do have a right to refuse this discount.

6.2 Subject to the cash cap in paragraph 6.4, the eligibility for the relief and the relief itself will be assessed and calculated on a daily basis using the following formula:

Amount of relief to be granted = **V x 0.75**

Where:
V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs, excluding those where local authorities have used their discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants

6.3 This should be calculated by ignoring any prior year adjustments in liabilities which fall to be liable on the day.

6.4 Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties up to the maximum £110,000 cash cap per business. The cash cap applies at a Group company level across all of their hereditaments in England, so holding companies and subsidiaries cannot claim up to the cash cap for each company.

6.5 The retail, hospitality and leisure relief scheme is likely to amount to subsidy (see section 11 for more details).

6.6 A ratepayer may refuse the relief for each eligible hereditament at any point up to 30 April 2025. The ratepayer cannot subsequently withdraw their refusal for either all or part of the financial year. For the purposes of s47 of the Local Government Act 1988, a decision to refuse relief puts the hereditament outside the scope of the scheme and a decision cannot then be made that the hereditament qualifies for relief.

7. <u>Which types of use are eligible?</u>

7.1 To qualify for the relief, the hereditament should be wholly or mainly used:

i. as a shop, restaurant, café, drinking establishment, cinema, or live music venue
ii. for assembly and leisure
iii. as a hotel, guest and boarding premises or self-catering accommodation.

This is a test of use not occupation.
Hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

7.2 The lists below are not exhaustive. Uses that are broadly similar to those listed below will be considered eligible for the relief.

a) Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off-licence, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post Offices
- Furnishing shops/display rooms e.g., carpet shops, double glazing, garage door showrooms
- Car/caravan showrooms
- Second-hand car lots
- Markets

- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

b) Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as hairdressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/key cutting
- Travel agents
- Ticket offices e.g., for theatre
- Dry cleaners/laundrettes
- PC/TV/domestic appliance repair
- Funeral directors
- Photo processing
- DVD/video rentals
- Tool hire
- Car hire

c) Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

d) Hereditaments that are being used as cinemas

e) Hereditaments that are being used as live music venues

-live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).

− Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event).

f) Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including the viewing of such activities):

- Sports grounds and clubs

- Museums and art galleries
- Nightclubs
- Sport and leisure facilities
- Stately homes and historic houses
- Theatres
- Tourist attractions
- Gyms
- Wellness centres, spas, massage parlours
- Casinos, gambling clubs and bingo halls

g) Hereditaments that are being used for the assembly of visiting members of the public:

- Public halls
- Clubhouses, clubs and institutions

h) Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:

- Hotels, Guest- and Boarding Houses
- Holiday homes
- Caravan parks and sites

8. <u>Which types of use are not eligible?</u>

8.1 As before, the lists below are not exhaustive but uses broadly similar to those set out below will not be considered eligible for the relief.

a) Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Financial services (such as banks, building societies, cash points, bureaux de change, payday lenders, short term loan providers, betting shops)
- Medical services (such as vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (such as solicitors, accountants, insurance agents, financial advisers, employment agencies, estate agents, letting agents)
- Post Office sorting offices

b) Hereditaments that are not reasonably accessible to visiting members of the public

8.2 Any hereditament where the ratepayer is a billing authority, parish or county council or other precepting authority will not be eligible for relief.

8.3 The relief should be applied on a day-to-day basis using the formula set out in 6.2. A new hereditament created as a result of a split or merger during the relevant financial years, or where there is a change of use, should be considered afresh for relief on that day.

9 SUPPORTING SMALL BUSINESS RELIEF (2023/24 to 2025/26)

9.1 The Supporting Small Business Relief (SSBR) will help those ratepayers who, as a result of the change in their rateable value at the revaluation, are losing some or all of their Small Business, Rural Rate relief or 2017 SSBR and, as a result, are facing large increases in their bills.

9.2 There is no discretion around whether to grant this relief if the terms of the scheme are met. Full technical detail regarding the operation of this scheme can be found at Business Rates Relief: 2023 Supporting Small Business Relief, local authority guidance - GOV.UK (www.gov.uk)

9.3 The SSBR scheme will ensure that the increase per year in the bills of eligible ratepayers is limited to a cash value of £600 per year during the operation of the scheme or until the full increased liability is reached. Businesses previously eligible for the 2017 SSBR scheme will receive this continued protection for one year only (until 31 March 2023).

9.4 Those on the SSBR scheme whose 2023 rateable values are £51,000 or more will not be liable to pay the supplement (1.3p) to fund small business rate relief while they are eligible for the 2023 SSBR scheme.

9.5 Ratepayers remain in the Supporting Small Businesses relief scheme until 31 March 2026 or until they reach the bill they would have paid without the scheme. A change of ratepayers will not affect eligibility for the SSBR scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club.

9.6 There is no 2nd property test for eligibility for Supporting Small Business relief scheme. However, those ratepayers who during 2022/23 lost entitlement to small business rate relief because they failed the 2nd property test but have, under the rules for small business rate relief, been given a 12 month period of grace before their relief ended can continue on the scheme for the remainder of their 12 month period of grace.

9.7 As with all reliefs, the amount of relief awarded under the Supporting Small Business relief scheme should be recalculated in the event of a change to the rateable value or the hereditament. This change of circumstance could arise during the year in question or during a later year.

9.8 The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059) require authorities to provide ratepayers with at least one year's notice in writing before any decision to revoke or vary a decision so as to increase the amount the ratepayer has to pay takes effect. Such a revocation or variation of a decision can only take effect at the end of a financial year. But within these regulations, local authorities may still make decisions which allow the amount of relief to be amended within the year to reflect changing circumstances.

9.9 Therefore, when making an award for SSBR, the conditions of the award include that it can be recalculated in the event of a change to the rating list (retrospective or otherwise). This is so that the relief can be recalculated if the rateable value changes. This applies to all Discretionary Relief awarded by Chelmsford City Council.

Previous section 10 - Local Newspaper Relief deleted

11 SUBSIDY ALLOWANCES

11.1 The Retail, Hospitality and Leisure Relief is likely to amount to subsidy. Any relief provided by local authorities under this scheme will need to comply with the UK's domestic and international subsidy control obligations. For detailed information see UK subsidy control regime - GOV.UK (www.gov.uk) regarding the UK's subsidy control regime and the UK's international subsidy control requirements.

11.2 The Minimal Financial Assistance rules allow public authorities to award up to £315,000 during the 'applicable period'. The 'applicable period' is defined as the elapsed period of the current financial years and the two preceding financial years. As the Council will restrict awards to any one business entity to £110,000 (as per 6.4 above), it is unlikely that subsidy controls will be breached within the Chelmsford City Council area. However, businesses operating in more than one area should be aware of their reporting and accounting responsibilities if receiving multiple awards of Retail, Hospitality and Leisure relief.

11.3 Where it is clear to the Council that a ratepayer is likely to breach subsidy controls or Minimal Financial Assistance limits, the Council will automatically withhold the relief. In any case, the Council will ask ratepayers to complete a subsidy declaration before granting the relief.

12 ADMINISTRATION OF APPLICATIONS FOR RELIEF

12.1 Decisions relating to the granting of reliefs will be delegated to the staff reporting to the Director of Connected Chelmsford. Most reliefs will be granted automatically using records already held by the Council. Applications from business rate payers who think they should be eligible must be made in writing to Chelmsford City Council, Business Rates, Civic Centre, Duke Street, Chelmsford CM1 1JE.

12.2 If an application for relief is accepted, the award will be back-dated to the start of entitlement where that date is within the financial year in which the application is received. In cases where the relief is one which is fully funded by way of Government grants, the back-dating may be extended into previous financial years as long as eligibility criteria are satisfied.

12.3 There is no statutory right of appeal against a decision made by the Council in respect of discretionary reliefs. However, the Council will review the decision if the ratepayer is dissatisfied with the outcome. The review will be carried out by a senior officer within the Revenues Team. Any subsequent request for review will be considered by the Revenue and Benefit Services Manager in consultation with the Director for Connected Chelmsford.

12.4 If an unsuccessful applicant requests a review, they will still need to continue to pay their rates bill. Once the review has been carried out, the ratepayer will be informed, in writing, of the decision.

12.5 The right of appeal process does not affect a ratepayer's legal right to challenge the decision by way of a judicial review.

CHELMSFORD CITY COUNCIL'S DISCRETIONARY RATE RELIEF POLICY 2024/2025

1. Introduction

1.1 Section 47 of the Local Government Finance Act 1988 allows Local Authorities to award discretionary rate relief to a range of organisations, including charities, Community Amateur Sports Clubs and other non-profit making bodies.

1.2 In the case of charities, the ratepayer must be a charity or trustee for a charity and the property must be wholly or mainly used for charitable purposes. Mandatory relief of 80% will be given in such cases, and charities can also receive up to a further 20% discretionary relief.

1.3 In the case of Community Amateur Sports Clubs, these must be registered with HM Revenue & Customs in order to be eligible for 80% mandatory relief. They can also receive up to a further 20% discretionary relief.

1.4 In the case of non-profit making organisations, all or part of the property must be occupied by an institution or organisation which is not established or conducted for profit and whose main objectives are charitable or otherwise philanthropic or religious, or concerned with education, social welfare, science, literature or the fine arts or it is wholly or mainly used for the purposes of recreation.

2. Awarding Relief

2.1 The Council's policy for determining applications for discretionary rate relief can be divided into 2 parts as follows:

Part 1

2.2 A 'top-up' discretionary rate relief of up to 20% may be granted to charitable organisations who already receive 80% mandatory relief.
The Council currently chooses to award 'top-up' relief to scouts, guides and the sea cadets.

Part 2

2.3 It is intended that the scheme provides a mechanism for sports clubs and organisations to continue and expand their role in providing sports development opportunities, by maximising the availability of relief to those clubs and organisations who operate in accordance with the Council's aspirations for the development of sport in the City.

2.4 All sports clubs and organisations will start off with a flat rate of 40% rate relief, provided that they meet the following criteria:

(a) The primary purpose of the club/organisation should be to provide sporting opportunities to its members or to a local community

(b) Membership should be open to all members of the community irrespective of gender, race, age, disability, religious belief and financial circumstances

(c) Membership fees should be realistic and not used as a means of restricting membership to a particular community group

(d) Profits and surpluses must be used to further the sporting objectives of the club/organisation and not distributed as a share or dividend amongst some or all members

(e) A legal constitution must be in existence and applicants must demonstrate that they are operating in accordance with its requirements.

3. Adjusted Relief

3.1 Applicants who meet all of the above criteria and are awarded the basic 40% rate relief, will also be able to have their relief adjusted by some or all of the following:

10% The applicant can demonstrate a close working relationship with local schools & disabled groups and where practical, has supported the development of their sport(s) in schools and has encouraged and assisted school pupils and/or disabled persons to join appropriate clubs. The applicant undertakes to continue this development work

10% The applicant can demonstrate support for its coaches and administrators to obtain further relevant qualifications, e.g. coaching qualifications, National Coaching Foundation courses, Running Sport courses etc. The applicant undertakes to continue this week.

10% The applicant can demonstrate that they have provided opportunities for regular use of its facilities and equipment by outside groups/the Council's Sports Development Unit and undertakes to continue this policy

10% The applicant can demonstrate that they have in place or are working towards a development plan and (if applicable) a child protection policy

-20% Should less than 50% of members be resident in the City, then a reduction in relief of 20% of the total rate liability will be made

Table of relief at current levels.

Relief	
Discretionary Rate Relief	Base level of 40%
Work with Schools or Disadvantaged Groups	+10%
Support for coaches/administrators	+10%
Shared use of facilities	+10%
Current Development Plan/child protection policy	+10%
Less than 50% of members resident in the borough	-20%

EXTENSIONS TO CHELMSFORD CITY COUNCIL'S DISCRETIONARY RATE RELIEF POLICY

1. Introduction

1.1 Section 69 of the Localism Act 2011 amends Section 47 of the Local Government Finance Act 1988. The changes came into effect from 1 April 2012, and they extend the existing provision relating to the granting of discretionary rate relief.

1.2 The changes allow Local Authorities to grant discretionary rate relief in any circumstances where it feels fit. However, the whole cost of any purely discretionary relief awarded will have to be met by the City's Council Tax payers. Some discretionary reliefs are reimbursed in full by the Government via grants paid in accordance with section 31 of the Local Government Act 2003. Full details are set out below. Currently, these reliefs are 75% Retail, Hospitality and Leisure Relief Scheme (1 April 2024 to 31 March 2025 only); Supporting Small Business Relief; and, Local Newspaper Relief (until 31 March 2025).

2. Awarding Relief

2.1 Any ratepayer applying for discretionary rate relief who does not meet the criteria for relief under the existing policy must meet all of the following criteria and any award will be based on these factors:

(a) The ratepayer must not be entitled to mandatory rate relief (Charity or Rural Rate Relief)

(b) The ratepayer must not be an organisation that could receive relief as a non-profit making organisation or as Community Amateur Sports Club.

(c) The ratepayer must occupy the premises – no relief will be granted for unoccupied properties

(d) The premises and the organisation must be of significant benefit to the residents of the City

(e) The ratepayer must:
(i) Provide facilities to certain priority groups such as elderly, disabled, minority or disadvantaged groups, OR
(ii) Provide significant employment or employment opportunities to residents of the City

(f) Provide residents of the City with such services, opportunities or facilities that cannot be obtained locally or are not provided by another organisation

(g) The ratepayer must show that the organisation will comply with all legislative requirements and operate in an ethical, sustainable, and environmentally friendly manner at all times

2.2 Where a ratepayer can demonstrate that all the above criteria are met, any award must have due regard to:

(a) the financial status of the applicant when determining the level of relief to be granted, and
(b) the impact and best interests of the Council Tax payers of the City

2.3 Relief will not be given to those organisations where a bar is the main activity. It would be expected that any bar profits would be used to offset any expenses thus negating the reliance on public funds.

2.4 Where a ratepayer is suffering hardship or severe difficulties in paying their rates liability then an application may be made for relief under Section 49 of the Local Government Finance Act 1988. There will be no requirement to grant relief in such cases under the Council's discretionary rate relief policy.

3. Level and Period of Relief granted

3.1 The level of relief to be granted, if any, will range from 0% to 100% of the ratepayer's liability. Given the continuing reduction in government grant funding to the Council, awards of discretionary rate relief will be made for a fixed period and reviewed on an annual basis.

4. Equality and Diversity Implications

4.1 It is important that the Discretionary Rate Relief Policy clearly shows the criteria on which premises could be eligible so that all potential applicants are aware of why their application has been either accepted or refused.

5. Right of Appeal

5.1 There is no statutory right of appeal against a decision made by the Council in respect of discretionary rate relief. However, the Director of Connected Chelmsford will review the decision if the ratepayer is dissatisfied with the outcome.

5.2 If an unsuccessful applicant requests a review, they will still need to continue to pay their rates bill. Once the review has been carried out, the ratepayer will be informed, in writing, of the decision.

5.3 The right of appeal process does not affect a ratepayer's legal right to challenge the decision by way of a judicial review.

6. RETAIL, HOSPITALITY AND LEISURE RELIEF SCHEME (1 APRIL 2024 to 31 MARCH 2025 ONLY)

6.1 For properties specified in section 7 the relief available is 75% of the bill after mandatory reliefs and other discretionary reliefs funded by Section 31 grants have been applied. Ratepayers do have a right to refuse this discount.

6.2 Subject to the cash cap in paragraph 6.4, the eligibility for the relief and the relief itself will be assessed and calculated on a daily basis using the following formula:

Amount of relief to be granted = **V x 0.75**

Where:
V is the daily charge for the hereditament for the chargeable day after the application of any mandatory relief and any other discretionary reliefs, excluding those where local authorities have used their discretionary relief powers introduced by the Localism Act which are not funded by section 31 grants

6.3 This should be calculated by ignoring any prior year adjustments in liabilities which fall to be liable on the day.

6.4 Ratepayers that occupy more than one property will be entitled to relief for each of their eligible properties up to the maximum £110,000 cash cap per business. The cash cap applies at a Group company level across all of their hereditaments in England, so holding companies and subsidiaries cannot claim up to the cash cap for each company.

6.5 The retail, hospitality and leisure relief scheme is likely to amount to subsidy (see section 12 for more details).

6.6 A ratepayer may refuse the relief for each eligible hereditament at any point up to 30 April 2025. The ratepayer cannot subsequently withdraw their refusal for either all or part of the financial year. For the purposes of s47 of the Local Government Act 1988, a decision to refuse relief puts the hereditament outside the scope of the scheme and a decision cannot then be made that the hereditament qualifies for relief.

7. <u>Which types of use are eligible?</u>

7.1 To qualify for the relief, the hereditament should be wholly or mainly used:

i. as a shop, restaurant, café, drinking establishment, cinema, or live music venue
ii. for assembly and leisure
iii. as a hotel, guest and boarding premises or self-catering accommodation.

This is a test of use not occupation.
Hereditaments which are occupied but not wholly or mainly used for the qualifying purpose will not qualify for the relief.

7.2 The lists below are not exhaustive. Uses that are broadly similar to those listed below will be considered eligible for the relief.

a) Hereditaments that are being used for the sale of goods to visiting members of the public:

- Shops (such as florists, bakers, butchers, grocers, greengrocers, jewellers, stationers, off-licence, chemists, newsagents, hardware stores, supermarkets, etc)
- Charity shops
- Opticians
- Post Offices
- Furnishing shops/display rooms e.g., carpet shops, double glazing, garage door showrooms
- Car/caravan showrooms
- Second-hand car lots
- Markets

- Petrol stations
- Garden centres
- Art galleries (where art is for sale/hire)

b) Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Hair and beauty services (such as hairdressers, nail bars, beauty salons, tanning shops, etc)
- Shoe repairs/key cutting
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- Dry cleaners/laundrettes
- PC/TV/domestic appliance repair
- Funeral directors
- Photo processing
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- Car hire

c) Hereditaments that are being used for the sale of food and/or drink to visiting members of the public:

- Restaurants
- Takeaways
- Sandwich shops
- Coffee shops
- Pubs
- Bars

d) Hereditaments that are being used as cinemas

e) Hereditaments that are being used as live music venues

-live music venues are hereditaments wholly or mainly used for the performance of live music for the purpose of entertaining an audience. Hereditaments cannot be considered a live music venue for the purpose of business rates relief where a venue is wholly or mainly used as a nightclub or a theatre, for the purposes of the Town and Country Planning (Use Classes) Order 1987 (as amended).

− Hereditaments can be a live music venue even if used for other activities, but only if those other activities (i) are merely ancillary or incidental to the performance of live music (e.g. the sale/supply of alcohol to audience members) or (ii) do not affect the fact that the primary activity for the premises is the performance of live music (e.g. because those other activities are insufficiently regular or frequent, such as a polling station or a fortnightly community event).

f) Hereditaments that are being used for the provision of sport, leisure and facilities to visiting members of the public (including the viewing of such activities):

- Sports grounds and clubs

- Museums and art galleries
- Nightclubs
- Sport and leisure facilities
- Stately homes and historic houses
- Theatres
- Tourist attractions
- Gyms
- Wellness centres, spas, massage parlours
- Casinos, gambling clubs and bingo halls

g) Hereditaments that are being used for the assembly of visiting members of the public:

- Public halls
- Clubhouses, clubs and institutions

h) Hereditaments where the non-domestic part is being used for the provision of living accommodation as a business:

- Hotels, Guest- and Boarding Houses
- Holiday homes
- Caravan parks and sites

8. <u>Which types of use are not eligible?</u>

8.1 As before, the lists below are not exhaustive but uses broadly similar to those set out below will not be considered eligible for the relief.

a) Hereditaments that are being used for the provision of the following services to visiting members of the public:

- Financial services (such as banks, building societies, cash points, bureaux de change, payday lenders, short term loan providers, betting shops)
- Medical services (such as vets, dentists, doctors, osteopaths, chiropractors)
- Professional services (such as solicitors, accountants, insurance agents, financial advisers, employment agencies, estate agents, letting agents)
- Post Office sorting offices

b) Hereditaments that are not reasonably accessible to visiting members of the public

8.2 Any hereditament where the ratepayer is a billing authority, parish or county council or other precepting authority will not be eligible for relief.

8.3 The relief should be applied on a day-to-day basis using the formula set out in 6.2. A new hereditament created as a result of a split or merger during the relevant financial years, or where there is a change of use, should be considered afresh for relief on that day.

9 SUPPORTING SMALL BUSINESS RELIEF (2023/24 to 2025/26)

9.1 The Supporting Small Business Relief (SSBR) will help those ratepayers who, as a result of the change in their rateable value at the revaluation, are losing some or all of their Small Business, Rural Rate relief or 2017 SSBR and, as a result, are facing large increases in their bills.

9.2 There is no discretion around whether to grant this relief if the terms of the scheme are met. Full technical detail regarding the operation of this scheme can be found at Business Rates Relief: 2023 Supporting Small Business Relief, local authority guidance - GOV.UK (www.gov.uk)

9.3 The SSBR scheme will ensure that the increase per year in the bills of eligible ratepayers is limited to a cash value of £600 per year during the operation of the scheme or until the full increased liability is reached. Businesses previously eligible for the 2017 SSBR scheme will receive this continued protection for one year only (until 31 March 2023).

9.4 Those on the SSBR scheme whose 2023 rateable values are £51,000 or more will not be liable to pay the supplement (1.3p) to fund small business rate relief while they are eligible for the 2023 SSBR scheme.

9.5 Ratepayers remain in the Supporting Small Businesses relief scheme until 31 March 2026 or until they reach the bill they would have paid without the scheme. A change of ratepayers will not affect eligibility for the SSBR scheme but eligibility will be lost if the property falls vacant or becomes occupied by a charity or Community Amateur Sports Club.

9.6 There is no 2nd property test for eligibility for Supporting Small Business relief scheme. However, those ratepayers who during 2022/23 lost entitlement to small business rate relief because they failed the 2nd property test but have, under the rules for small business rate relief, been given a 12 month period of grace before their relief ended can continue on the scheme for the remainder of their 12 month period of grace.

9.7 As with all reliefs, the amount of relief awarded under the Supporting Small Business relief scheme should be recalculated in the event of a change to the rateable value or the hereditament. This change of circumstance could arise during the year in question or during a later year.

9.8 The Non-Domestic Rating (Discretionary Relief) Regulations 1989 (S.I. 1989/1059) require authorities to provide ratepayers with at least one year's notice in writing before any decision to revoke or vary a decision so as to increase the amount the ratepayer has to pay takes effect. Such a revocation or variation of a decision can only take effect at the end of a financial year. But within these regulations, local authorities may still make decisions which allow the amount of relief to be amended within the year to reflect changing circumstances.

9.9 Therefore, when making an award for SSBR, the conditions of the award include that it can be recalculated in the event of a change to the rating list (retrospective or otherwise). This is so that the relief can be recalculated if the rateable value changes. This applies to all Discretionary Relief awarded by Chelmsford City Council.

10 LOCAL NEWSPAPER RELIEF (To 31 March 2025)

10.1 This relief is a sum of £1,500 in respect of office space occupied by local newspapers to a maximum of one discount per local newspaper title and per hereditament. A local newspaper with two offices can only claim the relief in respect of one of the offices. An office shared by three separate local newspaper titles would only be eligible for one relief.

10.2 This relief is specifically for local newspapers, those that would be regarded as a 'traditional local newspaper'. The relief will not be available to magazines. The hereditament must be occupied by a local newspaper and wholly or mainly used as office premises for journalists and reporters.

11 SUBSIDY ALLOWANCES

11.1 The Retail, Hospitality and Leisure Relief is likely to amount to subsidy. Any relief provided by local authorities under this scheme will need to comply with the UK's domestic and international subsidy control obligations. For detailed information see UK subsidy control regime - GOV.UK (www.gov.uk) regarding the UK's subsidy control regime and the UK's international subsidy control requirements.

11.2 The Minimal Financial Assistance rules allow public authorities to award up to £315,000 during the 'applicable period'. The 'applicable period' is defined as the elapsed period of the current financial years and the two preceding financial years. As the Council will restrict awards to any one business entity to £110,000 (as per 6.4 above), it is unlikely that subsidy controls will be breached within the Chelmsford City Council area. However, businesses operating in more than one area should be aware of their reporting and accounting responsibilities if receiving multiple awards of Retail, Hospitality and Leisure relief.

11.3 Where it is clear to the Council that a ratepayer is likely to breach subsidy controls or Minimal Financial Assistance limits, the Council will automatically withhold the relief. In any case, the Council will ask ratepayers to complete a subsidy declaration before granting the relief.

12 ADMINISTRATION OF APPLICATIONS FOR RELIEF

12.1 Decisions relating to the granting of reliefs will be delegated to the staff reporting to the Director of Connected Chelmsford. Most reliefs will be granted automatically using records already held by the Council. Applications from business rate payers who think they should be eligible must be made in writing to Chelmsford City Council, Business Rates, Civic Centre, Duke Street, Chelmsford CM1 1JE.

12.2 If an application for relief is accepted, the award will be back-dated to the start of entitlement where that date is within the financial year in which the application is received. In cases where the relief is one which is fully funded by way of Government grants, the back-dating may be extended into previous financial years as long as eligibility criteria are satisfied.

12.3 There is no statutory right of appeal against a decision made by the Council in respect of discretionary reliefs. However, the Council will review the decision if the ratepayer is dissatisfied with the outcome. The review will be carried out by a senior officer within the Revenues Team. Any subsequent request for review will be considered by the Revenue and Benefit Services Manager in consultation with the Director for Connected Chelmsford.

12.4 If an unsuccessful applicant requests a review, they will still need to continue to pay their rates bill. Once the review has been carried out, the ratepayer will be informed, in writing, of the decision.

12.5 The right of appeal process does not affect a ratepayer’s legal right to challenge the decision by way of a judicial review.

Chelmsford City Council Cabinet

28 January 2025

Anglia Ruskin University – Strategic Masterplan Chelmsford Campus

Report by:
Cabinet Member for a Greener Chelmsford

Officer Contact:
Sally Rogers, Principal Planning Officer

Purpose

This report is asking for Cabinet approval of the masterplan for the Rivermead Campus of Anglia Ruskin University.

The masterplan is attached to this report as Appendix 1.

Context to this report

The masterplan has previously been considered by Chelmsford Policy Board, as required by the agreed Masterplan Procedure Note (Oct 2019). Since the masterplan proposals have not changed in the intervening period, the Chelmsford Policy Board officer report is attached as Appendix 2 and this is relied upon to provide the officer considerations to support Cabinet decision-making.

Options

1. Cabinet approve the Masterplan, which was recommended to be approved by Policy Board on 7 November 2024
2. Cabinet do not approve the Masterplan
3. Cabinet amend the Masterplan

Recommendation to Cabinet

Cabinet approve the Masterplan

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1. Background

1.1. Policy DM22 of the Chelmsford Local Plan relates to Education Establishments. This states that the extension or expansion of existing educational facilities will be supported subject to their accordance with the criteria of other relevant policies within the Local Plan. The policy goes on to state that proposals for the expansion of Anglia Ruskin University and Writtle University College will be considered in the context of agreed masterplans.

1.2. The retention and improvement of education establishments is an important objective of the Local Plan. ARU is a key institution in the city and brings significant economic and social benefits. It has an important place in the local economy by providing employment, skills, education and research. ARU has ambitious plans to continue the development and upgrading of its Rivermead Campus, including the expansion of the medical school, which opened in 2019. The provision of a masterplan provides an understanding of the University's future intentions for the site.

1.3. The procedure for the submission and approval of the masterplan has been based on the general structure of the Council's Masterplanning Procedure for strategic sites. The Masterplan Procedure Advice Note (2019) sets out the specific sites requiring masterplans but does not list ARU as one of these. This is because the masterplan for the ARU is not related to a strategic growth site. The process for the ARU masterplan has therefore broadly followed the advice note but this has been simplified so that it proportionately reflects the much smaller scale and circumstances of the University.

1.4. The University worked with the City Council through all stages of the masterplan process and held staff and student engagement sessions. A public exhibition on the draft masterplan was held at the University in 2020. The City Council carried out public consultation during the late summer of 2023.

1.5. The masterplan was considered by Chelmsford Policy Board at its meeting on 7 November 2024. The Chelmsford Policy Board report is attached as Appendix 2. The draft minutes of that meeting have been published and are attached at Appendix 3. The Policy Board acknowledged that the document does not provide specific timescales or project programmes as these will be considered as part of individual planning applications in the future. The Policy Board recognised that due to the fast-changing nature of the education sector the document is more flexible than other masterplans that have been produced for strategic housing sites, where the quantum of development is fixed. The Policy Board did not request any amendments to the masterplan.

1.6. The Policy Board resolved that:

- The masterplan attached at Appendix 1 be recommended to Cabinet for approval and;
- The Board delegated to the Director of Sustainable Communities in consultation with the Chari, Vice Chair and Cabinet Member for Greener Chelmsford, to negotiate any final changes to the masterplan ahead of the consideration by Cabinet.

2. Conclusion

2.1. The masterplan provides a framework for the future intentions of the site without restricting the fast-changing needs of the establishment. The University is an important institution and the City Council seeks to support its growth and development which will bring social and economic benefits to the City.

2.2. The masterplan takes account of the existing context and challenges and seeks to harness the opportunities available to allow the University to grow and prosper. The masterplan layout and other content provides a sound framework to guide successful placemaking and will support the planning application process as it should.

2.3. The masterplan is presented to Cabinet with recommendation that it be approved.

List of appendices:

Appendix 1- ARU Rivermead Masterplan

Appendix 2- Chelmsford Policy Board Report 7 November 2024

Appendix 3- Minutes of the Chelmsford Policy Board 7 November 2024

Background papers:

None

Corporate Implications

Legal/Constitutional:
None

Financial:
None

Potential impact on climate change and the environment:

New buildings can have a negative impact on climate and environmental change issues. Planning Policies, Building Regulations and Environmental Legislation ensure that new buildings meet increasingly higher sustainability and environmental standards which will help mitigate this impact.

Contribution toward achieving a net zero carbon position by 2030:
The future qualifying buildings on the site will be required to be built to at least BREEAM "Very Good". The proposals also include provisions for EV charging, green roofs, gains in biodiversity and landscaping and a commitment to improved sustainable transport connections.

Personnel:
None

Risk Management:
None

Equality and Diversity:
None. An Equalities and Diversity Impact Assessment has been undertaken for the Local Plan.

Health and Safety:
None

Digital:
None

Other:
None

Relevant Policies and Strategies:

This report takes into account the following policies and strategies of the City Council:

Local Plan 2013-2036

Our Chelmsford, Our Plan, January 2020

Chelmsford Climate and Ecological Emergency Action Plan

a.r.u. | Anglia Ruskin University

Strategic Masterplan
Chelmsford Campus

AUGUST 2024

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Foreword

ARU has been proudly part of the Chelmsford community for decades, with a strongly growing campus and a vibrant university community. As we pass the milestone of 10,000 students studying on our Chelmsford campus we look to the future with confidence and ambition.

I am therefore delighted to share our vision for the future of our Chelmsford campus, to guide further development when opportunities and needs arise. This will help ensure that we continue to deliver on our vision of transforming lives through innovative, inclusive, and entrepreneurial education and research.

We will engage widely with stakeholders to ensure that the agreed Masterplan is a shared vision for our campus, reflecting the ambitions of the City of Chelmsford and surrounding areas, and our ambition to create spaces and facilities of value to all in our community.

Our Masterplan will help us build upon the ambitious programme of development that we have followed over recent years. In 1995, Her Majesty The Queen opened the fittingly named Queen's building, which is home to the University Library. Since then we have added our eye-catching Lord Ashcroft building; the Sawyers Building with its remarkable SuperLabs; the Michael Salmon Building, which houses cutting-edge medical simulation suites; and Arise Chelmsford, which offers laboratory, workshop and office space to small businesses in the medical and advanced engineering sectors. The most recent major development is our School of Medicine, where we are training the region's future doctors in a purpose-built space featuring state-of-the-art facilities.

Professor Roderick Watkins
Vice Chancellor

CONTENTS

Document Details

Job Number:	2556
Job Title:	ARU Chelmsford Masterplan
Document Title:	Strategic Masterplan
Revision:	5.19
Date of Issue:	August 2024
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Introduction

Images:

1 - Medical School, 2 - Sawyers Building, 3 - Marconi Building, 4 - Ashcroft Building & Queens Building, 5 - Arise Building, 6 - William Harvey Building

This strategic masterplan is a response to the need identified in the ARU Strategy "Designing our Future 2017-2026" to:

"...deliver a new master plan for our Chelmsford campus, bringing together the existing developments and new ideas for maximum benefit."

The masterplan will help to shape strategic spatial decisions, and is directly related to the vision, values and strategy of the institution.

The masterplan has been prepared following an extensive analysis of the site together with a considered and meaningful engagement with various stakeholders including staff, students, officers from Chelmsford City Council.

This Masterplan should not be seen as a fixed "design" but instead can be considered as a narrative to aid the future storyline of the campus and the University - providing a forward vision that is flexible enough to change along the way. Elements within the Masterplan are designed to be independent and may come forward in any sequence in response to identified needs at that time.

The campus is a living entity that needs a healthy dialogue and relationship with the people who live work and visit it as well as with it's neighbours - we hope this document provides a useful conduit and guide to future discussions and decisions, helping to create an inclusive and welcoming environment that will reflect the ambitions of the University.

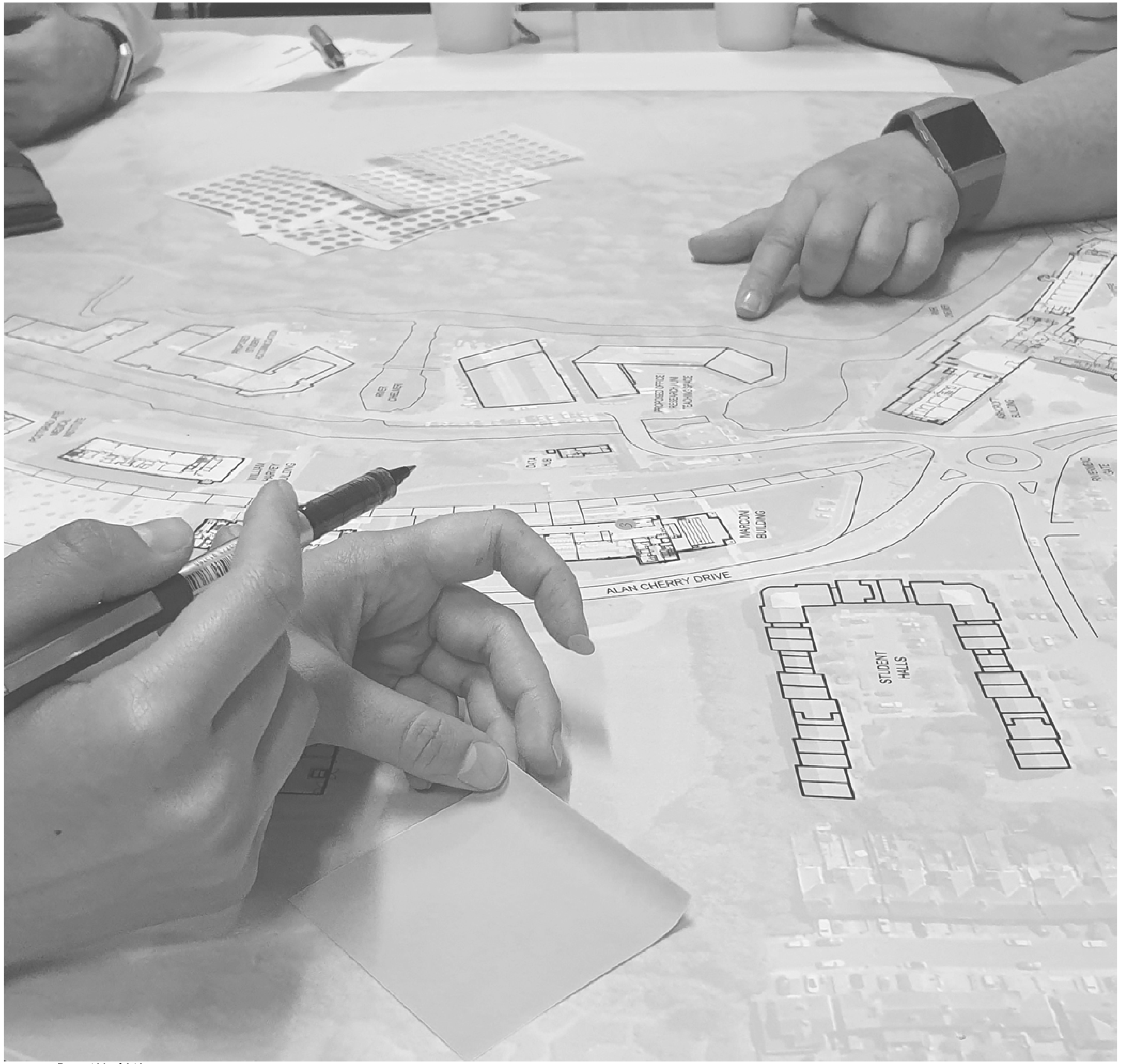
The masterplan also seeks to address the requirement of policy DM22 of the adopted Chelmsford Local Plan (2020).
This states that:

"The extension or expansion of existing educational facilities will be supported subject to their accordance with the criteria of other relevant policies within the Local Plan. Proposals for the expansion of Anglia Ruskin University ... will be considered in the context of agreed masterplans".

The requirement for an agreed masterplan within Policy DM22 was the direct result of effective liaison between Chelmsford City Council and ARU. The principle of a masterplan was to provide greater certainty for all parties. It not only reflects the support for such a document within ARU's own strategy but also provides the various stakeholders with a better understanding of the University's future intentions.

1.0 Overview

1.1 Purpose of the Campus Plan



A master plan can be defined as:

An organised set of decisions made by one person or a team of people about how to do something in the future.

To approach the master plan as just an architectural or development plan would be to miss a huge opportunity to really understand the nature and potential of the place and the people that make it work. Master plans are often presented from the viewpoint of an aircraft, with the ensuing design sketches developed from a similar scale and perspective. It could be argued that the original plan for the campus was a similar geometric exercise resulting in a curvilinear form that although pleasing on a plan (at 1:2000 scale) presents a series of problems and challenges at the human scale (which our early analysis has begun to explore)

1.2 The Vision

When considering a University campus plan it is important that we adopt three core principles in our approach to what the master plan should achieve. The campus masterplan should:

1. Communicate the values of the institution;
2. Create a sense of place; and
3. Facilitate change.

COMMUNICATING THE ARU VALUES AND MISSION

The values and mission of the University should be the underlying vision for the masterplan – we should first understand what it is and then respond through the plan. The masterplan is not therefore a disconnected stand-alone vision. Through reading the various published strategy reports we have developed a diagram that aids our understanding of the core ARU values from which the "Designing our Future" strategy emerges. We have then extracted keywords that we think can form the basis of our masterplan concept:

People – Place – Sustainability – Inclusivity - Innovation – Flexibility

This is a useful starting point in trying to focus our concepts on issues and principles that relate directly to the core values and mission of the institution.

CREATING A SENSE OF PLACE

It is now understood that place has an important role to play within memory. Whilst the nature and delivery of education is changing at a pace never before seen, we are all still bound by human nature and the need to share experience within a physical space. The campus is where memorable experiences are created and generates a shared sense of belonging to those that occupy it.

Creating (and enhancing) attractive, memorable and unique spaces on campus will create a unique identity within ARU Chelmsford – helping to set it apart from other institutions in this increasingly competitive education market.

FACILITATING CHANGE

Returning back to the definition of what a masterplan is, we should consider how it will facilitate change within the organisation and what the physical strategies behind this should be. A rigid and building-focused masterplan can only facility change if it is followed exactly. Instead we will focus on how the three basic physical form-giving elements contribute to the basis of any plan:

Landscape – Buildings – Circulation

The overlap and synergy of these components will support the core values and mission of the University.

1.3 Engagement

Public exhibition and engagement - March 2020

Staff / Student workshops - August 2019 - March 2020

This masterplan has been developed through a series of open dialogues and workshops with ARU staff and students.

Engagement is very different from consultation, the latter seeks to present a pre-conceived idea for approval rather than open up a discussion.

It has been through the various discussion, surveys and observations that a deeper understanding of the core issues has been developed, both positive and negative, from which a series of key opportunities has been identified.

List of engagement events/dates:

August 2019 - Appointment & Initial Surveys

September 2019 - Masterplan Steering Group

October 2019 - Travel Survey

October 2019 - Masterplan Steering Group

November 2019 - Masterplan Steering Group

November 2019 - Student's Union

December 2019 - Masterplan Steering Group

December 2019 - Sustainability Course Engagement

December 2019 - Student Engagement

December 2019 - Chelmsford City Council (Planning)

February 2020 - VC Town Hall Meeting

March 2020 - Draft Masterplan - Open Engagement

(the Covid-19 pandemic prevented further on-site engagement sessions in 2020 and 2021)

February 2022 - Chelmsford Planning Officers

November 2022 - Chelmsford Planning Officers

Public and key stakeholder consultation through 23/00001/MAS as publicised by Chelmsford City Council.

1.4 Existing Campus Feedback
Positive Aspects Raised by Staff & Students

Pleasant walking route in close proximity to the campus' main pedestrian path - needs to be promoted more

Campus is comprised of modern facilties

Vibrant atmosphere at the Tindal Building. The Student Union is in a convenient location, it is popular with students

The open space in the middle of the campus may provide an opportunity to create a central heart space?

Main pedestrian walkway is well-lit, and feels safe

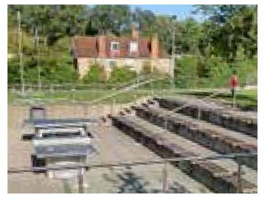
Pleasant seating space which is popular during lunch times

Student accommodation is accessible and on campus

Parking is important - staff need to arrive efficiently and many of the students commute into the campus. Could underground parking be created?

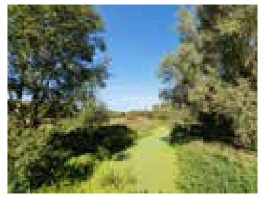
Scenic walkway / cycle route

Abundance of trees and green space on campus - potential for more educational and communal use of this space



Some recreational activities integrated into the external spaces of the campus such as table tennis tables, trim trail and the labyrinth

Well used circular walk – well used by the community too. 'Bunny Walk' linking to town



Campus in close proximity to the river. Views from Lord Ashcroft Building over the river - peaceful environment

Library has good facilities

The pedestrianised entrance area has potential

1.4 Existing Campus Feedback
Negative Aspects Raised by Staff & Students

Building names do not indicate the building faculty / building use

Many comment the buildings look uninspiring and the campus looks like a business park

Lack of interest along main pedestrian route, and the Sports Centre is an uninspiring end to the journey. North side of the campus is quiet particularly in the evenings

The entrance is not defined, and people drive past unaware this is a University. Unable to turn right when driving out of the campus. No pedestrian access to the campus

There are issues with the location, visibility and facilities offered at the Student Union

Parking is limited - there is a demand for more spaces

Existing student accommodation is not fit for purpose – issues with management, lack of social spaces and privacy

Poor chaplaincy and multi faith rooms are poor and in the wrong location

The Rivermead Gate Building is visually unappealing.

Sports facility is not visible from the other end of the pedestrian route. It's location feels out of the way and the facilities are limited and small

Mediterranean garden is unattractive, and a poor environment - wasted opportunity

Road through centre of campus

Lack of activity, and lack of initiatives to draw the community to the campus

Campus lacks a central heart space. - green space could be better utilised. Students tend to stay at their teaching buildings as opposed to interacting with students from other faculties in a centrally located hub space

The river, green elements and walks are hidden and feel removed from the campus

Barrier between buildings and public realm

General facilities could be more centrally located. Library feels too out of the way

The canteen has a linear layout - its not large enough and an improved layout could facilitate social interaction. Particularly when students bring their own lunch there is a lack of space

Lack of identity at campus entrance

Dangerous crossings at campus entrance

1.4 Existing Campus Feedback
Comments & Suggestions by Staff & Students

Park and Ride is not efficient and is costly therefore staff choose to drive

Develop sports astro-turf pitch and outside lighting

Campus needs a communal staff-room - good for well-being and information / knowledge exchange

Create connections between this side of the campus and the trails / bunny walks

Underused space

Tindal Building is in a central location which is good, however, there should be a better connection between the Mediterranean Garden and the adjacent green space

Extend to provide the space we need

Encourage pedestrian flow from Medical School to main route through campus

Underused space, perhaps bring more trees into here

Allotments - good intention but underused

Facade of Marconi is very prominent - use this for ARU signage / something unique / interesting to students

Only three disabled bays - but always full!

Student Halls are inward facing, they face car-parking and feel closed off from campus

Too much tarmac and traffic

Ideas for Rivermead Gate: student focussed co-operative shop, vegan cafe, health focussed food options

Screen the roundabout from Rivermead Gate with hedges and trees, Not a bad place to sit but for the vehicles

Students should have a way to modify / change / have an influence on the campus. It would help with student integration, they would feel part of a community, and the campus would be more personal

Need to get better building management systems - lighting, heating, air flows

Need better refreshment areas

Improve campus lighting

Need better access over the river for new student halls on the industrial estate

Create a central hub for students - take a space into the heart of campus and put what the students need in here: professional services, students services, student well-being, refreshments, social space

Promote a research community - space for PhD / MPhil research students - near to refreshments / food when working late

Students / members of the public speed down the pedestrian path on electric scooters

Make a feature of the Mill Pond Develop to be a tranquil and welcome space

I would like to see more quiet spaces to eat, for people who bring their own food with them. Not enough space at lunchtime

Need a shop selling student items e.g. ARU sweatshirts, stationary and minor refreshments

Parked buses obstruct the Park and Ride and create a congested space in front of the Lord Ashcroft Building

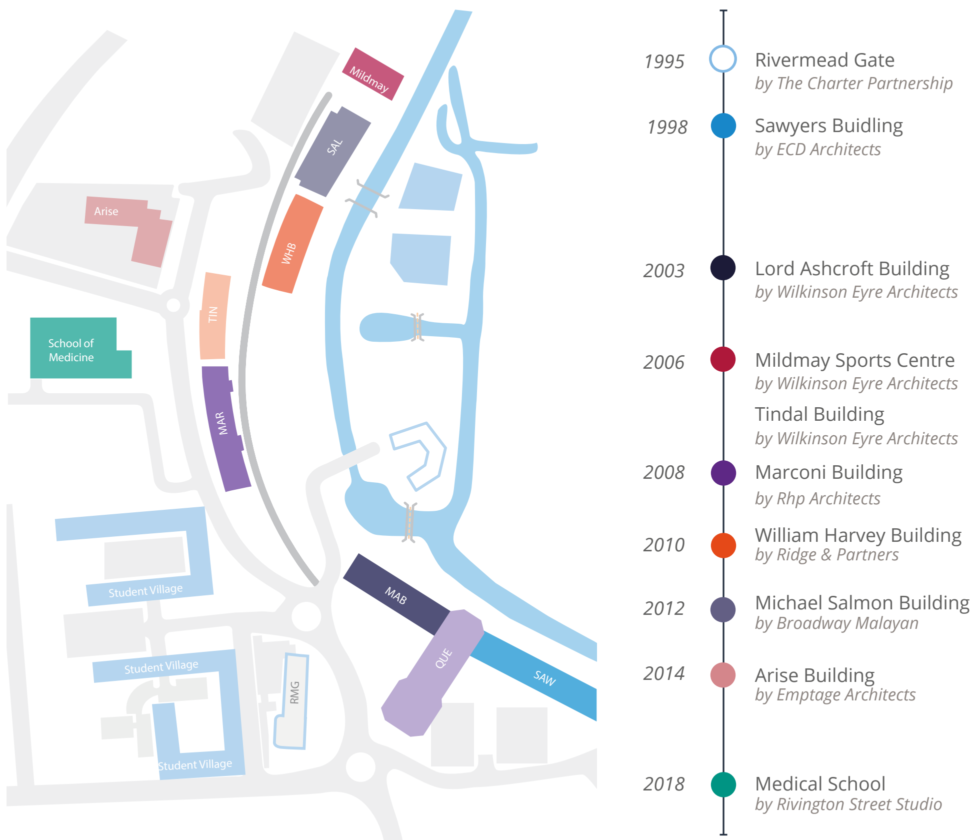
Pedestrian access to campus is difficult to navigate, especially when coming from the train station

2.0 The Campus Today

2.1 Existing Campus Layout

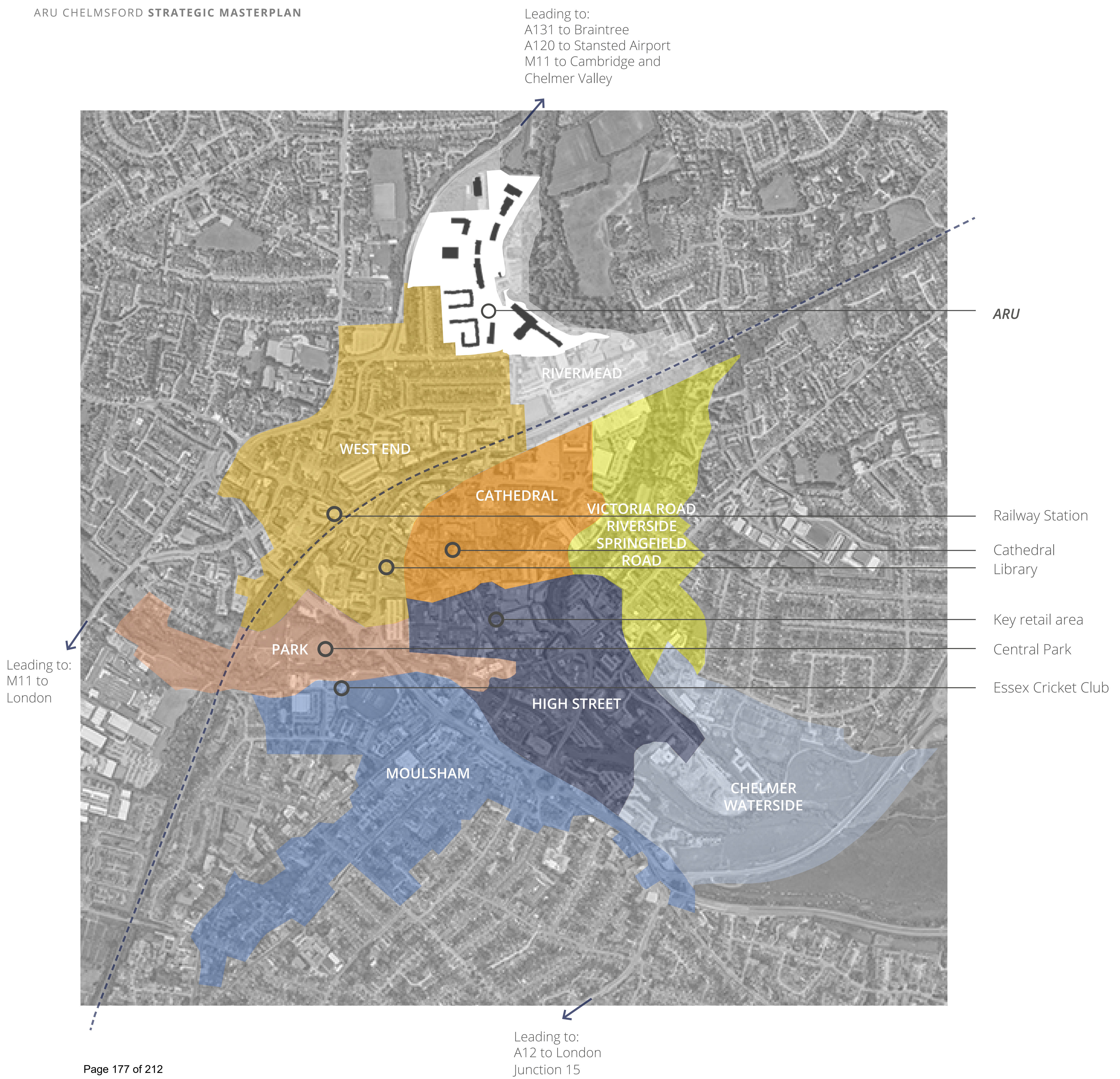
Wilkinson Eyre developed the Rivermead Campus Masterplan in 2002 following their design of the University's Ashcroft International Business School. The campus was set out in sweeping arcs to reflect the curve of the River Chelmer. A large pedestrian spine was created, allowing separation from vehicles and servicing, with strips of planted swales between buildings to protect against potential flooding.

Wilkinson Eyre went on to design phases A and B of the masterplan which included, a student centre (Tindal Building), a multi purpose sports centre (Mildmay Sports Centre) and a new School of Health (William Harvey Building).   A landscaped area was located in the centre of the campus adjacent to the river (area to the south of William Harvey Building).



Development time line of campus buildings

2.2 Location & Relationship to the City



ARU is situated only a short walk from the centre of Chelmsford. ARU has had a presence in the city since 1893 and moved to the current purpose-built campus in 1992.

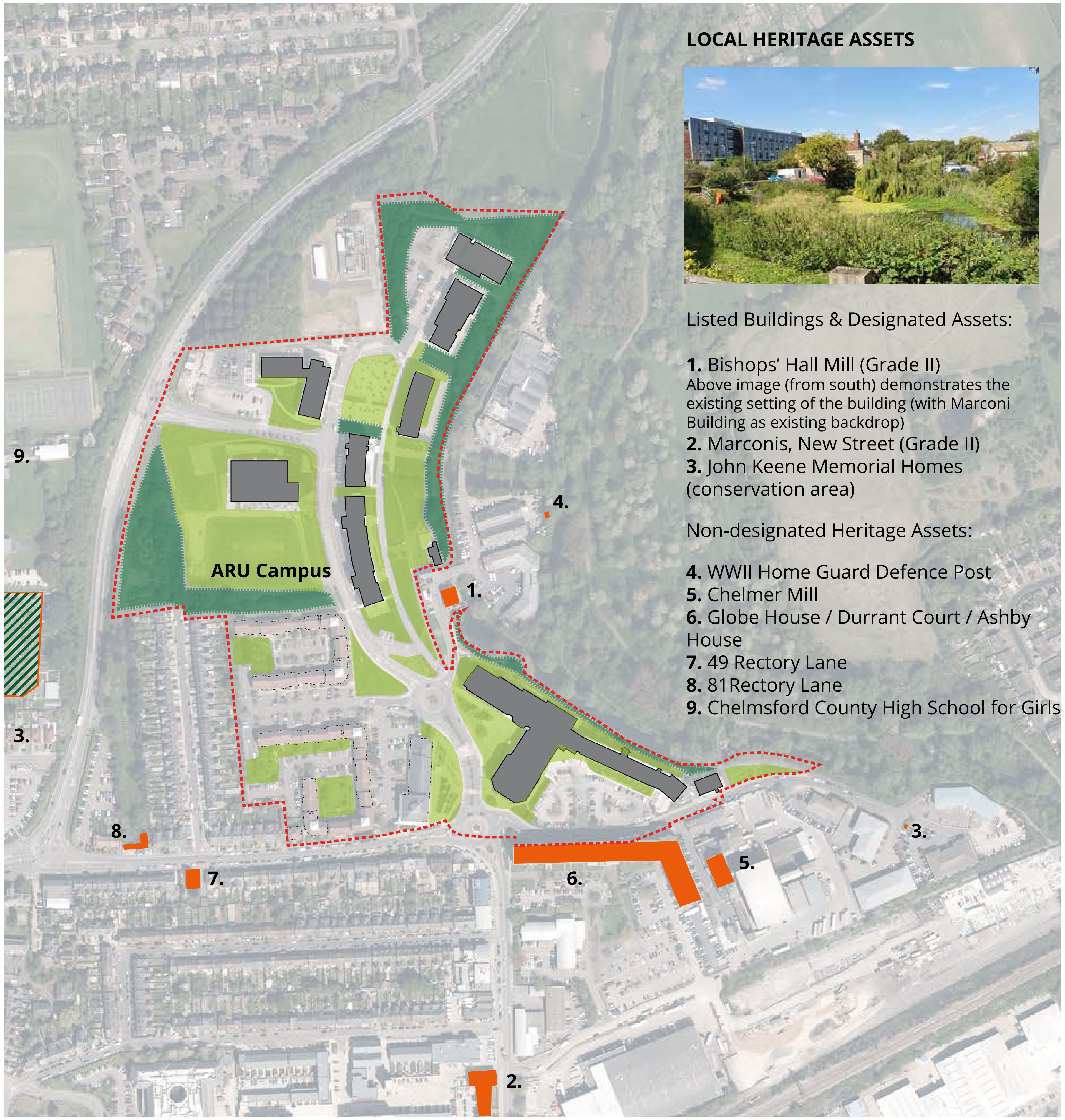
Chelmsford's (now adopted) Local Plan highlights the continued importance of the establishment to the City (through employment, skills, education and research) and policy DM22 supports the principle of expansion in the context of an agreed masterplan.

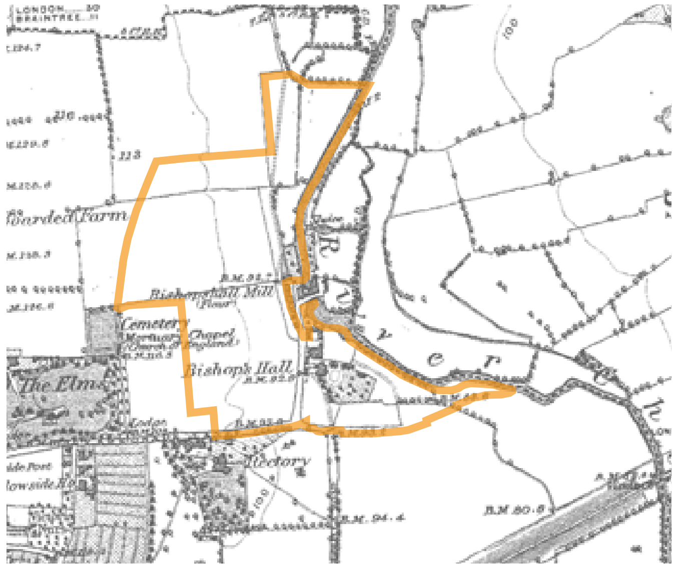
The City has identified the need to make improved connections to the campus from the City Centre - including the upgrading of cycle routes.

Staff, students and visitors to ARU contribute to the local economy through retail, leisure and accommodation. Local facilities are also important to the wider functions of the University - such as sporting events held at Chelmsford's Sports and Athletics Centre, and graduation ceremonies held at the Cathedral.

Whilst the design scope of the masterplan is limited to the land occupied by ARU, it recognises that strategies should encourage and not prevent a greater and more integrated relationship with the city and it's inhabitants.

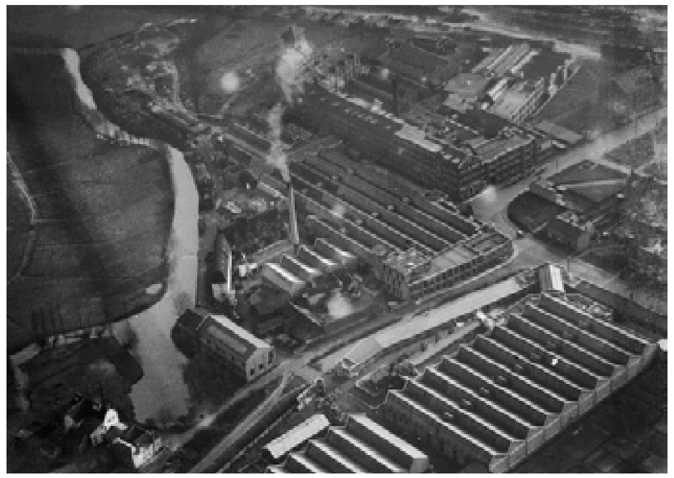
2.3 Historical Context & Assets





1881 Ordnance Survey Map

1990 Ordnance Survey Map



Hoffman Ball Bearings Factory, 1923

Before suggesting any interventions or future strategies for a site it is important to gain a deeper understanding of not only the current characteristics but also the historical context. Often this can inform the design process, at the very least it makes more sense of decisions that may have been taken in the recent and distant past - decisions that still have a presence and impact today.

Although this area of Chelmsford is famous for the Marconi company (and the world's first commercial radio broadcast a short distance from campus) it was the Hoffman Ball Bearing factory that had the biggest human impact on the site. The firm was a key employer in the town up until its closure in the late 1980s - evident in the scale of the footprint it had expanded to by this stage.

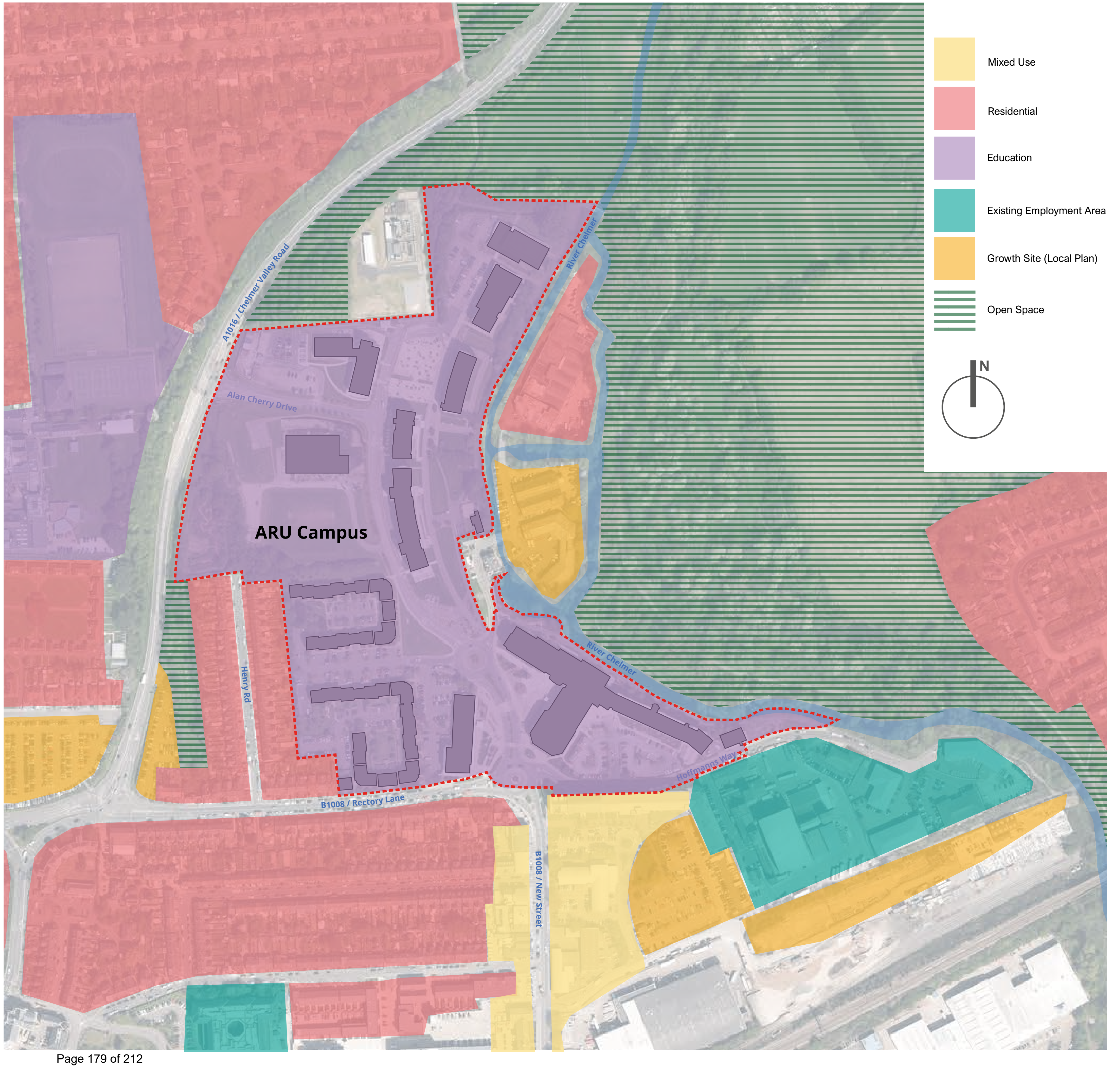
The Hoffman's factory was the location of the single greatest loss of life in the city during WWII - a V2 rocket exploded here in December 1944 (adjacent to Henry Rd).

Other significant observations from the historical mapping:

- the path of the River Chelmer has been generally consistent over the last 140 years of recorded plans.
- the consistency of open space to the east of the campus
- the previous alignment of Bishop Hall Lane possibly explains the positioning and orientation of Rivermead Gate

ARU acknowledge the importance of considering any relevant heritage assets in the wider context and would develop any future proposals in accordance with adopted policy.

2.4 Boundaries / Neighbours



The campus is bound to the east by the River Chelmer, with the Chelmer Valley Local Nature Reserve on the opposite bank. In between there are two "island" sites – the north is the site of a new student accommodation development, the south still contains light industrial and commercial units.

Across Hoffmans Way to the south west of the campus there are various industrial and commercial premises (including the Marriages Flour Mill), together with a mixed use conversion within Durrant Court (residential and commercial), Globe House and Ashby House.

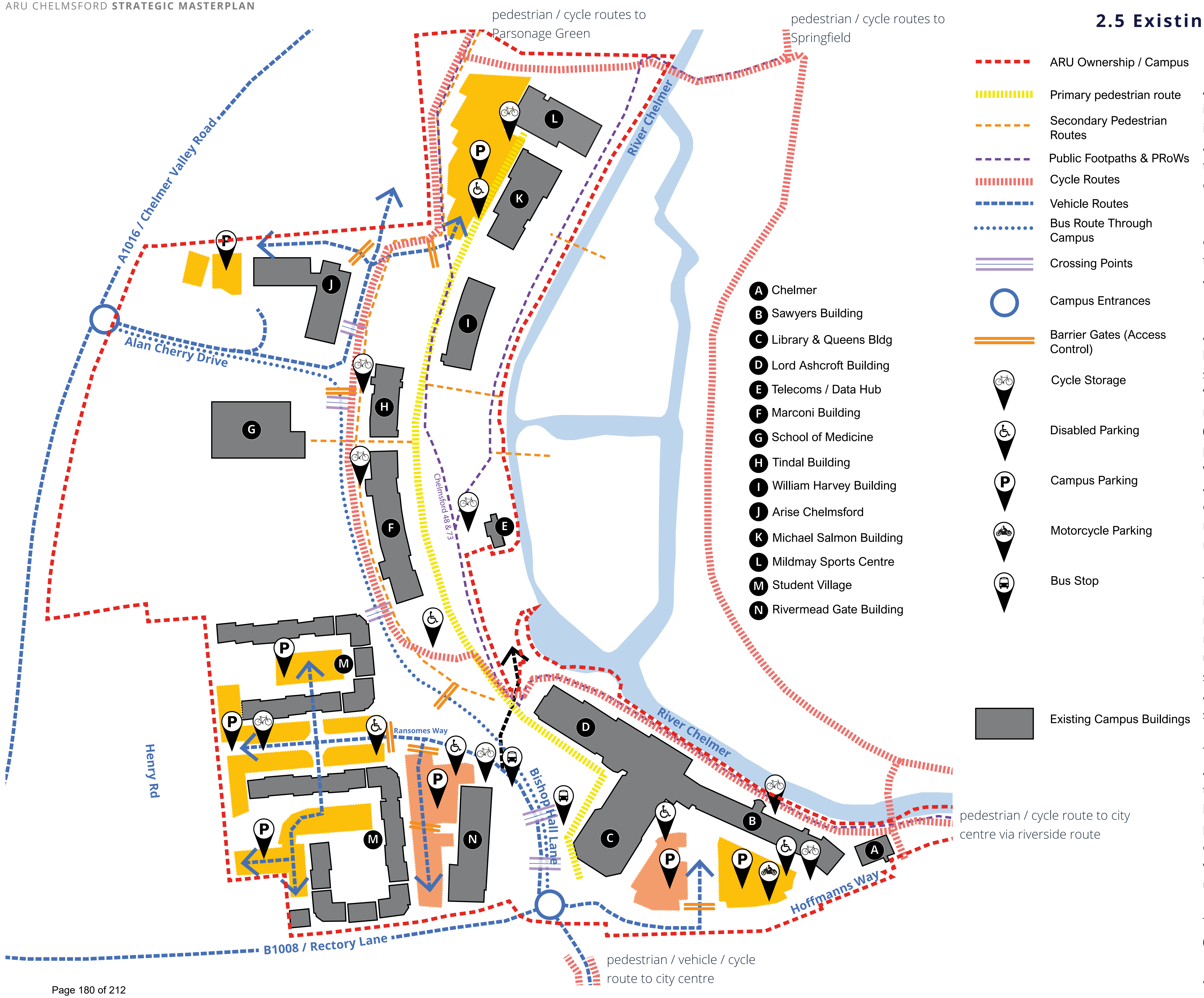
Rectory Lane to the south is predominantly two-storey residential. To the south west Henry Road is the closest residential neighbouring street to the campus – with rear gardens that back on to the current student village.

The western boundary of the campus is dominated by Chelmer Valley Road, with significant tree cover to both sides of the carriageway.

The only northern neighbour of the campus is the large electricity infrastructure site, adjacent to meadow (river flood plain).

Henry Road

2.5 Existing Campus Movement



ARU has a Travel Management Plan in order to reduce the environmental impacts of car travel to its campuses and to support its staff and students to make more sustainable travel choices.

In order to monitor the effectiveness of the Travel Management Plan they carry out annual travel surveys amongst staff and students.

Following the Covid-19 pandemic attendance and working patterns have altered significantly, with the successful introduction of more "agile working" which has enabled more staff to be based on campus (in shared workspace). As these new patterns emerge the ongoing surveys will help to capture information and identify future trends that could impact on how the campus masterplan is developed further in response.

Traffic and detailed highways analysis is not within the scope of this masterplan study, however we have noted (and listened to the campus user feedback) that there are a series of "clash points" both on the approach to campus and within the site itself.

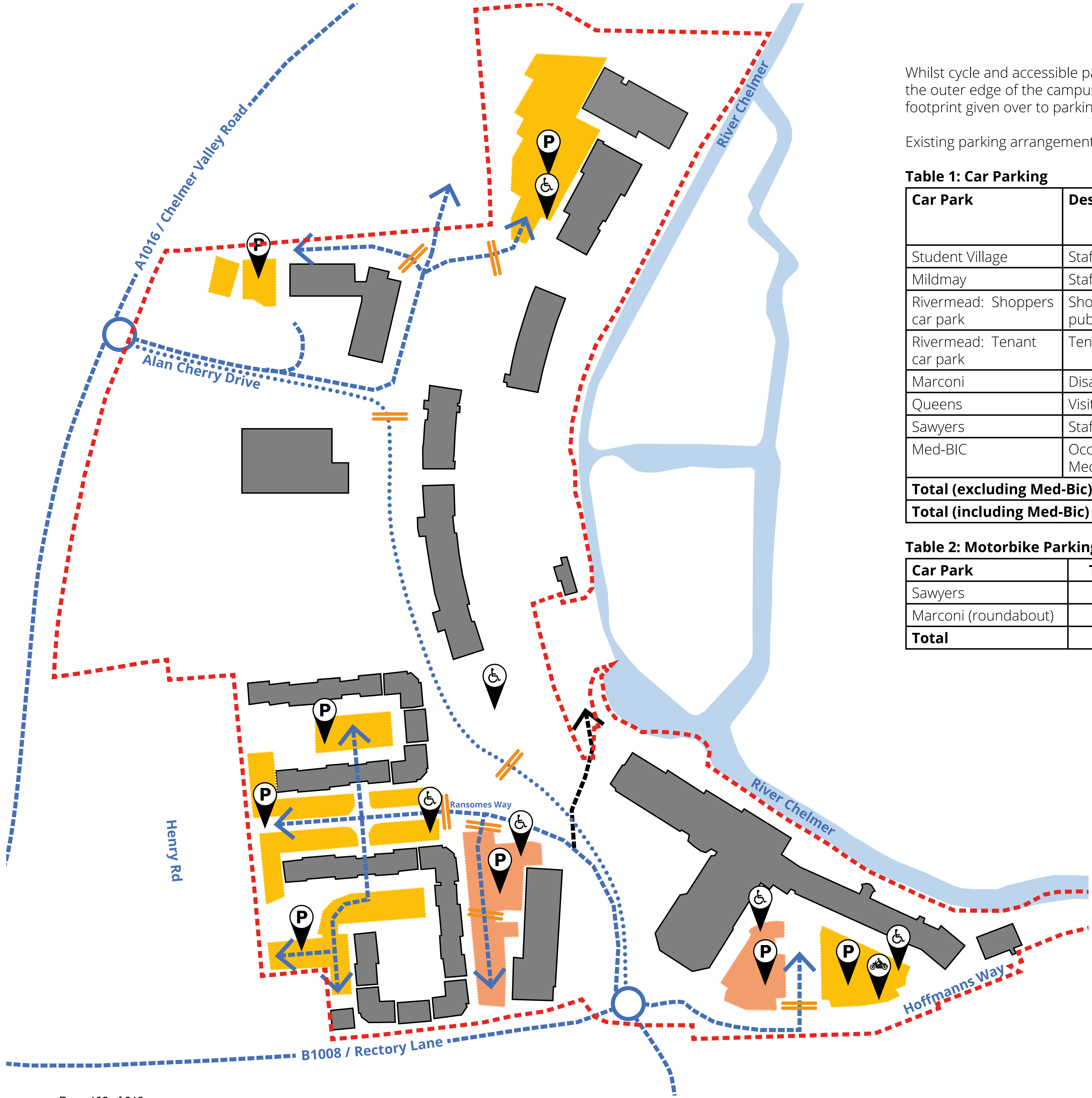
The main pedestrian/cycling approach to the campus (from the City to the south) is across a busy junction, with no controlled pedestrian crossings – a junction currently designed to prioritise vehicular road traffic over other road users.

The gateway space into the campus (between Rivermead Gate and the Library / LAB) has four lanes of traffic, and although there are some raised

2.5 Existing Campus Movement

(uncontrolled) crossing points, the space is a vehicle priority one that does not connect effectively.

A further key clash point is caused by the large roundabout that sits within the site (Ransomes Way / Bus Lane / Island site junction - see image left). The design of this has been optimised for vehicle speed and ease rather than pedestrian/cyclist safety and there are no controlled crossings that connect the gateway space to the main campus circulation spine.



2.6 Existing Campus Parking

Whilst cycle and accessible parking should be distributed across campus most general car parking is situated to the outer edge of the campus. The masterplan will seek to improve on this strategy whilst reducing the overall footprint given over to parking.

Existing parking arrangements are set out in the tables below:

Table 1: Car Parking

Car Park	Designation	Spaces (No.)	Disabled Spaces (No.)	Total Spaces
Student Village	Staff/Students/Visitors	150	9	159
Mildmay	Staff/Visitors	70	3	73
Rivermead: Shoppers car park	Short term customer parking for General public visiting Doctors surgery and shops	44	3	47
Rivermead: Tenant car park	Tenants of RMG and staff	22	1	23
Marconi	Disabled	0	3	3
Queens	Visitors	35	6	41
Sawyers	Staff/contractors	56	2	58
Med-BIC	Occupiers and Visitors of Med-BIC	51	3	54
Total (excluding Med-Bic)		**377**	**27**	**404**
Total (including Med-Bic)		**428**	**30**	**458**

Table 2: Motorbike Parking

Car Park	Total Spaces
Sawyers	11
Marconi (roundabout)	10
Total	**21**

Table 3: Cycle Parking

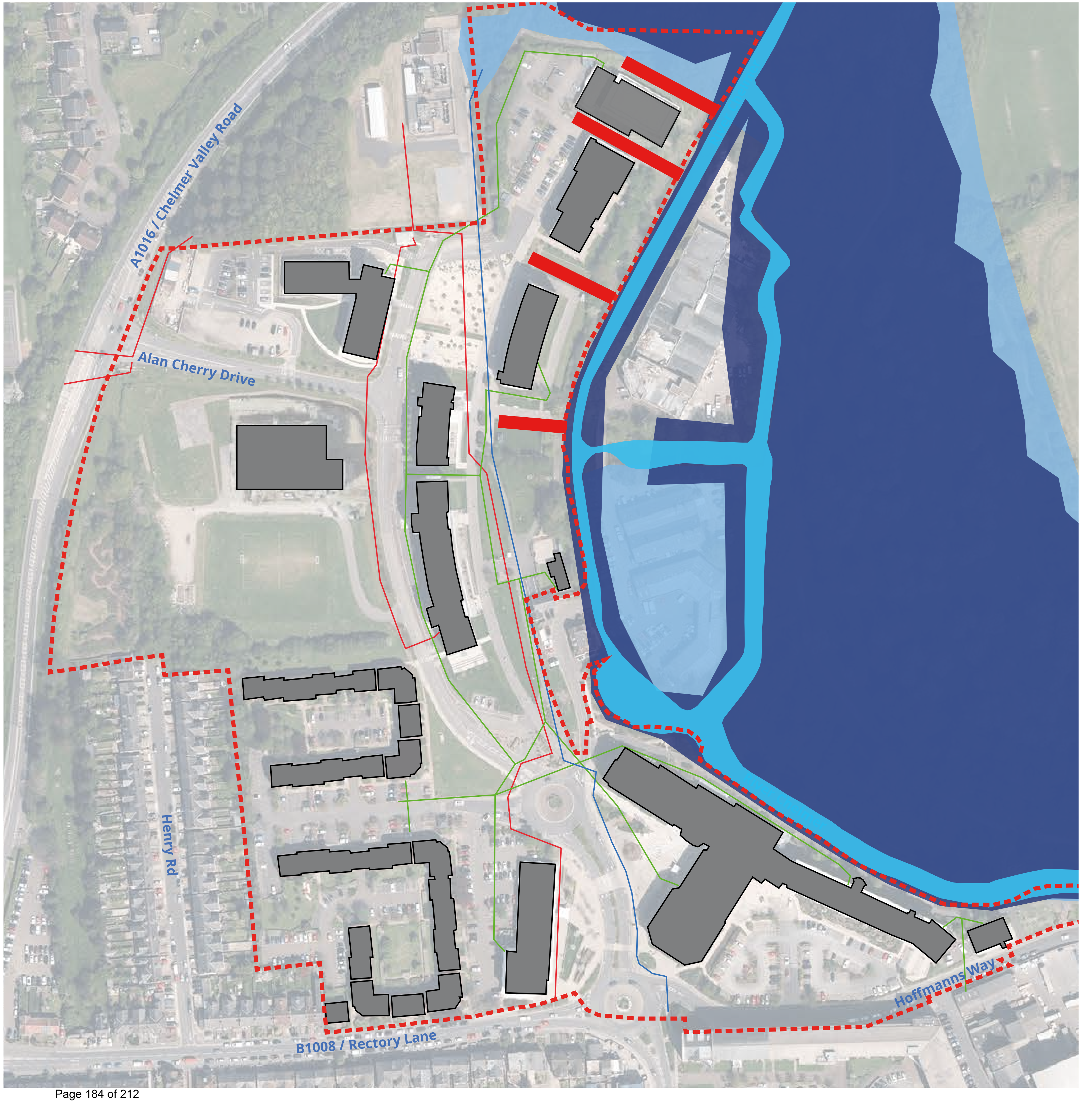
Location	Spaces (No.)
Sawyers	180
Telecomms	40
Mildmay	20
Salmon	8
School of Medicine	24
Tindal	22
Marconi (Spine)	10
Marconi (Roundabout)	12
Student Village	30
Rivermead	20
Med-BIC	40
Total *exluding Med-BIC)	**366**
Total (including Med-BIC)	**406**

2.7 Trees / Landscape / Biodiversity

Although the site sits adjacent to a nature reserve, there are limited existing high quality trees and habitat on the site itself. There are no trees subject to the TPO on the site, with only some examples at the eastern boundary (adjacent to the river).

Most of the remaining existing open space (outside of the main circulation spine) is a mixture of (low value for habitat) grassed areas and hardstanding.

2.8 Flood Risk & Existing Services / Utilities



Flood Zone 02

Flood Zone 03

Water

Power

Data

Existing drainage swale

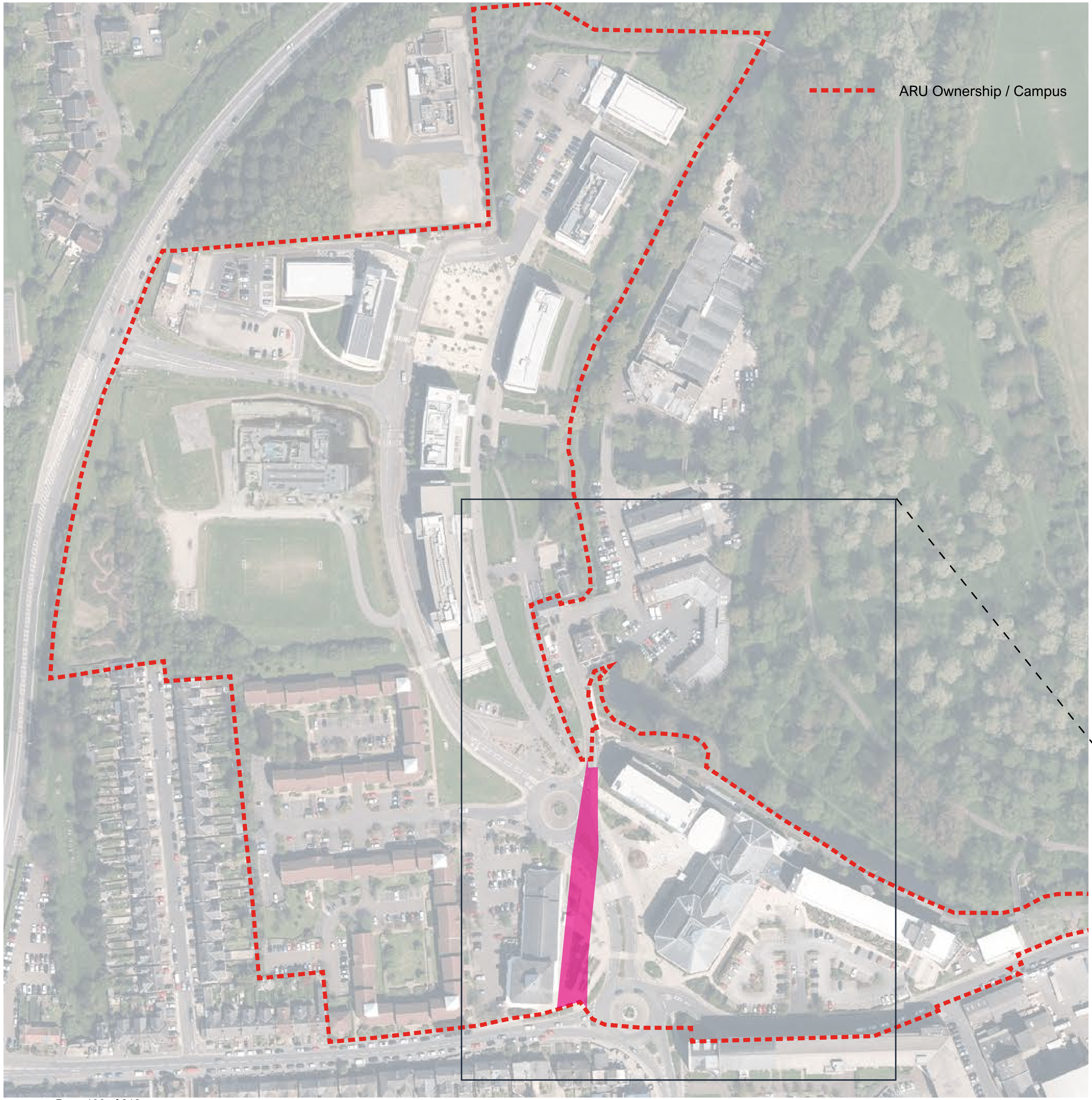
The flood risk zones identified here only affect the periphery of the existing site, with topography of the campus generally falling from west to east from the highest point near Alan Cherry Drive.

Although not all buried services are shown here, the majority of significant utilities follow either the connecting north south road or the main pedestrian link.

Example of existing swale (adjacent to Mildmay)

South east campus buildings adjacent to the River Chelmer

3.0 Masterplan Development



3.0 Approach to the Masterplan

This masterplan is intended to inform future decisions on the use and adaptation of the campus - it is not a response to an immediate spatial requirement.

Using the site analysis and results of the engagement process we will demonstrate the process used in the next pages as follows:

Retain and Enhance the "Riverside" Campus

- Retain and enhance opportunities for biodiversity on and around the site and maintain the visual connection to the river and natural landscape beyond

A Spacious Campus

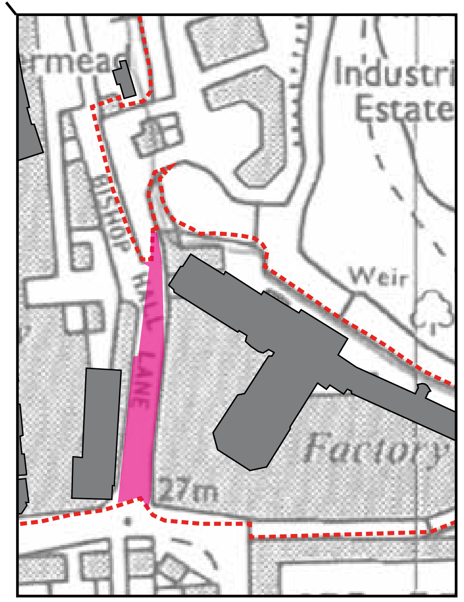
- Retain the key open spaces, and enhance to make more usable pedestrian priority landscape: the space between buildings is as important as any other development consideration

A Flexible Campus

- Creation of residual development zones that can be brought forward independently in any sequence: an essential part of the ARU brief that reflects the rapidly changing (and unpredictable) higher education sector demands.

A Connected Campus

- Restrict cars, parking and vehicle traffic to the periphery of the campus, giving full priority to pedestrian and cycle movement.
- Suggest future collaborative projects with external partners (eg Highways, Chelmsford City Council) with a shared goal of increased sustainable modes of transport and safer physical routes to and from campus to the City and wider region



1990 OS Map with current campus and adopted highway overlay.

When the campus was initially developed it was anticipated that the extent of the highway adoption would have been adjusted to reflect the newly aligned entrance road. As a consequence, the land immediately to the front of the Rivermead Gate building (highlighted pink) is still classified as adopted highway – it would be preferable if this situation is resolved to reflect the original intention.

3.1 Building Retention/Redevelopment

ARU have been developing new buildings and enhancing their existing campus buildings as a rolling programme of estate management. This masterplan recognises that some of the oldest buildings will become obsolete and no longer fit for purpose in a shorter time-frame - and irrespective of curricular demands.

Rivermead Gate currently functions as office space, medical surgery and commercial/retail units. It was one of the first buildings used by ARU. It is inflexible and dated, suffering from poor environmental performance. It also occupies the most prominent entry point to campus.

Redeveloping this plot would allow the creation of new and much improved gateway to the campus.

The existing student village does not deliver the current or future needs of the University. It is dated and of relatively poor quality, especially when compared with the offer from other competitors in Higher Education.

As well as increased expectations the changing demographic of students has and will continue to place considerable pressure on availability of on-campus accommodation. This can be a key recruitment factor for many courses - the ability to at least offer a first year place within on-campus accommodation. This is vitally important, together with the ability to offer returning (2nd and 3rd year) and international students on campus accommodation.

3.2 Sustainability, Biodiversity & Drainage

Renewable energy sources to be encourages on all new buildings and retro-fitted to existing stock, again where appropriate and feasible (during planned refurbishment)

Use of **green/wild-flower roofing systems** to new buildings where appropriate - benefits include bio-diversity, rainwater retention, reduction in heat sink effect, atmospheric improvements

Site **improvement of biodiversity**: for example new and connecting hedgerows & habitat corridors

Shift towards predominant **EV parking and charging**. Shifting vehicles to edge of campus - bicycles and pedestrians given full priority

Health and Wellbeing - Reconnecting people with nature should be a major goal of any new work, either viewed from a window or in the journeys between buildings around campus.

SUDS - flood mitigation through soft-engineering and green infrastructure improvements.

Hard-wearing and **sustainably sourced materials** to be used in all new buildings (preferably from local sources).

3.3 Retention & Enhancement: Open Space

This diagram shows how retention and enhancement of existing open space should be considered as a key priority for any future campus development. These are shown as broad areas of new and enhanced open space, together with opportunities to add to and enhance the green space on campus, that should be designed to improve the biodiversity of the site but also as a core part of how the campus can help improve the health and well-being of staff, students and visitors. The open nature of the campus was one of the key positive aspects identified by the stakeholders – the masterplan has approached the space in between buildings as equally important to the buildings themselves.

Development of the landscape architecture of the campus should have high aspirations and look to maximise opportunities and increase the design quality of the public realm alongside the future development and improvement of the building stock. The following pages demonstrate some of this thinking and how it could be applied.

3.4 Landscape Design Aspiration

Social space to allow students to gather and promote a sense of identity.

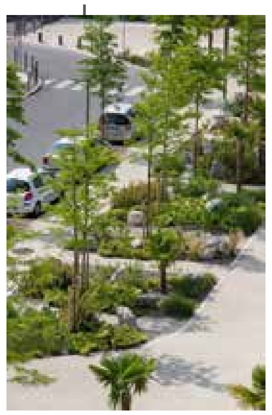
Civilised street: Shared space to reduce dominance of vehicles near the social space.

Any potential new cycle hubs should be located close to university buildings and facilities. New cycle stores will be secure, covered, and well overlooked

3.4 Landscape Design Aspiration

Trees and low level planting separate pedestrian and residential spaces from vehicular route.

Green buffers frame routes to entrances of residential spaces



Repeated planting beds mimic repetition of buildings while softening views.

Opportunities for social spaces along the way within a natural setting.

Green space extended to be used as spill-out space draw students towards existing natural surroundings.

3.5 Residual Development Areas

This diagram shows the parcels of land on campus that are the suggested remaining areas for future development once the other factors (described in the previous pages) have been taken into account.

It is noted that these areas are identified as potential sites, and do not necessarily denote building footprints. Each development project would need to be considered on its own merits but should consider how the design can integrate with the wider aspects of the masterplan and existing campus and respond accordingly to the local site constraints which will vary across the campus.

Developments within these zones would be generally be 3-5 storeys in height to reflect the scale of the existing buildings on campus and any taller buildings proposed would need to be considered against provisions of Local Plan Policy DM28 (or successor documents).

The masterplan is a long term vision for the ARU campus, as such there may be appropriate shorter term uses for development sites that could be considered, especially if proposals would not detract from the longer term vision.

One example of this is the external sports area (a MUGA) on part of the land to the west of the William Harvey Building. This provides a valuable ARU and community resource whilst redevelopment of the Mildmay Sports building (and surrounding context) is being considered. This MUGA would be relatively easy to relocate to another location and not preclude future development in the same way that a built structure might.

3.6 Opportunities

1 SPORTS & FITNESS
Enhancing the provision of the existing Mildmay Sports Centre - potential to double the amount of hall space, together with an outdoor multi-use games area.

2 COLLEGIATE SPACE
Replacing the Mediterranean Garden with more contained landscaped square - a place to become a "collegiate" focus for the existing buildings fronting onto it, together with a new teaching/research building.

3 NORTH WEST GATEWAY
Potential to expand the Medical School and other potential education buildings to meet the growing demand for specialised teaching and lecture space. Consolidation of (non-disabled) staff parking to new parking zone, keeping most of the traffic away from pedestrian and cycle zones.

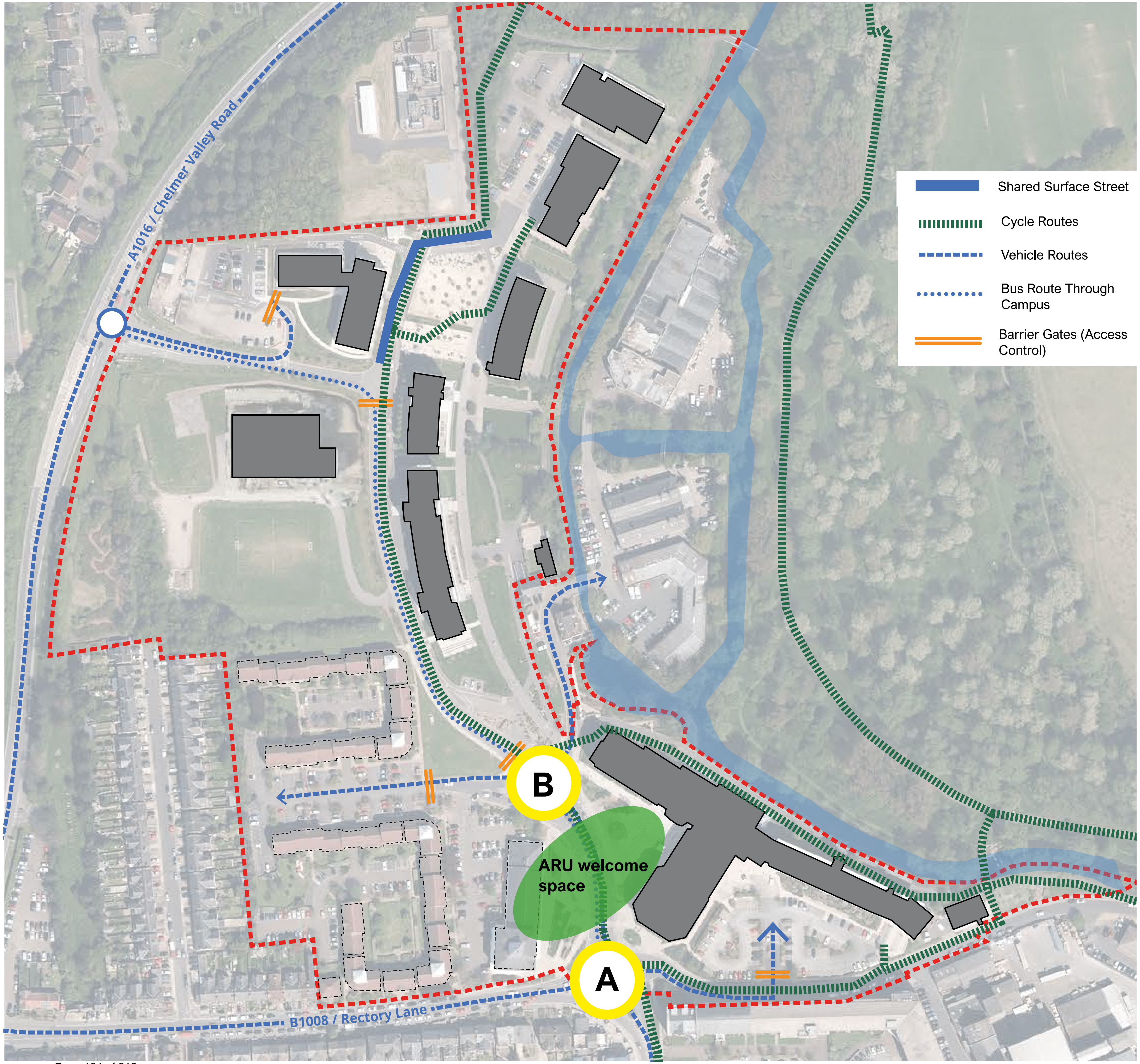
4 INTERSECTION
Potential to create a new focus building to the south of Marconi - recognising the future importance of routes to the east and west. This teaching/research building could help to consolidate departmental space within Marconi by freeing up shared space.

5 UNIVERSITY SQUARE
This is the "front door" to the campus and through redesigning the public realm and highway the future campus could have a new civic space that enhances the outward facing functions in this zone. Redevelopment of Rivermead Gate would help to enclose this space, but also provide a gateway building to the campus - connecting to the city beyond.

6 RESIDENTIAL ZONE
Complete redesign of the on site residences to not only increase the scale of provision but to provide a much higher standard of accommodation. The spaces between blocks would open to the campus to connect them and provide shared high quality landscaped spaces to enhance the campus experience.

7 ESTATES FACILITIES HUB
Consolidation/co-location of key campus servicing facilities.

ELEMENTS IN THE MASTERPLAN ARE INDEPENDENT AND MAY COME FORWARD IN ANY SEQUENCE IN RESPONSE TO IDENTIFIED NEEDS AT THAT TIME



3.7 Movement Strategy - Principles

Key Principles of the future Movement Strategy:

Enhancing Pedestrian & Cycling Priority

- The proposed movement strategy will enhance pedestrian priority on campus, keeping vehicular access to a minimum.
- Cycling and wheeled transport will also be placed above car travel in terms of priority, and consideration should be given to reducing speed limits in all areas.
  Any future parking strategy should recognise the advantages of keeping any parking to the north and south of the campus, freeing up the interior for pedestrian and cycle movement.
  ARU will continue to promote opportunities to enhance pedestrian and cycle connectivity across the campus.
  Whether any future development proposals will be associated with off-site mitigation measures for sustainable transport modes will depend on the scale and nature of the proposals, as well as the contextual circumstances at the time of determination.

Addressing Clash Points

This masterplan highlights the potential removal or adaptation of the roundabouts on site. The current road design is considered the biggest obstacle to pedestrian and cyclist safety within the campus where cars have priority over other users.

However, the delivery of this aspiration will depend on numerous factors, including third party access, cost and the ability to develop an acceptable alternative junction design. The opportunity can therefore be considered aspirational as opposed to a commitment.

It is noted that any modifications to junctions **A** and **B** would require a detailed scheme to be prepared and be subject to agreement with the local highways authority.

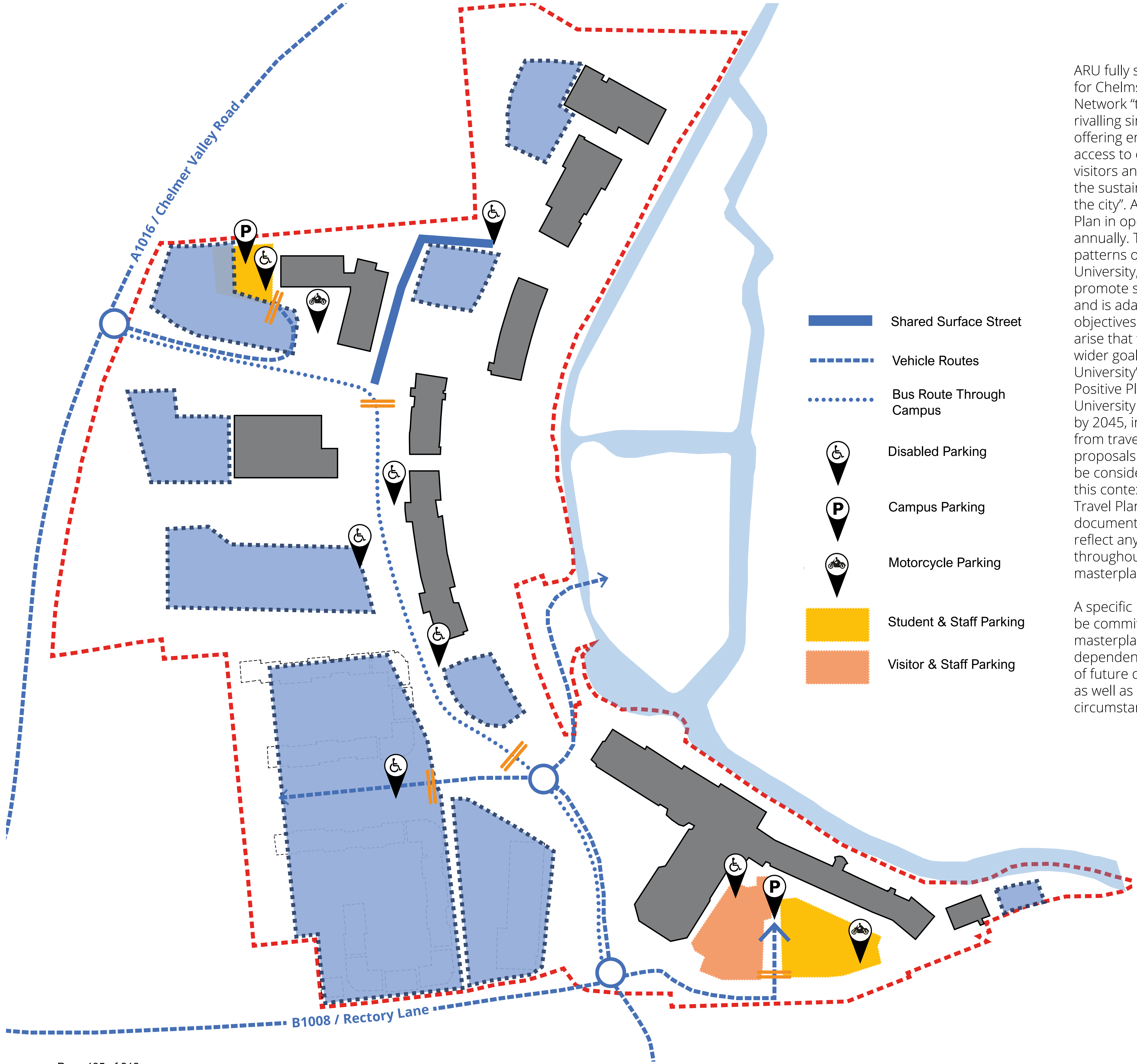
Enhancing Public Realm

- The space outside Queens and Lord Ashcroft Building is seen as the key welcome space for the campus. The future ambition within the masterplan is to visually and physically connect across the bisecting road, creating a "University Square" that will act as a front door to the University but also a connection to the City beyond. Any improvements to the highway should reference this ambition.

Travel Plan

ARU already operates a Travel Plan to help promote sustainable modes of travel and monitor means and mode of travel for both staff and students. Depending on the scale of any future scheme(s) and policy requirements at the time of determination, the Travel Plan would be updated to incorporate new development.

3.8 Highways & Parking Strategy

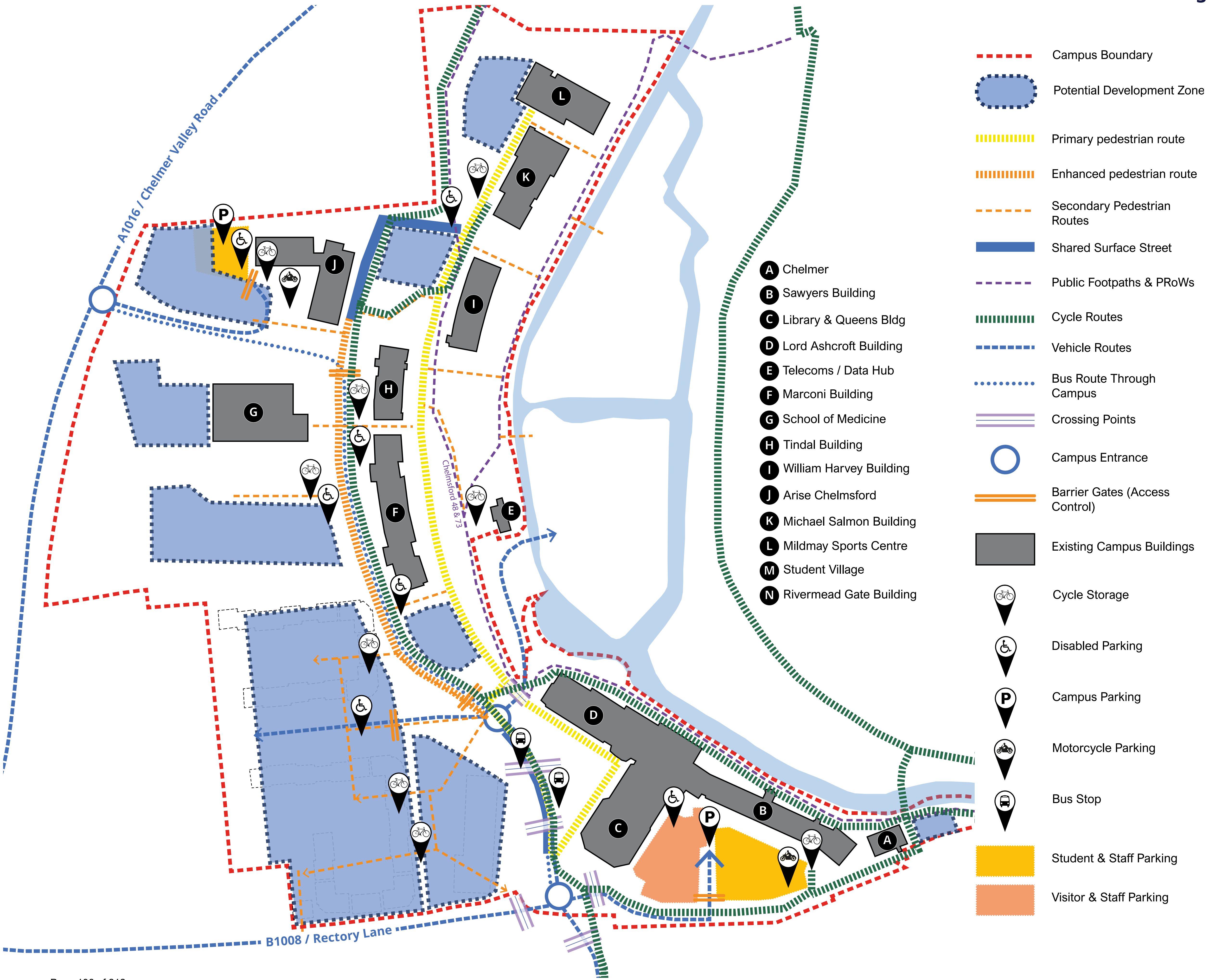


ARU fully supports the 2036 vision for Chelmsford's Future Transport Network "to become 'best in class' rivalling similar cities across the UK offering enhanced connectivity, and access to opportunities for residents, visitors and businesses to support the sustainable economic growth of the city". ARU already has a Travel Plan in operation and it is updated annually. This monitors existing patterns of travel to and from the University, includes commitments to promote sustainable modes of travel and is adapted with new Action Plan objectives wherever opportunities arise that would help support its wider goals. This aligns with the University's ambitious 'ARU Climate Positive Plan' which aims for the University to become zero carbon by 2045, including indirect emissions from travel. Any future development proposals at the campus would be considered and designed in this context. Furthermore, as the Travel Plan is an intuitive and fluid document, it can be updated to reflect any specific opportunities throughout the lifespan of the masterplan.

A specific reduction in parking cannot be committed to within this strategic masterplan as it will be heavily dependent on the scale and nature of future development proposals, as well as particular University circumstances. For instance, ARU find on-site parking for medical/nursing/paramedic students that do late night placements is imperative for their safety and wellbeing. ARU will want to ensure their future aspirations not only serve their sustainability goals but also consider the broader needs of their staff and students, which are expected to change over the lifespan of the masterplan. However, this masterplan commits to the overall promotion and support for sustainable transport modes and an overall reduction in car parks on site is expected in the medium to long term.

The Masterplan looks to enhance further the current approach to placement of car parking – by keeping clusters to the perimeter of the campus, giving priority to pedestrian and cycle movement to and within the area. Where possible in future ARU would look to replace certain surface car parks with public space and appropriate development. This could be achieved by providing undercroft parking and/or parking over more than one storey which could lead to an overall reduction in the percentage of the campus footprint being used for parking. Visitor parking could remain to the south of the campus, with appropriate provision for accessible parking distributed across campus to be close to key buildings.

3.9 Movement Strategy



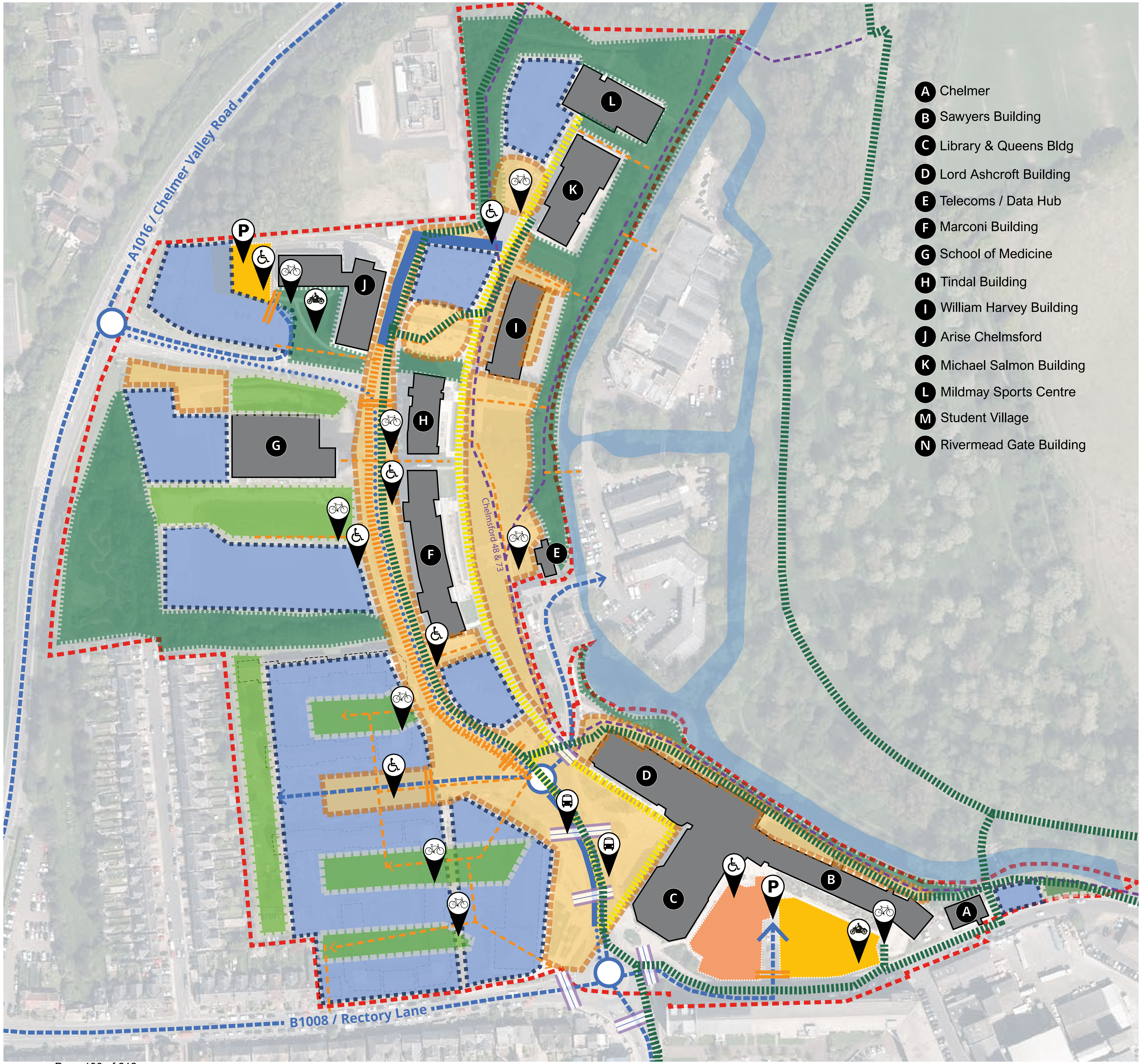
The proposed movement strategy looks to build on the desire for a pedestrian priority campus that keeps vehicular access to a minimum (the retained bus route through the campus, servicing and disabled parking/access and for those staff/ students with a justified need).

The current primary pedestrian route to the east of the main building spine is retained and enhanced, the route to the west of this spine should be enhanced – allowing for future improved connections to both the Medical School and the main areas of potential development.

Any potential new cycle hubs should be located close to university buildings and facilities. New cycle stores will be secure, covered, and well overlooked.

4.0 The Strategic Masterplan

4.0 Masterplan



- Potential Development Zones
- Enhanced Landscape
- Enhanced Public Realm
- Primary pedestrian route
- Enhanced pedestrian route
- Secondary Pedestrian Routes
- Shared Surface Street
- Public Footpaths & PRoWs
- Cycle Routes
- Vehicle Routes
- Bus Route Through Campus
- Crossing Points
- Campus Entrance
- Barrier Gates (Access Control)
- Existing Campus Buildings
- Cycle Storage
- Disabled Parking
- Campus Parking
- Motorcycle Parking
- Bus Stop
- Student & Staff Parking
- Visitor & Staff Parking


elliswilliams
ARCHITECTS
bcal
savills

Chelmsford City Council

Chelmsford Policy Board

7 November 2024

Anglia Ruskin University – Strategic Masterplan Chelmsford Campus

Report by:
Director of Sustainable Communities

Officer Contact:
Sally Rogers, Principal Planning Officer – strategic.development@chelmsford.gov.uk

Purpose

This report is asking the Policy Board to recommend to Cabinet the approval of the masterplan for the Rivermead Campus of Anglia Ruskin University.

Recommendations

1. The Policy Board recommend to Cabinet that the masterplan attached at Appendix 1 with any changes arising from the further recommendations be approved.

2. That the Policy Board delegate the Director of Sustainable Communities in consultation with the Chair, Vice Chair and Cabinet Member for Sustainable Development, to negotiate any final changes to the masterplan ahead of the consideration by Cabinet.

1. Background

1.1. The masterplan presented in this report relates to the Rivermead Campus of the Anglia Ruskin University (ARU). The formal determination of masterplans consists of two stages: consideration by Chelmsford Policy Board and then approval by Cabinet.

1.2. Policy DM22 of the Chelmsford Local Plan relates to Education Establishments. This states that the extension or expansion of existing educational facilities will be supported subject to their accordance with the criteria of other relevant policies within the Local Plan. The policy goes on to state that proposals for the expansion of Anglia Ruskin University and Writtle University College will be considered in the context of agreed masterplans.

1.3. The retention and improvement of education establishments is an important objective of the Local Plan. ARU is a key institution in the city and brings significant economic and social benefits. It has an important place in the local economy by providing employment, skills, education and research. ARU has ambitious plans to continue the development and upgrading of its Rivermead Campus, including the expansion of the medical school, which opened in 2019. The provision of a masterplan provides an understanding of the University's future intentions for the site.

2. The Journey to This Stage

2.1 ARU began working on the masterplan for this site in 2019 and have engaged with the City Council throughout its development.

2.2 The procedure for the submission and approval of the masterplan has been based on the general structure of the Council's Masterplanning Procedure for strategic sites. The Masterplan Procedure Advice Note (2019) sets out the specific sites requiring masterplans but does not list ARU as one of these. This is because the masterplan for the ARU is not related to a strategic growth site. The process for the ARU masterplan has therefore broadly followed the advice note but this has been simplified so that it proportionately reflects the much smaller scale and circumstances of the University. As part of this more streamlined process, it was concluded that it was not necessary for an independent Design Review to form part of the procedure.

2.3 The formal procedure includes four defined stages; Stage 0 – Initial discussions with Council Officers, Stage 1 – Technical Assessment, Stage 2 – Consultation and Stage 3 – Formal Approval.

2.4 The University carried out stage 0 over an extensive period from 2019 until 2022. The University held staff and student engagement sessions throughout this process and in March 2020 a public exhibition on the draft masterplan was held at the University. The University engaged with the City Council throughout this period as the draft masterplan evolved.

2.5 The technical and public consultations (Stages 1 and 2) ran in parallel. The masterplan was submitted to the City Council in July 2023 and public consultation was carried out from 9th August 2023 to the 4th September 2023 with site notices displayed around the perimeters of the site and consultations sent to key consultees. The public consultation resulted in initially negative feedback from Essex County Council Highway Authority and the masterplan evolved and responded to that feedback accordingly. After various iterations, a final agreed version of the masterplan was submitted to the City Council on 12th August 2024 and the highway authority have confirmed that they are now content with the document.

Member Presentation

2.6 Prior to the Chelmsford Policy Board meeting all members were invited to a briefing by the ARU staff and representatives on 15th October setting out the content of the final draft masterplan.

3. Overview of Masterplan Content

Purpose and Engagement

3.1. The first section of the masterplan document sets out the reasons behind the necessity of a masterplan. Its purpose is to communicate the values of the institution, create a sense of place and to facilitate change. The document seeks to facilitate change by setting out where new development parcels can be accommodated and where there are opportunities for change and improvement to existing spaces or routes. The masterplan is not intended to be a rigid and building focused document which could only facilitate change if it is followed exactly. Instead, the document is based on the three components of landscape, building and circulation.

3.2. As set out above, the University has engaged with their staff and students for feedback on existing challenges within the site and opportunities for change.

The Campus Today

3.3. The masterplan sets the scene on the development of the Rivermead Campus to date, from when it was first developed by Wilkinson Eyre in 2002. The historical context is examined and a context analysis recognises the nearby designated and non-designated heritage assets such as Bishops Hall Mill and Globe House/Durrant Court. This section also identifies the adjacent neighbours to the site, including the more sensitive residential properties in Henry Road to the southwestern corner.

3.4. The existing movement strategy through the site identifies that there are a series of clash points both on the approach to and within the campus site itself. The main pedestrian/cycle approach to the campus from the city centre is across a busy junction with no controlled pedestrian crossings. Similarly, the gateway space into the campus is identified as an undesirably vehicle dominated area that does not connect as well as it could. Slightly further into the site there is a second roundabout that again is designed to be optimised for vehicles rather than for pedestrian and cycle priority.

3.5. The landscape context identifies that there are no preserved trees (TPOs) on the site but that the open spaces are part of the identity of the campus and provide opportunities for enhancements. There are no flood risk issues within the masterplanned area.

Masterplan Development

3.6. The approach to the masterplan is to inform future decisions on the use and adaptation of the campus. It is not a response to an immediate spatial requirement. A challenge of the masterplan process was to ensure that the document remained flexible enough to respond to the rapidly changing (and unpredictable) higher education sector demands. The masterplan needs to be able to allow for development zones that can be brought forward independently in any sequence.

3.7. The document identifies those buildings that are suffering from poor environmental performance, dated and inflexible layouts. These are primarily to the south of the site and provide and opportunity for an improved gateway experience. The existing student village is also considered to be of relatively poor quality when compared with other competitors in higher education.

3.8. Section 3.5 of the document sets out the “residual development areas” – these are the parcels of land on the campus that are the suggested remaining areas for future development. They are identified as potential sites but do not denote building footprints as each parcel will come forward separately and will depend on the needs of the University at the time of that project. Development would be generally 3-5 storeys to reflect the scale of the existing buildings on the campus.

3.9. Opportunities are identified at 3.6 of the document and these include enhancing the sports facilities by potentially doubling the amount of hall space, expanding the medical school, a new focus teaching/research building to the south of the Marconi Building, a new front door to the campus by redesigning the public realm and civic space and a complete re-design of the on site residential accommodation.

3.10. The movement strategy seeks to enhance pedestrian and cycle priority and does not include any additional parking provision. Whilst parking is important on site for some staff and for example medical students who live on site and have to arrive and leave the campus at unsociable hours, the proposal is to keep parking to the peripheries of the site and to maintain active travel routes to the centre of the site. Off site mitigation measures for sustainable transport modes will depend on the scale and nature of the proposals but it is acknowledged in the document that these may be necessary in the future.

3.11. The masterplan identifies the potential removal of the internal roundabouts on the site as this is currently seen as an obstacle to pedestrian and cycle permeability. The highway authority have been involved in the development of the movement strategy of the document and have advised that any modifications to the junctions would require a detailed scheme to be prepared and agreed with them. The highway authority is however very supportive of improving the active travel routes and trying to remedy the current vehicle priority layout. ARU are committed to maintaining an up to date Travel Plan, which will support any future proposals on the site.

3.12. The existing bus route through the site provides an important public transport connection, which will be retained.

4. Public Consultation

4.1. The public consultation resulted in only two neighbour representations. The comments concern the likely impact of the re-development of the student village and how this might affect the amenities of the adjacent residential properties and the need for improved cycle routes to, from and through the site.

4.2. The masterplan is not intended to provide the detail on the form of the redevelopment of the student village. It is simply providing an intention for future opportunities on the site. The relationship of any new buildings with existing residential properties would be carefully considered at application stage and any new buildings to the south west of the site would need to comply with the privacy and proximity standards contained within Appendix B of the Local Plan.

4.3. The view of the resident regarding the need to improve cycle connectivity is shared and the masterplan seeks to encourage improvements in this respect.

4.4. The most critical feedback during the masterplan process was from the highway authority. The ARU have responded positively to this feedback and improvements/amendments made include the following:

- Recognition that alterations to the adopted highway would require a formal order for the highway rights to be removed
- A commitment to providing secure, covered and well overlooked cycle stores
- Priority to pedestrian and cycle movements
- Clarity that the bus route with remain through the site
- Acknowledgment that modifications to the internal junctions would require a detailed scheme and that this would be subject to agreement with the local highways authority
- Clarification that the existing barrier controlled access will remain
- Clarity that the existing arrangement to Alan Cherry Drive is not altered
- A commitment that there is an intention to reduce future need for car parking on site
- An acknowledgement that future developments may require contributions to off-site mitigation
- Acknowledgement that there is an existing Travel Plan
- Inclusion of specific references to the existing PRoW

4.5. City Council officers are content that the matters raised by the consultation have been addressed satisfactorily in the latest version of the masterplan and that the input from consultees has positively enhanced the development of the document.

5. Conclusion

5.1. The masterplan provides a framework for the future intentions of the site without restricting the fast-changing needs of the establishment. The University is an important institution and the City Council seeks to support its growth and development which will bring social and economic benefits to the City.

5.2. The masterplan takes account of the existing context and challenges and seeks to harness the opportunities available to allow the University to grow and prosper. The masterplan layout and other content provides a sound framework to guide successful placemaking and will support the planning application process as it should.

5.3. The masterplan is presented to Chelmsford Policy Board with recommendations that it be referred to Cabinet for approval.

List of appendices:

Appendix 1 – Masterplan
Appendix 2 – Consultation responses from ECC Highways and The Environment Agency

Background papers:

None

Corporate Implications

Legal/Constitutional:
These are set out in the report.

Financial:
None

Potential impact on climate change and the environment:
New buildings can have a negative impact on climate and environmental change issues. Planning Policies, Building Regulations and Environmental Legislation ensure that new buildings meet increasingly higher sustainability and environmental standards which will help mitigate this impact.

Contribution toward achieving a net zero carbon position by 2030:
The future qualifying buildings on the site will be required to be built to at least BREEAM "Very Good". The proposals also include provisions for EV charging, green roofs, gains in biodiversity and landscaping and a commitment to improved sustainable transport connections.

Personnel:
None

Risk Management:
None

Equality and Diversity:
None. An Equalities and Diversity Impact Assessment has been undertaken for the Local Plan.

Health and Safety:
None

Digital:
None

Other:
None

Consultees:

ECC Highways

The Environment Agency

Relevant Policies and Strategies:

This report takes into account the following policies and strategies of the City Council:

Local Plan 2013-2036

Our Chelmsford, Our Plan, January 2020

Chelmsford Climate and Ecological Emergency Action Plan

MINUTES

of the

CHELMSFORD POLICY BOARD

held on 7 November 2024 at 7:00pm

Present:

Councillor C. Adutwim (Chair)

Councillors J. Deakin, I. Fuller, J. Jeapes, M. O'Brien, G. Pooley, A. Sosin, A. Thorpe-Apps, N. Walsh, R. Whitehead and S. Young

1. Apologies for Absence

No apologies for absence were received or substitutions made.

2. Declarations of Interest

Members were reminded that they must disclose any interests they knew they had 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 became aware of the interest. If the interest was a Disclosable Pecuniary Interest they were also obliged to notify the Monitoring Officer within 28 days of the meeting. Any declarations are recorded in the relevant minute below.

3. Minutes

The minutes of the meeting on 26th September 2024 were confirmed as a correct record.

4. Public Questions

No public questions or statements were submitted in advance of the meeting.

5. Co-Living Housing Planning Advice Note – Consultation Draft

The Board considered a report which sought their approval to publish the Co-Living Housing Planning Advice note for consultation. The Board were informed that this was a relatively new form of housing which was not specifically defined as a separate housing category in national planning policy or guidance. The Board heard that it usually comprised of large buildings containing individual private rooms support by communal facilities alongside facilities for shared dining, recreation and workspaces. The Board were informed that due to their scale they were not Houses in Multiple Occupation or a hotel as they tended to have a minimum three-month tenancy. It was noted that the type of accommodation had been promoted in large cities that had an economic and demographic demand for the type of living and that to date only one pre application enquiry had been made in Chelmsford. Officers informed the Board that existing planning policies and standards may not apply to development proposals, including minimum space standards and therefore the draft Planning Advice note had been prepared. It was noted that the note would be subject to a six-week consultation, before approval by the Cabinet.

The Board were informed that the draft note set out the following;

- The scope and eventual status of the Planning Advice Note
- How the need and demand for this residential product is demonstrated
- The locational requirements for this type of residential development
- Contributions to affordable housing
- Design standards and communal Facilities
- Future management plans

It was also noted that by their nature, the proposals would not meet the requirements and standards of the Local Plan and therefore detailed and robust evidence would demonstrate the level of need and demand for any co-living housing proposals. The Board also noted that officers felt the City Centre would be the only appropriate location and that it would be important to ensure that co-living proposals did not create sub-standard accommodation. Officers also informed the Board that the Planning Advice note would have regard to the space benchmarks contained within the Mayor of London's Large-Scale Purpose-Built shared Living Guidance from February 2024. The Board heard that the Planning Advice Note sought to provide practical guidance for co-living in Chelmsford to ensure the Council's expectations were met.

In response to questions from the Board, officers noted that;

- Any proposals would have to comply with normal building regulations.
- Management plans would need to be agreed to ensure that any future product could not be marketed as student accommodation.
- The note would help the Council to ensure that there were protective standards in place to prevent sub standard housing and speculative applications on very small areas of land.
- They were not against the principle of co-living and felt that with careful planning and management they could suit certain circumstance, but there needed to be enough shared communal space, sufficient amenities and good living conditions.
- Planning Advice notes were material planning considerations and especially after being subject to consultation, they held further weight along with the benefit of being agile and able to be reactive to gaps in policy.
- A Planning application for co-living had not yet been received, only pre application enquiries.
- The model of living would only be suitable in the City Centre, due to the requirements for transport and other facilities within close vicinity.
- Other areas that may be deemed suitable, could be suggested during the consultation process.
- A premises of this type would not be Council run, so sufficient management plans would need to be in place to prevent safeguarding issues, but as with any type of housing the Council would hold some safeguarding responsibilities within the Community Safety framework. The note being discussed only concerned planning aspects however.
- Co-living housing units were not considered as dwellings but instead as rooms and the minimum size standards were set by the note detailing the furniture, such as a double bed and workspace etc that needed to be in the room, rather than a specific square meterage.
- 4sqm was the suggested internal shared community/amenity space per resident, not the space of the actual individual room.
- Any sui generis planning use would require future planning permission for it to be turned into a different use.

- Officers were keen to produce a planning advice note so that the policy gap could be filled and some minimum criteria could be set for any applications that may be received in the future.

Members of the Board expressed the view that they would want to consider the consultation responses and any updated note as a result, before it went to Cabinet for approval. Officers agreed that this would be a possible route to take.

RESOLVED that;

1. The Board approved the Co-Living Planning Advice Note to be published for consultation and;
2. The Board delegated the responsibility to the Director of Sustainable Communities in consultation with the Cabinet Member for a Greener Chelmsford to make any minor changes required to the note prior to publication for consultation and;
3. That following the consultation the note is considered again by the Board, before it is recommended to the Cabinet for approval.

(7.02pm to 7.49pm)

6. Strategic Housing and Employment Land Availability Assessment (SHELAA) – Autumn 2024 Report

The Board were informed of an amendment that had been made via a green sheet prior to the meeting, detailing an additional recommendation. The Board were informed that the additional recommendation would allow for any minor changes to be made under delegation before publication. It was brought to the Board's attention that within the Site Performance Summaries in Part 6 of the SHELAA, some symbols of text had been randomly generated through its conversion from an excel spreadsheet. It was also brought to the Board's attention that site CFS83 on Page 417 of the agenda pack incorrectly had a Red RAG rating, where it should have been amber as the scoring had not changed since the last publication of the SHELAA and that these errors would be corrected before publication.

The Policy Board was informed that the SHELAA provided a high-level technical desktop assessment of sites in Chelmsford promoted by developers and landowners. It identified a wide range of site characteristics; highlighted the opportunities and constraints that sites may face; and established the likelihood of future site developability and deliverability. Its purpose was not to allocate land for future development; instead, the assessment technical outcomes were considered alongside other evidence base documents to enable members and officers to make informed decisions on the policies and strategies needed and where to allocate future development. It was noted that the Board were being asked to note the report and approve it for publication.

The Board heard that the latest SHELAA Assessment had been carried out across the Spring and Summer of 2024 and had looked at a total of 394 unique sites, of which 379 had been previously submitted, six were amendments received to them and nine sites were new. It was noted that to avoid double counting, the site areas and yields of 75 sites had been discounted and 33 of them had either been allocated in the Local Plan or had an approved planning permission whilst the remaining 42 sites lied wholly within another SHELAA submission. The Board were also informed of some changes which had been agreed prior to the commencement of the assessment in order to rectify some minor inconsistences/ambiguity in the interpretation of the criteria and scoring of sites in the previous assessment. In summary, the Board heard that the findings of the report along with other evidence base documents would help guide the determination of which sites were promoted for allocation in the Pre-Submission Local Plan Consultation to ensure an appropriate land supply was identified to meet need across the Local Plan period.

In response to questions from the Board, officers noted that;

- The main submissions received were residential, rather than other site uses but the Council could not influence the type of sites submitted through the call for sites process and it was for land owners and promoters to provide sites.
- The SHELAA did not deal with capacity on the highway network, this would instead be a separate technical assessment provided by the highways authority.
- Just because a site was promoted, it did not mean it would be deemed acceptable for development.
- A check on some of the figures provided on the South Woodham Ferrers sites that were questioned by a Board member for their accuracy, would be checked before publication. It was also noted that any discrepancies or transposed figures picked up on would be notified to Board members.
- The methodology used had been honed for a number of years and had been looked at by the Planning Advisory Service and some of their recommendations had been taken on board by officers.
- The document was one of a technical nature and often local residents were more focused on the actual local plan options document that followed the SHELAA.
- Mapping layers were updated at the start of assessment, to pick up any changes to flood risk levels and similar matters.
- The document was one used as the first step of the layers of the evidence base documents that went into the Local Plan process.
- They would look into the possibility of breaking down the sites on a ward by ward basis for members in the future although the online map provides a quick geographical reference point.
- Members could contact officers with specific concerns or queries for further detail on specific sites.

RESOLVED that;

1. The Strategic Housing and Employment Land Availability Assessment (SHELAA) 0 Autumn 2024 report be noted and authorised for publication and;
2. The Board delegated the responsibility to the Director of Sustainable Communities in consultation with the Cabinet Member for a Greener Chelmsford to make any minor changes required to the SHELAA, prior to publication.

(7.50pm to 8.40pm)

7. Anglia Ruskin University – Strategic Masterplan Chelmsford Campus

The Board were asked to recommend to Cabinet the approval of the masterplan for the Rivermead Campus of Anglia Ruskin University. The Board heard that Policy DM22 of the Chelmsford Local Plan, stated that proposals for the expansion of ARU would be considered in the context of agreed masterplans. It was noted that the retention and improvement of such establishments was an important aspect of the local plan and ARU had ambitious plans to continue the development and upgrading of the Rivermead Campus. The Board heard that work had begun on the masterplan in 2019 and ARU had engaged with the City Council since then. It was also noted that ARU had provided an update to all Councillors, setting out the content of the final draft masterplan. The Board heard that the masterplan content included sections on Purpose and Engagement, The Campus Today, and Masterplan Development. It was also noted by the Board that the education sector was very fast changing and unpredictable and ARU were keen to ensure any agreed masterplan would be flexible enough to not frustrate any directions of travel in the future.

The Board also heard the public consultation had only resulted in two neighbour representations, but that the most critical feedback had been from the highway authority, to which ARU had responded positively by making the required improvements and amendments. The Board were informed that officers were content the matters raised in the consultation had been address satisfactorily in the latest version of the masterplan and the input had positively enhanced the development of the document. In summary, the Board were informed that the masterplan provided a framework for future intentions of the site without restricting the fast-changing needs of the establishment which was an important institution that the Council sought to support the growth and development of. It was also noted that the masterplan took account of the existing context and challenges and sought to harness the opportunities available to allow the University to grow and prosper.

In response to questions from the Board, officers noted that;

- It was likely that ARU would redevelop the student accommodation in phases to ensure sufficient accommodation was always still available.
- The document did not detail specific timescales or project programmes, as these would instead be dealt with via planning applications.
- Due to the fast changing nature of the education sector, the masterplan may appear less detailed than previous ones, but these had been for specific housing developments rather than education facilities.

RESOLVED that;

1. The masterplan attached at Appendix 1 be recommended to Cabinet for approval and;
2. The Board delegated to the Director of Sustainable Communities in consultation with the Chair, Vice Chair and Cabinet Member for Greener Chelmsford, to negotiate any final changes to the masterplan ahead of the consideration by Cabinet.

(8.41pm to 8.52pm)

8. Work Programme

The Board considered an item detailing their future work programme. The Board were informed that the meeting on 17th December had now been cancelled and that the scheduled items would now be considered at the following meeting on 16th January 2025 instead. It was also noted that the initial items for the January 2025 meeting would be considered at the March 2025 meeting, which had been brought forward a week to 13th March 2025.

The Board were also informed that dates for the working groups on Waterways and the Homelessness and Rough Sleepers Strategy were being consulted on with members and dates would be agreed soon.

RESOLVED that the Work programme be approved with the above changes.

(8.53pm to 8.56pm)

9. Urgent Business

There were no items of urgent business.

The meeting closed at 8.57pm Chair