
REVENUE & CAPITAL ESTIMATES FOR 2020/21

Background

1. Each year Cabinet is required to make a proposal to Council to agree a budget for the next financial year. This report contains the recommendations of Cabinet for a budget for 2020/21.
2. The budget proposals from Cabinet have since been amended under delegation to allow for:
 - Submission of a statutory estimate (NDR1) for Business Rate Retention Income which was completed after Cabinet. In summary a reduction in estimated income in 2020/21 of £316k compared to the Cabinet report which reduces the transfer to Business Rate Retention Reserve by the same amount. The change has no impact on the Council's funding of the 2020/21 service budgets. The estimated reduction is due to higher level of assumed losses on Business Rate Income and delays by the District Valuation Office in recognising new business premises.
 - The final draft proposed Local Government Funding Settlement is unchanged. However, though published the final draft settlement needs to be voted on by Parliament. The vote has been delayed due to changes in the legislative programme so will not take place until after the 24th February. In the unlikely event that the City's funding is altered after the Council meeting it is recommended to Council that reserves be used to fund any shortfall, or contributed to, should additional funding arise. This practice would be in line with existing financial delegations, so only if the funding altered by more than £1m would a further Council meeting be required. The legal resolution would be amended to reflect any change made under delegations.
 - Estimates of Sec31 paid by Government for the Business Rate Retention scheme, have been increased by £54k and the budget assumes this is transferred into the General Fund Balance in 2020/21.
3. The budget report in **Appendix 1**, provides the funding for core Council Services and supports the aims of Our Chelmsford, Our Plan. The budget reflects the need to find budget reductions to offset low government funding and to invest in the priorities of the authority. Key elements of the budget proposals are:
 - New Capital and Revenue Service Investment as shown in **Section 4**.
 - New Revenue ongoing investment of £253k and £240k one off in 2020/21.
 - New capital investment in 2020/21 of £23.3m, some £60m over the period 2020-2024. This is predominantly targeted to achieve affordable Housing development (£17m). There is £4.5m for Green initiatives including tree planting.
 - Council Tax proposal. The Government rules do allow Chelmsford to raise Council tax up to £5.00 without triggering a local referendum. However, it is proposed to increase the City Council's Council Tax by 2.6% or just under 10 pence per week (£4.98 per year), in 2020/21 similar to the level of increase in previous years, enabling the Council to take the first significant steps towards addressing the

climate and housing crises while maintaining existing service levels, despite increases in the Council's costs, continued uncertainty of Government funding and the importance of ensuring a sustainable financial position.

- A review of reserves to ensure that they are sufficiently robust to sustain the Council in the Medium Term, as set out in **Section 6**.
- The report identifies precepts for other bodies and special expenses and their effect on the overall Council Tax levels in **Section 8** of **Appendix 1**.

4 **Government Funding**

The report has been produced based on the Government's final funding settlement which is a one year only agreement, there is no further clarity over future Government funding at this time. The key points for 2020/21:

- The 2020/21 settlement does include funding to prevent losses from Negative RSG (Revenue Support Grant) for those Councils affected, including Chelmsford. Negative RSG is where a Council's RSG had been removed completely by the Government then a further funding cut was due to be made by reducing Business Rate Baseline income. In Chelmsford's case this was to be a £1m loss every year and was due to be implemented in 2019/20 but was deferred. Government funding for 2020/21 is broadly unchanged compared to 2019/20.
- Business Rate Retention income is forecast to remain buoyant for 2020/21 but the income is in effect one-off and volatile. It does not therefore provide a good basis for funding ongoing services on a sustainable basis.
- New Homes Bonus allocation for the year 2020/21 of £1.3m is for one year only and therefore has been used to fund one-off initiatives. The total New Homes Bonus funding is £4.4m

5 **Financial Challenges**

The report identifies an estimated budget shortfall for 2021/22 of £1.1m and a further £1.5m by 2024/25, however these estimates will change over time as events and income become more certain. Details can be found in **Section 6** of **Appendix 1**.

6 **Risks and a Robust Budget in Section 7**

An analysis of the major risks contained within the budget, and an opinion on the robustness of the estimates and the adequacy of reserves is made by the Director of Financial Services in **Section 7**, in line with statutory requirements. The Director identifies the key considerations that have been taken into account in arriving at the opinion, which Members are required to consider when setting the Council's budget.

7 A Council Tax Resolution (**Appendix 2**) has been prepared which identifies the legal information required to set the Council Tax for 2020/21 for Chelmsford City.

8 Additional wording has been added to a number of items within **Appendix 1**, to provide further information to readers of the document.

9 **Cabinet Resolved that it be RECOMMENDED THAT COUNCIL** approves the budget report in **Appendix 1**:

- i. The new Capital and Revenue investments in Council Services shown in **Section 4**
- ii. The Revenue Budgets in **Section 9** and Capital Budgets in **Section 10**
- iii. The delegations to undertake capital schemes identified in **Section 4, Table 5**
- iv. An increase to the average level of Council Tax for the City Council increasing the Average annual Band D Council Tax to £199.00 **Section 8**
- v. The fees & charges changes outside the budget guidelines as set out in **Section 3**
- vi. The movement in reserves shown in **Section 6**
- vii. Special expenses, Parish and Town Councils precepts as identified in **Section 8, Table 11**.
- viii. Delegation to the Chief Executive to agree after consultation with the Leader of the Council the pay award for 2020/21 within the normal financial delegations.

Cabinet Resolved that the Council note the Budget Forecast in **Section 6** and the report of the Director of Finance on the risks and robustness of the budget in **Section 7**.

10 **Council is recommended to approve;**

- i. In the unlikely event that the Government Settlement is amended by Parliament after the Council meeting then reserves should be used to fund any shortfall in income or an additional contribution to General Balance should be made if extra funding is awarded. The legal resolution would be amended to reflect any change. This practice would be in line with existing financial delegations, so only if the funding altered by more than £1m would a further Council meeting be required.
- ii. The Council Tax Resolution in **Appendix 2**, which fulfils the legal requirements to set a Council Tax for 2020/21

List of Appendices

- 1 Budget Report 2020/21
- 2 Council Tax Resolution

Background Paper

Nil



Budget report 2020/21

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Section 1

Introduction to the Council 2020/21 Budget

This report contains the revenue & capital budget for 2020/21. The report is broken into sections to reflect the material matters relevant to the revenue and capital budget setting process for 2020/21.

The Council, in common with all other Local Authorities, has faced significant revenue budget pressures for a number of years but Chelmsford City Council has a strong financial management and planning system in place to meet the challenges ahead; **Section 2** identifies the issues around Government funding and **Section 3** identifies the cost pressures the Council continues to face.

Even within the financial constraints, there is a need to adapt and improve service provision to deliver Our Chelmsford, Our Plan. **Section 4** identifies the new investments in services that are funded by revenue and capital resources in 2020/21 budget.

Sections 5 to 7 identify the medium to long term financial planning issues that the Council needs to consider.

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. The report is contained in **Section 7**.

Section 8 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.

Section 9 & 10 contain a breakdown of the revenue and capital budgets.

Section 2 Government Funding (estimated)

The Council's main Government revenue streams are often referred to as Formula grant or Settlement Funding Assessment. The Council has been provided with a final settlement for 2020/21.

The Government funding shown is a proposed final position, that is it reflects the closing of the Government's statutory consultation process but it is still subject to Parliamentary vote which is now expected the week of the 24th February. No changes to the figures are anticipated and the covering report identifies an appropriate mechanism in the event of variation in Government funding.

Table 1 below shows a comparison of 2019/20 Government funding to the provisional (reported to Cabinet) and the proposed final settlement for 2020/21. The 2020/21 settlement is for a one-year period only, so there remains uncertainty regarding the Government's long-term funding intentions. **Section 6** contains information on the possible changes after 2020/21.

Table 1

Funding Streams	2019/20 £ms	2020/21 (provisional) £ms	2020/21 (Final) £ms
1) Revenue Support Grant	0	0	0
2) Baseline business rate retention	3.35	3.4	3.4
3) One off Levy Adjustment	0.05	0	0
4) Sec 31 Grants	0.11	0.23	0.28
TOTAL	3.51	3.63	3.68

- Revenue Support Grant (RSG)- a central government grant given to local authorities which can be used to finance revenue expenditure on any service. The amount of RSG given to each authority is determined by a needs assessment which includes estimates of local resources such as council tax, population and other local data. The needs assessment also provides an amount of baseline business rate funding to be retained by an authority. The Council lost all its remaining RSG in 2018/19, however some authorities still receive RSG as a result of the needs assessment.
- Business Rates –the City Council retains only a small share (around 4%) of the Business rates collected locally, a Government formula is used to determine the amount the local authority can keep. This baseline funding position is calculated on our historic business rates collection, adjusted by a 'tariff' payment. A local authority must pay a tariff if its individual authority business rates share is greater than its assessed baseline funding level. Conversely, a local authority will receive a top-up if its baseline funding level is greater than its individual authority business rate share. The City Council must pay a tariff of £27.5m and is able to retain Baseline Funding of £3.40m in 2020/21 of the Business Rates it collects.
- The complexity of the Business Retention scheme has led to grants being paid to local authorities for Government initiatives such as not increasing business rates in line with inflation. The grants have been re-assessed since Cabinet and completion at the end of January of National Non-domestic Rate return to Government (NDDR1). These grants are 'Sec 31 Grant' which provide a total of £280k (£226k reported to Cabinet) for 2020/21.

Retained Business Rate Growth (Above Baseline Funding)

The Government scheme is materially unchanged from 2019/20, so in summary:

- i. Should Business Rate income be higher than assumed by Government then the authority is able to retain a share of this 'gain' (it pays the Government a levy on the gain) or if the income from Business rates is lower than assumed then the Council pays a share of the loss. The scheme runs over multiple years, so gains or losses may materialise up to two years after they have occurred.
- ii. Under the business rate retention scheme local authorities can come together on a voluntary basis to pool their business rates receipts and then agree collectively how these will be distributed between pool members. Pooling provides the opportunity to keep a greater share of business rates growth which otherwise would be paid to Government as a 'Levy'. However, the protection each authority receives is less in the event of losses, so in the event of the pool having an overall reduction in Business Rate Income against the Baseline set by Government, an authority could share a higher burden than that they would have outside a pool. Cabinet approved for Chelmsford to remain in a Business Rate Pool in 2020/21. The income from the pool is difficult to project as it relies upon the approach taken by other authorities as well as Chelmsford. The budget assumes the projected gains (£0.9m) from the pool which is part of a transfer into the Business Rate Reserve and are not available to fund expenditure in 2020/21, given the risks to delivery.
- iii. The Council's budget reflects £200k of Business Rate Retention being used to support annual service expenditure which is broadly the same as 2019/20. While additional Retention income is expected in 2020/21 much of this cannot be considered as ongoing beyond 2020/21. The 2020/21 budget includes some £1.946m of Business Rate Retention income above the £3.4m baseline; this has been calculated in line with statutory methods. However, of this additional income some £1.746m of gains are not considered to be sufficiently likely to support revenue expenditure and so are transferred into the Business Rate Retention Scheme reserve in the short term until they can be confirmed in 2020/21.

New Homes Bonus (NHB)

This is a grant paid by central government to local authorities. It rewards 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. The scheme as previously reported has over its life been made less generous. This trend continues with the 2020/21 allocation (estimated) being payable for one year only, where previous year allocations up to 2020/21 have been payable for 4 years. The expected funding for new homes bonus is shown in **Table 2** below/over page:

Table 2

	2018/ 19	2019/20	2020/21	2021/22	2022/23
	£000s	£000s	£000s	£000s	£000s
2015/16	225				
2016/17	715	715			
2017/18	1,082	1,082	1,082		
2018/19	1,134	1,134	1,134	1,134	
2019/20		884	884	884	884
2020/21			1,326		
	3,156	3,815	4,426	2,018	884

It has been assumed in the financial planning that the sums payable for the year before 2020/21 will continue for their four-year allocation and will be contributed to the Chelmsford Development Reserve which is assumed to be used to fund the capital programme. The 2020/21 allocation is being used to support one off expenditure and the establishment of reserves, as set out in **Section 6**.

Flexible Homelessness Grant

The Council has invested significantly in its Housing Service in order to meet the demands of new legislation (Homeless Reduction Act) and to improve the outcomes from the service for its users. A flexible homelessness support grant introduced in April 2017 replaced the Department for Work and Pensions' temporary accommodation management fee. In 2019/20 the grant was £653k (£407k initially allocated in 2017/18), the Government has confirmed £653k of grant will be paid in 2020/21 which supports existing service levels. The future of the grant beyond 2020/21 is not clear.

Homeless Reduction Act -Prevention pot 2020/21

The Government has allocated additional funding of £117k for 2020/21, this is effectively new money and will be used to support the Housing Strategy. An expenditure budget to use this funding is included in the estimates.

Section 3

Cost Pressures, Income Assumptions & Efficiencies

Cost Pressures

Pension Costs – 3-year Actuarial Valuation

The Council is obliged by statute to offer its employees membership of the Local Government Pension Scheme (administered in Essex by Essex County Council). The scheme changed from a Final Salary to a career average in 2014/15. The scheme offers members a defined benefit funded by employee and employer contributions. Every three years an actuarial valuation of the fund takes place which determines the Council's contributions for the current employees and a deficiency payment to make good any estimated historic shortfalls in the assets of the fund measured against its expected liabilities.

For the 3-year valuation period from 1st April 2020 to 31st March 2023;

- Pension Deficiency. It is more cost effective to fund the 3-year pension deficiency cost with an up-front payment as a discount is offered compared to paying by annual instalments. The Council has previously chosen an upfront payment and has, since the last valuation, been making annual contributions to the Pension Deficiency Reserve to fund the next upfront payment due in 2020/21. The pension fund performance has been better than expected and the cost of the 3-year payment since the last valuation has fallen from £4.1m to £2.7m. This means the annual contribution the Council makes to the pension deficiency reserve can fall going forward.
- Employer funded oncost for current service has risen from 15.5% to 19.2% of employee pay. This is a significant increase resulting from the rise in the cost of acquiring assets to fund pensions. It has become more expensive to fund future pension payments.

The increase in the current service cost is significant and the Pension Deficiency Reserve is being used to defer the impact on the ongoing budget. The deferral reduces the amount of savings needed for 2020/21 by £350k. It is planned to increase the 2021/22 & 2022/23 budgets by £175k each year until the annual payment into the deficiency reserve reaches the required level.

Cost Inflation and Pay

The Council experiences cost inflation on the supplies and services it purchases. The budget only allows for increases on Pay, Business Rates and Energy. This means in real terms service budgets decrease in 2020/21. The real terms reduction is difficult to quantify as each service purchases different supplies and services and therefore experiences different inflation.

A proposed pay award of 2% (£634k) has been built into the budget. The Council is required to consult with Unison before implementing changes to staffing pay and conditions. Additionally, national pay bargaining may influence the outcome of local negotiations. Discussions with Unison are on-going but not yet concluded. So it is proposed that a delegation should be made to the Chief Executive to agree, after consultation with the Leader of the Council, the pay award for 2020/21.

Inflation and other changes in cost for Business Rates and Utilities are £136k and £146k respectively in 2020/21.

Housing Services

The homelessness service is a statutory function of the Council. The service is demand-led, affected by:

- Legislation. This includes extending local authorities' duties to a wider number and range of people affected by homelessness, requiring a greater number to be granted temporary accommodation.

- Welfare Reforms. Limiting the level of funding that can be provided to those on lower incomes to meet their housing costs, creating a growing shortfall that has to be met by the Council.
- Economic trends and social changes have created rising housing costs in London and the South East. This has been felt more in Chelmsford than neighbouring Council areas. The supply of Temporary Accommodation (TA) the Council can use is mostly sourced from the private sector and therefore subject to and reflective of these rising costs (including Housing Benefit subsidy loss where benefit is not fully met by Government).
- Lack of affordable housing in Chelmsford, particularly 3 & 4 bed properties.
- Reduction in accommodation supply from Registered Providers due to lower churn of social housing lets. Chelmsford seems to experience a greater problem of reduced churn compared to neighbouring authorities.
- Government policy prioritising new build affordable rented housing (80% of market rents) and shared ownership over social rent housing (50% of market rents).
- Uneven supply of newly built affordable housing across the calendar year and across years. This often results in increases in the use of temporary accommodation at significant cost to the Council and highlights the need to ensure an adequate supply of new social homes of appropriate size and rent levels.

The Council has restructured its Housing service and worked hard at implementing homeless prevention measures, however, due to a continuation of the above factors, the numbers of households in TA increased from April to September before declining to 253 at the end of November. The budget reflects a reduction of the numbers in TA to 188 by the end of 2020/21 but this is translated into £287k of additional costs (including associated housing benefit costs) compared to the 2019/20 budget. The overall spend is however expected to be £130k less than 2019/20 forecast outturn. **Section 4** identifies measures the Council will be undertaking to alleviate these issues, the impact of which will be built into the Council's budgets on completion of final business cases.

City Growth

The impact of the new housing development in the Council's geographic area will inevitably require that additional funding be made available to services. The 2020/21 budget provides additional funding (£165k) for recycling and waste collection services. The increase in financial and operational capacity is considered sufficient to maintain the high quality of Council services until 2023/24 when further additional funding is likely to be required.

One off costs

A number of one-off costs in 2020/21 have been identified that relate to consequences of initiatives that have previously been approved, these being:

- Use of suppliers to undertake rent reviews and lease renewals on buildings let by the Council at £47k
- Business rate costs of £75k, on Lockside properties that the Council has taken back from tenants to enable disposal of the site.
- Implementation of Technology One Finance system of £46k

As these costs are one off, it is proposed to fund them from the General Fund Balance.

Income Changes

Rental Income

The Council has a strategy for acquiring property/sites that enable economic improvements within the Council's geographic area and may also provide an income stream or future capital receipt to support the Council's objectives. Planned disposals of assets previously reported to Cabinet produced capital proceeds but result in a reduction of £126k in annual rental income. Additionally, the Council's largest non-operational asset by value and income, High Chelmer

shopping centre, is affected by the widely reported retail sector's economic malaise and income is expected to be £80k lower than last year's budget.

The Council received in January a report on the proposed acquisition of an office block which has been included in the estimates but given the purchase has not been finalised the additional income is transferred into the General Fund balance in 2020/21 and on completion any ongoing net income will be available to fund service expenditure.

The Capital Strategy elsewhere on the agenda identifies the income the Council receives in total from similar properties and gives a background to the extent that Council expenditure is supported by property income.

Fees and Charges Inflation

The Council's sales, fees and charges and other income generate nearly £30m per annum, significantly more than Council Tax and Government formula grant combined. The Council has discretion to increase annually most of these charges, however some are set by Government e.g. planning charges. Annual increases are necessary due to falling Government grant and cost pressures that the Council experiences. The Council set the rate of increase at an average of 2.0% for 2020/21 in the Medium-Term Financial Strategy Report. However, the budget also reflects:

- A new pricing strategy for Car Parking reported to January 2020 Cabinet
- Retail Market Rent income is proving to be detrimentally affected by the current economic conditions and the rents are frozen at 2019/20 levels which is intended to help maintain a vibrant retail market.

Hylands Festival

The Council has previously let Hylands Park to external providers for a music festival. The event for 2019/20 was cancelled late in the budget process and the Council used reserves to offset the loss in revenue budget. A music festival is expected to take place in 2020/21, so the budget includes provision for the income, but this festival will be of a smaller scale than the V festival previously, so the income assumption for 2020/21 is lower than the 2019/20 estimate. An adverse budget variance of £80k has been identified.

Efficiencies

The increased costs identified and enhancement to services give rise to a budget gap. To fund some of this shortfall Directors and Cabinet Members have identified cost reductions and income generation plans whose financial impact is shown below in **Table 3a & 3b**.

Table 3a

Saving	Connected Chelmsford £000s	Council Wide £000s	Fairer Chelmsford £000s	Greener Chelmsford £000s	Safer Chelmsford £000s	Total 2020/21 £000s
Cost reduction	27	51.9	81.5	9	128	297.4
Income generation	128		2	80	55	265
Grand Total	155	51.9	83.5	89	183	562.4

Table 3b

Saving	Cumulative Total 2021/22 £000s	Cumulative Total 2022/23 £000s
Cost reduction	349.6	364.8
Income generation	332.4	398.0
Grand Total	682.0	762.8

Section 4 **2020/21 Service Investment**

The Council's budget is a financial plan to contribute to delivering Our Chelmsford, Our Plan. This section of the report identifies increases in 2020/21 budget to deliver new corporate initiatives. These investments in services are categorised according to how they are funded.

Revenue Funded Service Investments

There are two types:

- those that create ongoing costs and must be funded from ongoing financial resources to be sustainable. Examples of sustainable funding streams are, statutory sources of income such as Council tax or grants, Council generated income such as fees and charges or from budget reductions/service efficiencies.
- One off or temporary enhancements funded by the use of unearmarked reserves or temporary income streams such as one-off grants.

The one-off service investments are being funded by New Homes Bonus which is for 2020/21 a one-year grant, rather than the traditional 4 year. The ongoing items are being built into the ongoing base budget and will be funded from ongoing income sources.

Table 4 on the next page identifies the new revenue service investments.

Capital Investments in Services

Capital Expenditure relates to the acquisition or enhancement of assets which have a useful life in excess of 12 months and are charged to the Council's balance sheet. To be an enhancement the expenditure on the asset must either lengthen substantially the useful life of the asset, increase substantially the open market value or increase substantially the extent to which the Council can use the asset.

Local Authorities under statute can also fund from capital resources grants to other bodies or individuals 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, Government can on an individual basis grant permission to capitalise non-capital costs such as redundancy.

Council approval is sought annually each February for the Capital & Investment Strategy, that document provides details on overall funding & capital expenditure plans. A summary of how revenue and capital expenditure are linked is in **Section 5** of this report.

Approval of New Capital Schemes

Table 5 shows the new capital schemes. Within the scheme narrations in **Table 5** the approval process for capital expenditure is dealt with in three ways, firstly a number of schemes are fully approved for officers to undertake, a second category where Directors and Cabinet members will agree a more detailed business case before undertaking the scheme, a third category where the budget is first approved by Council then delegated to future Cabinet meetings to agree business cases.

The revenue budget forecast in **Section 6** includes the revenue costs of financing the schemes but the running costs or financial benefits of schemes are excluded pending development of a full business case.

As feasibility and business cases develop for the new capital schemes it may become apparent that some of the costs in the schemes are under accounting practice revenue items. The Director of Finance in consultation with the Cabinet Member for a Fairer Chelmsford is delegated to transfer these items into the revenue budget. They would be funded from Revenue Reserves such as the Chelmsford Development Reserve or Asset Replacement Reserve which are in any case earmarked to fund the capital programme, so there would be no detrimental impact on the revenue budgets.

TABLE 4 - REVENUE FUNDED - New Service Investment for 2020/21

Scheme	Cost 2020/21 £000s	Cost Ongoing £000s	Details
1 Chelmer Waterside Project Management	50	Nil	Chelmer Waterside Project Management. A temporary role will be created to oversee the various elements that interlink to bring forward infrastructure in Waterside (road/bridge, land decontamination, High Pressure Gas main relocation). An estimate of £50k a year for 3 years (part funded by Growth Fund Reserve from 2021/22 which has a balance of £85k)
2 Broadcast from meeting rooms	5		To enable live streaming in some meetings
3 Affordable Housing market Assessment	50		To support the ongoing development of the Housing Strategy
4 Zero Carbon Homes report	50		To consider how zero carbon homes could be achieved for all new build properties.
5 Housing Incentive Scheme	50		This is a provisional sum, to enable a programme of property downsizing at RSLs. This is intended to free up 3&4 bed homes of which there are short supply.
6 Implementation of Digital Strategy	24	10	Website improvements (including search functionality)
7 Website Upgrade re-branding	5		
8 Property Service Staffing	28	28	This is an ongoing increase to capacity to enable development of the Council's own land and generally provide support to Chelmsford's City Council's geographical area. These roles will support the development of additional affordable Housing.
9 Homelessness Prevention Fund	25	25	Payments to landlords to avoid more costly evictions.
10 Implementation of Digital Strategy	156	156	Digitalisation of Council processes, including new multi-functional printers (reducing capital costs by £108k) and Dynamics software licences
11 Implementation of Digital Strategy	34	34	The move from PC to laptops and other mobile devices requires a change in licencing. This enables flexible working and increases service resilience
12 Chapel Refurbishment	16		To ensure an acceptable level of service, redecoration of the Chapel is required
Total	493	253	One off costs funded from New Homes Bonus and Ongoing Costs are funded from ongoing income

Table 5

CAPITAL PROGRAMME - New Schemes Identified for Approval

Details	2019/20	2020/21	2021/22	2022/23	2023/24	Later Years	Total Spend
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
New Schemes (see table 5 for details)							
1 Theatres' Toilets Phase I			155				155
2 High Chelmer Roof			500	500	500		1,500
3 Hylands' House Banqueting Room Refurbishment		24					24
4 Hyland's House Stable Block Toilets				44			44
5 Travel Plan Pool Cars		60					60
6 Equipped Play Areas		265	311				576
7 Galleywood Common Access Road Improvements		30					30
8 Saltcoats Park and Compass Gardens Car Park Resurfacing Works			253				253
9 Beaulieu Park Pavilion Refurbishment			57				57
10 Chancellor Park Pavilion Works			46				46
11 Dovedale Refurbishment Grant		42					42
<u>Schemes where Delegation Required for Cabinet/Officers to Spend Once Business Cases Received</u>							
12 Civic Offices Improvement Programme		244	116	100			460
13 Theatre Modernisation Phase I				100			100
14 Refurbishment Commercially Leased Property			720				720
15 Strategic Property Purchase		10,000					10,000
16 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy		7,000					7,000
17 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing		3,200	2,500	2,200	1,000	1,000	9,900
18 Delivering Infrastructure - Chelmer Waterside Utilising The Housing Infrastructure Fund	519	475	14,506				15,500
19 Mass Tree Planting and Woodland Creation			660		660	3,080	4,400
20 Riverside Elevations - Planning Condition		2,000					2,000
21 Council Fleet Low Emission by 2024 - Trial Electric Vehicles				170			170
22 Cemetery and Crematorium Infrastructure				3,400	3,400		6,800
23 Rivers and Waterways Improvements			200	200	200		600
Sub Total	519	23,340	20,024	6,714	5,760	4,080	60,437
Potential Funding							
S106 Contributions Chelmer Waterside Infrastructure to be Approved		-300	-4,500				-4,800
S106 Contribution Equipped Play Areas		-73	-60				-133
S106 Contribution Saltcoats and Compass Gardens Car Park			-43				-43
CIL Neighbourhood Funding Equipped Play Areas to be Approved		-50	-50				-100
Housing Infrastructure Fund Grant Subject to Final Approval	-519	-175	-10,006				-10,700
External Funding to be Sought			-200	-200	-200	-2,000	-2,600
Total of New Scheme Proposals After Funding Applied	0	22,742	5,165	6,514	5,560	2,080	42,061

CAPITAL PROGRAMME - New Schemes Identified for Approval Narrative

Scheme	Details
1 Theatres' Toilets Phase I	<p>The proposal is to completely refurbish the front of house toilets in the Theatres, bringing the facilities up to date and improving the overall experience to the customers. It will also reduce the amount of maintenance required. This work has been identified by the Building Service's Condition Survey conducted in 2017. If the scheme does not go ahead the toilets will fall into complete disrepair and customer complaints will increase which may affect theatre attendances.</p>
2 High Chelmer Roof Repairs	<p>The Council owns the freehold of the High Chelmer Shopping Centre and benefits from a lease agreement with the Coal Board Pension Fund by which it receives 50% of the rental income from the property. The roof of the property is approaching the end of its economical life and will require replacement in stages, The Council will be required to contribute to the cost of these works. To do nothing would seriously impact on one of the main visitor destinations in the City and may also give rise to Health and Safety issues.</p>
3 Hylands House Banqueting Room Refurbishment	<p>The Banqueting Room is perhaps the most high-profile component of the Hylands House restoration and in addition to its significant heritage value, it provides a critical element in the wedding hire business driving in excess of £500k of income annually. The scope of the proposed scheme is to return the painted plaster walls of the Banqueting Room to their original condition (when Hylands House reopened) and reinstate the original polished floor. The alternative would be to continue with the policy of repairing visible damage reactively. The evidence of the ineffectiveness of this strategy is clearly visible throughout the Banqueting Room with repairs increasingly visible and the absence of a coherent restoration strategy.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme	Details
New Schemes (continued)	
4 Hylands House Stable Block Toilets	<p>The Hylands Estate is a high-profile element of Chelmsford City Council's property portfolio and The Stables, with its café and growing community of designers, artists and makers, is at the centre of its engagement with the public. In order to sustain the commercial development of The Stables Café and Hylands Creative Community, maintaining the hygiene facilities to a good standard is considered imperative. The toilet block was installed 12 years ago for the opening of The Stables Visitor Centre and the condition of the male, female and disabled facilities are dated, showing clear signs of the heavy usage to which, they have been subjected. This scheme proposes to refurbish the toilet block in The Stables at Hylands including new cubicles, sanitaryware, tiling, flooring, plumbing and electrical works and equipment. If this scheme does not go ahead the quality of the facilities will deteriorate and the requirement for enhanced levels of service and repairs will escalate. This will result in reputational damage of deteriorating hygiene facilities on visitors and tenants.</p>
5 Travel Plan Pool Cars	<p>The travel plan survey shows that a number of staff drive to work in case they need their car for work purposes. Providing pool cars will enable staff to use more sustainable forms of transport to commute to work. If successful the use of pool cars will result in a reduction of the current annual mileage payments of £72k and allow a reduction of staff car parking spaces in Fairfield Road which will significantly contribute to the cost of the initiative. The initial 5 pool cars provided will be a mixture of electric, hybrid, and plug-in hybrid to enable suitability to be assessed for various work situations. This initiative will directly contribute to the Council's Climate and Ecological Emergency Declaration to make the Council's activities net-zero carbon by 2030, and will contribute to the action of 'upgrading the Council's fleet to ensure it is all low emission, embracing the latest low emission technology'. Any reduction in car journeys or moving them to low or ultra-low emission journeys will directly contribute to making Chelmsford an attractive place and making Chelmsford an even more enjoyable place in which to live, work and visit. It is proposed that the vehicles will be procured via a three year lease/contract hire but due to accounting policy changes will need to be financed from capital.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme	Details
New Schemes (continued)	
6 Equipped Play Areas	<p>This scheme is a proposal to replace equipment in existing play areas and is required to keep them operational.</p> <p>The schemes scheduled for 2020/21 are as follows:- Springfield Hall Park £107k, Compass Gardens/Saltcoats Park £116k and Churchill Rise £42k.</p> <p>The schemes scheduled for 2021/22 are as follows:- Potters Close £36k, Chislett Row £70k, Rookes Crescent £58k, Homestead £19k, and Melbourne Park £128k.</p> <p>All these existing play areas are in poor condition and need replacement as the equipment is reaching end of life. These are the next priorities in the 2012 Equipped Play Development Plan. They are popular locations for children up to 12 years old and their parents, serving the local neighbourhoods and local population. Without replacement the existing equipment will be removed as it becomes unsafe. Currently there are approved S106 contributions towards the cost of Compass Gardens £73k, Chislett Row £29k and Melbourne Park £31k and it is proposed that an application will be made for CIL neighbourhood funding of an additional sum of £100k towards these schemes.</p>
7 Galleywood Common Access Road Improvements	<p>The road is owned by the Council. A number of houses enjoy access rights and the road also serves the northern car park on the common. An access easement along this road was granted to a developer for the construction of two in-fill houses which included a provision to be used towards the repair of the road following completion of the construction of the houses. The resurfacing is required on the grounds of safety and to avoid damage to vehicles using the access. If this scheme does not progress the surface will continue to deteriorate which could result in liability claims to the City Council.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme	Details
New Schemes (continued)	
8 Saltcoats and Compass Gardens' Car Park Resurfacing Works	<p>This scheme proposes to resurface the driveway and parking bays in Compass Gardens, to construct an overflow car park and to extend Saltcoats car park to allow access to a play space which is scheduled for refurbishment in 2021/22 (see 6 above). The resurfacing is required on the grounds of safety and to avoid damage to vehicles using the area. Wherever possible products will be selected from recycled materials such as recycled plastics/rubber and recycled road material. Works on site will be carried out ensuring the protection of the existing park land/green space, such as installation of temporary trackway and protective fencing around existing trees. The scheme will also benefit from additional tree planting and landscaping. If this scheme does not progress the surface will continue to deteriorate which could result in liability claims to the City Council.</p>
9 Beaulieu Park Pavilion Refurbishment	<p>The sports pavilion is in City Council ownership and there are management and maintenance obligations. The building and building systems are deteriorating and without necessary works will reach the end of their safe life span. In order to avoid the building becoming operationally unavailable there are works which need to proceed. The heating and ventilation systems are at the end of their lifespan and require replacement, the store room works are on the grounds of safety and exterior works are to ensure that the building condition does not unduly deteriorate. The works proposed are tangible improvements on site for users. All works will be subject to safety inspections and risk assessments will be signed off to ensure the areas are safe to use.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme	Details
New Schemes (continued)	
10 Chancellor Park Pavilion Works	<p>The sports pavilion is in City Council ownership and there are management and maintenance obligations. The building and building systems are deteriorating and without necessary works will reach the end of their safe life span. In order to avoid the building becoming operationally unavailable there are works which need to proceed. The heating and ventilation systems are at the end of their lifespan and require replacement and exterior works are to ensure that the building condition does not unduly deteriorate. The works proposed are tangible improvements on site for users. All works will be subject to safety inspections and a risk assessment will be signed off to ensure the areas are safe to use.</p>
11 Dovedales Refurbishment Grant	<p>Dovedale Sports Centre is operated under a joint use agreement with Chelmsford College. Following the latest condition survey of the building the College has identified urgent schemes as high priority. This is not part of the rolling maintenance programme but forms a separate bid which is vital for maintaining the building to a safe standard and remaining operational. The total cost of the works is estimated as £84k (window replacement £32k, reception roof and other urgent roof repairs £22k and refurbishment of the male toilets £30k) and a 50% contribution of £42k is required in line with the joint use agreement. The centre is old and dated and this scheme will enable the centre to remain open. If the works are not carried out there is a very high-risk that areas of the roof and windows will fail which will lead to disruption/ closure of the facility. The centre is well used and attracts around 70,000 customer visits per annum.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme	Details
New Schemes (continued)	
12 Civic Offices Improvement Programme	The proposed scheme involves a phased refurbishment of the office accommodation that has not been upgraded in recent years to make it fit for purpose and create more flexible workspaces. The programme will also include new breakout areas, meeting or training rooms and improvements to the kitchen areas. Improving the facilities will improve the welfare of the staff. If the offices are not improved they will deteriorate further, making them less able to meet the demands of a modern office environment. This could affect the morale of the staff who are expected to work in sub-standard offices. More detailed proposals and phased programme of work will be prepared in due course. It is also requested that delegated authority is given to the Director of Public Places, after consultation with the Cabinet Member for Safer Chelmsford to develop a scheme and spend the approved budget.
13 Theatre Modernisation Phase I	This proposal aims to approve a budget which can be used to begin to modernise the theatre. A more detailed business case will be prepared in due course. It is also requested that delegated authority is given to the Director of Connected Chelmsford, after consultation with the Cabinet Member for Connected Chelmsford to develop a scheme and spend the approved budget. Any larger scheme which comes out of this proposal should be referred to Cabinet/Council as appropriate for approval.

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme	Details
New Schemes (continued)	
14 Refurbishment of Commercially Leased property	<p>The Council owns and manages several investment properties let on commercial terms via leases to third party tenants. In some cases, as these leases draw to an end, the need may arise to undertake works to the property. This will be required to secure future income from the property by agreeing terms with new or existing tenants. Some properties may require work to bring them in line with new legislation, for example Minimum Energy Efficiency Standards (MEES), which imposes regulations on the energy performance of a property. If this investment is not made to the properties at the end of the leases there could be a major loss of revenue. It is requested that delegated authority is given to the Director of Financial Services, who after consultation with the Cabinet Member for Fairer Chelmsford, will agree the the works required to the properties at the end of lease and to spend within the approved budget.</p>
15 Strategic Property Purchase	<p>The Council has successfully acquired a number of commercial property investments providing a mixed portfolio. Given continuing low interest rates it is proposed that a budget for strategic property acquisitions is created, to take advantage of opportunities in the market should they arise. Any acquisition must meet strategic need and make a net contribution to revenue income. The parameters for any acquisition will be set in the Capital and Investment Strategy. It is requested that delegated authority is given to the Director of Financial Services, who after consultation with the Cabinet Member for Fairer Chelmsford, will agree that the proposed acquisition meets the requirements and to spend the approved budget.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme	Details
New Schemes (continued)	
16 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy - Temporary Accommodation	<p>Over the last 10 years the City has seen the number of homeless registered double. This has impacted on the number of people being accepted into the Council's temporary accommodation provision, the numbers peaked around three years ago for a variety of reasons. One of the main changes witnessed in the last few years has been the increase in the number of households becoming homeless due to private landlords serving notice to quit, reflecting the growth of this sector which is replacing home-ownership as an option for many households. This increase in demand has resulted in higher rents which many on lower incomes can no longer afford. It is forecast that the imbalance between supply and demand in the rental market is expected to see rent increases over the next five years and a further decline in available rented property. The Council currently provides temporary accommodation through a mix of nightly lets, Bed and Breakfast, private rented and Council owned properties. This proposal seeks to purchase approximately 20 additional properties from developers or wider housing market, with an appropriate mix of sizes to be used for temporary accommodation. This will be more cost effective than existing nightly lets and Bed and Breakfast provisions. A business case will be developed to determine the costs and benefits arising from this proposal and it is requested that delegated authority is given to the Director of Financial Services, who after consultation with the Cabinet Member for Fairer Chelmsford, will agree that the proposed acquisitions meet the requirements and to spend within the approved budget.</p>
17 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing	<p>This proposal aims to explore opportunities to deliver additional housing, particularly with affordable rents, through joint ventures and partnerships. It aims to increase the supply of 'long term rented properties' in combination with shared and outright ownership, and to increase the supply of mixed income and affordable housing for rent to meet the needs of residents and people moving to the area. It also aims to provide an adequate supply of homes that meets the needs and demands of an ageing population and an increased supply of supported housing to meet local need. This is viewed as a 10 year programme and will include various options such as Development of housing on Council owned land, expansion and development of hostel accommodation, acquisition of land for development, development on regeneration/brownfield sites and property purchases. More detailed business cases will need to be prepared before any schemes can progress and it is requested that Council approve a delegated authority for Cabinet to agree the schemes and to spend the budget once the business cases comes forward.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme	Details
New Schemes (continued)	
18 Delivering Infrastructure - Chelmer Waterside Utilising The Housing Infrastructure Fund	<p>Chelmsford City Council has been awarded up to £10.7 million from the Government's Housing Infrastructure Fund to deliver the infrastructure necessary to support new housing at Chelmer Waterside. The Council entered into the Grant Funding Agreement with Homes England in December 2019. The grant has been awarded to deliver the following infrastructure:</p> <ul style="list-style-type: none"> a) A new access road and bridge over the River Chelmer b) Land remediation works, and c) Relocation of a gas pressure reduction system and high-pressure gas main <p>In broad terms, £5.7 million of the funding has been awarded for (a) and (b) above and £5 million for (c). The grant is awarded to support the delivery of up to 970 new homes in Chelmer Waterside.</p> <p>The first elements of funding will be used to prepare the design of the road and bridge (estimated at £864k), carry out a land remediation survey of the former Gas Works site (up to £100k) and to procure a supplier to carry out the feasibility study for the proposed relocation of the gas pressure reduction system and high pressure gas mains (£250k). Construction of the road and bridge, land decontamination and the relocation of the gas pressure reduction system and gas main (if affordable) will follow.</p> <p>There is currently an approved budget of £250k for the designs and feasibility studies and Cabinet are requested to approve an additional £964k to continue the works detailed above. Once the feasibility and design works are completed, a more detailed business case will need to be prepared before the scheme can progress and it is requested that Council approve a delegated authority for Cabinet to agree the scheme and to spend the budget once a business case comes forward. The scheme is currently shown at a NIL cost to CCC due to the HIF grant and the use of S106 contributions which are still subject to final confirmation and approval.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme New Schemes (continued)	Details
19 Mass Tree Planting and Woodland Creation	<p>This proposal is to increase the tree canopy in Chelmsford from 13% to a least 20% by undertaking a greening programme to significantly increase the amount of woodland and the proportion of tree cover in the Borough of Chelmsford through a sustained medium-term 'mass tree planting and woodland creation' programme. The Council currently does not have sufficient suitable land available to accommodate all the proposed tree planting, so for later phases of the programme land may need to be acquired and opportunities for partnership planting will be considered.</p> <p>The aim is to create an additional 71 hectares of woodland/tree cover by planting 148,000 additional trees which will bring the total trees planted to 175,000. The ambition is to have one tree planted for every existing resident and at least three new trees planted for every new home in the Local Plan growth sites. The scheme is an integral part of the City Council's Climate Emergency declaration made on the 16th July 2019. A mass tree and woodland planting campaign, sustained over the medium-term, is a crucial element of a possible action plan to address the climate and ecological emergency and will be fundamental to achieving the target set for the Council's activities to be net-zero carbon by 2030. Urban trees and woodland are increasingly recognised as providing a diverse range of environmental and quality of life benefits that are important in tackling the current climate emergency. If this scheme does not progress then there will be a failure to deliver the City Council's 'Our Chelmsford, Our Plan' and 'Climate and Ecological Emergency Action Plan'. A more detailed programme will be prepared in due course. It is also requested that delegated authority is given to the Director of Public Places, after consultation with the Director of Financial Services and the Cabinet Members for Fairer and Safer Chelmsford to develop a mass tree planting programme and spend the approved budget. It is also recommended that appropriate funding sources should wherever possible be used.</p>
20 Riverside Elevations	<p>The planning consent for redevelopment of Riverside and the associated demolition works to the redundant structures following the opening of the new centre, imposed a condition requiring the Council to submit for approval 'a scheme for comprehensively re-cladding the existing ice rink and sports hall structure retained by these proposals in appropriate high quality material(s)' and to implement such an approved scheme within twelve months of the first operational use of the new leisure centre.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme New Schemes (continued)	Details
20 Riverside Elevations (continued)	<p>Various options for this cladding scheme have been examined and preliminary cost estimates prepared, but a final design solution has not yet been agreed. Based on the initial feasibility work an allowance of £2m needs to be included in the capital programme to allow this outstanding planning condition to be discharged. Once the feasibility works have been completed the design options will be reviewed. It is requested that Council approve a delegated authority for Cabinet to review the options agree the scheme and to spend within the approved budget.</p>
21 Council Fleet Low Emission by 2024 - Trial Electric Vehicles	<p>This is a proposal to upgrade the Council's vehicle fleet to embrace the latest low emission technology, including electric power vehicles, as they become operationally and commercially viable. This will result in all fleet vehicles meeting the Euro 6 vehicle emission standards (at least) by 2024. This will be a significant contribution towards the target to make the Council's activities net-zero carbon by 2030. To achieve low-emission compliance by 2024, no additional resources other than those already identified in the replacement programme will be necessary. At present, it would be technically, practically and financially challenging to contemplate switching the larger-vehicle fleet (predominantly collection vehicles) to ultra-low emission alternatives (ULE). However, there may be merit in trialling an ULE collection vehicle in the fleet within the next two years to gain direct experience and expertise in the operation, use and value of such vehicles. This would also allow 'in-operation' running costs to be determined, so that likely payback periods can be more accurately assessed. To do this, one-off top-up funding of £170,000 would need to be provided. There is scope to consider the gradual replacement of selected small vehicles with ULE alternatives as their replacement becomes due. However, the price premium representing the difference between using ultra-low emission compared to low-emission vehicles warrants further debate; to justify the benefits that may be realised against the additional cost that may be incurred. It would be better for this debate to take place in the context of the Council's emerging 'environmental plan', where competing priorities for investment can be considered. It is requested that delegated authority is given to the Director of Public Places after consultation with the Cabinet Member for Safer Chelmsford to select an appropriate vehicle and to spend the approved budget.</p>

CAPITAL PROGRAMME - New Schemes Identified for Approval

Scheme New Schemes (continued)	Details
22 Cemetery and Crematorium Infrastructure	<p>In order to meet its obligations as the burial authority and the cremation authority for the area, there is a requirement for a new cemetery to be available for use by 2026. Any new facility will make a significant contribution to achieving a net-zero carbon position for Council activities by 2030 through improved energy efficiency and potentially incorporating new technologies less reliant on carbon fuels. Consideration will be given to incorporating the latest technologies and emerging alternative methods of treatment and disposal of human remains in the new facility. A more detailed business case will need to be prepared before the scheme can progress and it is requested that Council approve a delegated authority for Cabinet to agree the scheme and to spend the budget once a business case comes forward.</p>
23 Rivers and Waterways Improvements	<p>This scheme proposes to improve the environmental quality, attractiveness and recreational use of the rivers and waterways and associated green corridors in the City Centre and surrounding areas. If the full potential of the rivers and waterways is to be realised, a combination of low-cost actions and larger scale high impact projects requiring significant capital investment will be required. It is anticipated that many of the larger scale improvements will be integrated into the development of specific sites, or resources will be secured through planning obligations. An allowance of £600k over a 3-year programme will be required for works that cannot be resourced through site development plans and will not be delivered by the Green Infrastructure Plan. A Rivers and Waterways Working Group has been established to examine options, merits and deliverability of different solutions. A more detailed business case will be prepared in due course. It is also requested that delegated authority is given to the Director of Public Places, after consultation with the Cabinet Member for Safer Chelmsford, to develop a scheme and spend the approved budget. It is also recommended that appropriate funding sources should wherever possible be used.</p>

Section 5 The impact of Capital Expenditure on the Revenue Budget

The Council is required by statute to produce a Capital Strategy, which is approved by Cabinet in January and Council in February each year. It gives a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services. Also, an overview of how the associated risks are managed and the implications for the future financial sustainability of the Council. The next few paragraphs are a short summary of how the capital expenditure links to the revenue budget.

The Council capital programme is shown in **Section 4 (table 5 new schemes) & Section 10** contains Replacement Programme and previously approved schemes. The capital programme is different from revenue budgets in that borrowing and assets sales may be used to fund expenditure.

The Medium-Term Financial Strategy identified a policy of:

The Council will 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). Capital spending plans, whether funded from internal resources or through borrowing, will be affordable, prudent and sustainable.

The impact on the Council revenue budget of 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
 - Borrowing costs (interest and principal repayments) are a revenue cost
 - Direct Revenue Financing of capital schemes. An expenditure line in the Council's Revenue budget which in effect funds capital expenditure

The revenue budget for 2020/21 contains the following funding for the capital programme:

- Minimum Revenue Provision (money set aside to repay the principal of debt) of £80k. Further details can be found in the Capital & Investment Strategy 2020/21. The MRP charge is made to revenue budgets for any assets funded from borrowing the year after the asset is complete.
- Direct Revenue Financing of Capital £4.8m. This is being used to fund:
 - short life assets (equipment) the funding for which comes from contributions to Asset Replacement Reserve; and
 - longer life assets are also funded but from the Chelmsford Development Reserve, which in turn is funded from windfall or temporary income such as new homes bonus. Further details on these reserves can be found in **Section 6**

The Council's financing of its capital programme is always estimated as part of the budget process and concluded at financial year end. The actual methods of financing can differ from the estimates depending on if the relative costs of each method changes. The Director of Finance will determine the optimal mix of resources at the end of the financial year.

The Council's capital programme does require the use of borrowing which is currently planned to be internal borrowing using council cash balances instead of taking on external loans. The cost of internal borrowing is the interest forgone on not investing Council funds and a minimum revenue provision. These matters are discussed in the report, Capital and Investment Strategy 2020/21 elsewhere on the agenda.

Section 6

Revenue - Reserves & Forecast

The Director of Finance produces regular forecasts of the Council's finances and an annual Medium-Term Financial Strategy which uses these forecasts to set out a financial strategy to manage the financial challenges faced.

The Budget should be considered along with the forecast (including Reserves and Council tax) when decisions are made regarding whether the budget is affordable and sustainable.

A forecast of capital expenditure and income is contained in the Capital Investment Strategy, in line with statutory requirements.

Reserves

The Reserves are intended to be used in the following circumstances:

- The need to fund planned one off expenditure/ loss of income such as:
 - The use of reserves to temporarily balance loss of car parking income
 - Capital funding including the partial funding of the redevelopment of Riverside

- The need to protect against unbudgeted risks for example:
 - Business Rate retention timing difference or reduced business rate income
 - Falls in income due to changes in economic conditions
 - Homelessness and other demand led costs

The Council will seek to increase the level of its general fund reserves (General Fund plus Contingency) and maintain this at an appropriate level commensurate with the level of financial risk it faces. As a minimum, the Council should work towards a level of approximately 5% of its gross expenditure (which would be around £7m when compared to the gross expenditure figure included in the last Council Tax resolution), whilst recognising that the level of balances will fluctuate over time as it adjusts to short-term pressures in the revenue budget.

The Reserve estimates have been updated for variances identified in the 2019/20 Revenue Monitoring, there is a risk there will be further variances but the assumptions are:

- Service Level overspend broadly in line with that reported to October Cabinet
- Additional Business Rate Retention income is achieved in 2019/20 of some £2.5m which is transferred into the General Fund Contingency

In summary the material transfers to and from reserves in 2020/21 are:

Table 6

Transfer to/from reserve £ms	Reserve Name
<u>Annual contribution from Revenue:</u>	
£0.54m	to the Pension deficiency cost
£1.7m	to the Asset Replacement Reserve
<u>Temporary/One off Income contributions to Reserves</u> Creation of the following reserves from one off New Home Bonus Funding 2020/21	
£0.39m	To Project Evaluation Reserve. The capital programme includes schemes which require further feasibility and financial evaluation, so this reserve enables production of robust business plans
£0.15m	To Housing Initiatives Reserve. To establish funding to undertake initial stages of projects that may not be capital costs.
<u>One off Contribution</u>	
£0.31m	to General Fund Balance, from rent income from a potential purchase and additional Section 31 Business Rate Grants.
£3.1m	of New Homes Bonus to the Chelmsford Development Reserve, which will be used to fund the capital programme.
<u>Annual contribution from Revenue:</u>	
£0.5m	To Digital Portfolio Office (DPO) Reserve. The Medium Term Financial Strategy reported to October 2019 Cabinet established a DPO process and an additional sum is made available to support the work, subject to the success of pilot schemes.
£1.75m	to Business Rate Retention Reserve (uncertain Business Rate Retention Income)
<u>Use of Reserves to Support expenditure</u>	
£0.19m	Local Development framework
£2.7m	To fund pension costs from Pension Deficiency Reserve
£1.7m	Asset Replacement Reserve to support the capital programme
£3.1m	Chelmsford Development Reserve to support the capital programme
£0.047m	Use of suppliers to undertake rent reviews and lease renewals on buildings let by the Council funded by General Balance
£0.075m	Business rate costs on Lockside properties that the Council has taken back from tenants to enable disposal of larger site Funded by General Balance
£0.046m	Implementation of Technology One Finance system funded by General Balance

The Council Tax Surplus for 2020/21 is transferred into the General Fund Contingency Reserve to support one off expenditure

A forecast of the reserves for 2020/21 and future years is shown in **Table 8**, at the end of this section, it also identifies the purpose of each reserve and any delegation for their use.

Revenue Forecast

In summary the projected budget shortfalls are shown in **Table 7** below:

Table 7	2021/22	2022/23	2023/24	2024/25
	£000s	£000s	£000s	£000s
Losses as a result of Government policy	450	250	250	250
+Other Pressures/-reductions	669	111	506	165
Total In year	1,119	361	756	415
Cumulative		1,480	2,236	2,651

A more detailed forecast of the Council's budget is shown in **Table 9** at the end of this section.

The key assumptions in the forecast are:

- Government funding. The Government has previously provided multi-year settlements so that Councils have clarity to plan for funding cuts. The 2020/21 settlement is for one year only. The Council could plan on the basis that future years funding is at existing levels given recent national politics portraying the era of austerity/ funding cuts is over. However, the 2019/20 and 2020/21 settlements did provide Chelmsford and a number of other Councils with funding so that negative Revenue Support Grant (RSG) was not implemented. Negative RSG is where all of a Council's RSG had been removed by the Government but an additional funding cut was due to take place by reducing Business Rate Baseline income; in Chelmsford's case this was to be a further £1m every year loss and was due to be implemented in 2019/20. This cut was not made but has not officially been permanently cancelled. The Government is continuing to undertake fair funding and business rate retention reviews during 2020/21 and it is thought that the Negative RSG is in some way likely to influence the future funding available to Chelmsford. The forecast therefore includes a £250k loss of central government funding for the four years after 2020/21.
- New Home Bonus (NHB) has been under threat of reform for many years. The Government is likely at the very least to reduce the sums paid to Councils and the number of years they receive it. This could be achieved by many mechanisms and there is still the option to simply scrap the scheme. The Council's policy has been to set aside NHB for funding of one-off initiatives or contributing to Reserves (then capital). The Council's services would not suffer directly if the Government removed the scheme completely, however, the result might be reduced funding for the capital programme which would then require reductions in the planned programme or additional borrowing with its financing cost met by revenue. The Council's financial planning assumes no new allocation of NHB but does assume the run off over 4 years of the previous allocations.
- Business Rate Retention. The Council has received around £2m per annum for the last 2 years and this is projected to continue in 2020/21. Only £200k is used to support ongoing expenditure in 2020/21. From 2021/22 the forecast assumes that the Council's ongoing budgets are not supported at all by Business Rate Retention income, this reflects a cautious approach as the Government is reviewing the business rate retention scheme.
- Flexible homelessness support grant. The Council relies on £653k which the Government provides to help fund homeless prevention work. The funding is

relatively new and was established by the Government by removing another source of funding for the Council's Temporary Housing administration. There has not been sufficient clarity from Government to determine with certainty that the flexible homelessness grant will continue in the medium term, however the lack of a proposal to remove it means the forecast budget assumes the grant will continue.

- The revenue forecast reflects the financing costs of the Capital programme but as some schemes still require business cases to be completed the running costs and benefits are not yet in the revenue forecast.
- That current service levels continue after allowing for the enhancements and efficiencies identified.
- Provision has been made for future growth in Refuse & Recycling and Street Cleaning service to reflect new housing growth.
- Pension scheme costs, as discussed in **Section 3** the costs of the actuarial valuation of the pension fund are being smoothed in with cost increases of £175k in both 2021/22 and 2022/23.
- Homelessness. There has been considerable difficulty in containing the increased costs arising from the Council's statutory housing duties. The initiatives proposed in the capital programme and the revenue enhancements are expected to improve outcomes. The forecast does not include additional costs or savings after 2020/21 given the risk of increased demand arising from factors that are outside the Council's control offsetting revenue improvements.
- The development of an access road across Baddow Road car park to Waterside will have a detrimental impact on the Council's car parking income, however, this is likely to be temporary and is not included in the forecast. The cost when identified will need to be met from Reserves and will be the subject of a future report to Council.

Table 8 - Usable Reserves Projections

	2019/20			2020/21			2021/22			2022/23		
	Opening Balance	Budgeted (use of) / contribution to reserves	Closing Balance	Opening Balance	Budgeted (use of) / contribution to reserves	Closing Balance	Opening Balance	Budgeted (use of) / contribution to reserves	Closing Balance	Opening Balance	Budgeted (use of) / contribution to reserves	Closing Balance
		£000s			£000s			£000s			£000s	
1 Cultural Support 'Fund'	154		154	154		154	154		154		154	
2 Chelmsford development	0	contribution	0	0	contribution	0	0	contribution	0	contribution	0	
3 Future Replacement of assets	0	fully spent	0	0	fully spent	0	0	fully spent	0	fully spent	0	
4 Digital Strategy reserve	76	-76	0	0		0	0		0		0	
5 Growth fund	97	-12	85	85		85	-50	35	35	-35	0	
6 Insurance	809	200	1,009	1,009		1,009	1,009	1,009	1,009		1,009	
7 Local Development Framework	272	243	515	515	-191	324	324	-191	133	133	-133	0
8 Pension deficiency	1,163	2,399	3,562	3,562	-2,136	1,426	1,426	717	2,143	2,143	892	3,035
9 Park and Ride	178		178	178		178	178		178		178	
10 Hylands House Reserve	18		18	18		18	18		18		18	
11 Housing Initiatives			0	0	150	150	150		150		150	
12 DPO Reserve		150	150	150	500	650	650		650		650	
13 Project Evaluation Resrve			0	0	390	390	390		390		390	
14 Carry forwards	149	-99	50	50	-50	0	0		0		0	
	0		0	0		0	0		0		0	
Total Earmarked Reserves	2,916	2,805	5,721	5,721	-1,337	4,384	4,384	476	4,860	4,860	724	5,584
15 General Fund	4,693	-411	4,282	4,282	216	4,498	4,498		4,498		0	4,498
16 Contingency	3,491	-450	3,041	3,041		3,041	3,041		3,041			3,041
	8,184	-861	7,323	7,323	216	7,539	7,539	0	7,539	7,539	0	7,539
Total other reserves	11,100	1,944	13,044	13,044	-1,121	11,923	11,923	476	12,399	12,399	724	13,123
Not Available to Support Spend, until financial year end when the actual position is determined.												
17 Business Retention reserve	37	857	894	894	1,746	2,640	2,640	-894	1,746	1,746		1,746

Reserves - Purpose and Delegation

	Purpose	Delegation
1 Cultural Support 'Fund'	To contribute to Cultural Services costs	Relevant Director & Cabinet member
2 Chelmsford development	To support the ongoing development of the Chelmsford City area. New Homes Bonus plus other expected one off income will be added to the reserve	Director of Finance & cabinet member for a Fairer Chelmsford
3 Future Replacement of assets	These are funds from revenue set aside to finance capital expenditure and one off revenue costs of capital schemes	Director of Finance as part of year end capital financing process
4 Digital Strategy reserve	Reserve closed down at end of 2019/20	Relevant Director & Cabinet member
5 Growth fund	Funding Held for Strategic Planning issues	Relevant Director & Cabinet member
6 Insurance	To meet losses and policy excesses where more appropriate to insure internally than externally.	Relevant Director & Cabinet member
7 Local Development Framework	To meet expenditure on the LDF	Relevant Director & Cabinet member

Reserves - Purpose and Delegation		
	Purpose	Delegation
8 Pension deficiency	To support the financing of the annual 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.
9 Park and Ride	Contingency to smooth management contract costs of Park and Ride	Relevant Director & Cabinet member
10 Hylands House Reserve	To contribute to Hylands House and Estate costs	Relevant Director & Cabinet member
11 Housing Initiatives	To establish funding to undertake initial stages of projects that may not be capital costs.	Director of Finance & Cabinet member
12 DPO Reserve	The Medium Term Financial Strategy reported to October 2019 Cabinet established a DPO process and an additional sum is made available to support the work, subject to the success of pilot schemes	Chief Executive
13 Project Evaluation Resrve	The capital programme includes scheme which require further feasibility and business work, so this reserve enables production of robust business plans	Director of Finance & Cabinet member
14 Carry forwards	These are working balances arising from the carry forward policy, set out in financial regulations	Relevant Director & Cabinet member
15 General Fund	These are uncommitted working balances to meet the unforeseen needs of the Council.	Normal Supplementary estimate rules (within constitution)
16 Contingency	To cover temporary income and expenditure fluctuations (including Business Rates)	Cabinet
17 Business Retention reserve	To meet one off costs arising from Business Rate Retention scheme	To be used by Director of Finance as part of the annual closure of the Business Rate

TABLE 9 - Medium Term Financial Forecast						Comments
Variations from 2019/20	2020/21 £000's	2021/22 £000's	2022/23 £000's	2023/24 £000's	2024/25 £000's	
Year on Year Changes in Budget						
+Increased costs or less income/ -reduced cost or additional income						
Changes from Central Government and Local Taxes						
Council Tax Increase	-340					
Government Settlement Funding Change	-55					
Negative RSG assumption		250	250	250	250	
Business Rate Retention	-24	200				
Tax base Growth	-306	-155	-155	-155	-155	
Cost of Capital						
Minimum Revenue Provision (existing £200k)	-120	276	11	51	68	
Interest Earning (net of internal borrowing)	48	25	25	70	70	
Service Cost Variations						
Inflation - Pay	634	646	659	676	690	
Utility Costs	146	30	31	32	33	
NNDR (Business Rates)	136	40	41	42	43	
Inflation - Income	-615	-248	-596	-280	-654	
Homelessness & Prevention Service	215					
Housing Benefit Subsidy Loss	72					
Enterprise Resource Planner (ERP)	67					
Commercial Property Rental Income	150					
Digital Services	291					
Hylands House	61					
Property disposals (rent forgone)	126					
Maintenance (tree and building)	42					
Court Costs Income Council Tax	35					
Licences - Leisure	27					
CIL (administration fee) & planning income	-88					
Riverside	47					
Hylands Festival	80					
Pension Valuation		175	175			
Car parking charges	-524					
City Growth	165			70	70	
Growth	253					
Savings	-562	-120	-80			
Other	39					
Annual Budget Shortfall	0	1,119	361	756	415	
Cumulative Budget Shortfall		1,119	1,480	2,236	2,651	

Section 7 **Risks & Robust Budget**

Statement from the Chief Financial Officer under s25 of the Local Government Act 2003

Introduction

The Local Government Act 2003 (Section 25) places a statutory duty on the Chief Financial Officer to report to the authority, at the time the budget is considered, and the council tax is set, on the robustness of the budget estimates and the adequacy of the financial reserves. The Act requires the Council to have regard to the report in making its decisions at its budget and council tax setting meetings.

In expressing this opinion, I have considered the financial management arrangements of the Council, the overall financial and economic environment, the financial risk facing the Council, the budget assumptions, the level of reserves, and its overall financial standing.

Financial Management Arrangements

The Council has enhanced its system of budget monitoring and financial control during 2019/20, with regular reporting both at Executive and Scrutiny level, via the Audit & Risk Committee (year-end review), Overview and Scrutiny Panel (mid-year review) and Cabinet. Where budget variances have arisen, prompt management actions are identified to minimise any adverse effect and enable early corrective action to be put in place where relevant.

The budget process for 2020/21 included informal discussions and workshop sessions with Cabinet Members and their Deputies in order to ascertain the priorities for the budget, and to understand cost drivers, demand pressures and the underlying assumptions contained within the budget, such as inflation, interest rates and the cost of borrowing.

Cabinet Members also supplied an additional layer of budget challenge to the process, through meetings with their Directors and Service Managers, to explore opportunities for efficiencies, cost reduction or income generation. The Council's Management Team has reviewed and challenged the budget at various stages throughout its construction, including the reasonableness of the key budget assumptions, such as estimates of inflationary and corporate financial pressures, realism of income targets and the extent to which known trends and liabilities are provided for.

The budget has been prepared within the terms of the Medium-Term Financial Strategy and in consideration of the key financial risks identified.

In recent years, there has been a growing trend to increase the range of tools available to Council's to assess, and where necessary, improve their financial management. The Chartered Institute for Public Finance and Accountancy (CIPFA) has developed a Financial Management Code, designed to support good practice in financial management by setting out a series of principles supported by specific standards and statements of good practice. The Council will carry out a self-assessment against the new Code and create an action plan if required to meet the over-arching principles. CIPFA have also recently released a Resilience Index which allows authorities to view their position in respect of a range of indicators of financial risk. While such tools can be blunt instruments, which do not take account of local circumstance, they are nevertheless a useful starting point for provoking internal challenge.

The Council continues to meet requirements to produce what has now become a suite of financial management reporting, including the budget report, Medium-Term Financial Strategy, Capital and Investment Strategy and Treasury Management Strategy, and which form the framework for financial decision-making. In addition, 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.

Reporting against this framework is undertaken via the budget monitoring process referred to earlier in this section and through the external review of the financial statements of the Council and its arrangements to secure economy, efficiency and effectiveness in its use of resources (value for money conclusion) from the Council’s external auditors and is supported by the Performance review work of the Overview and Scrutiny Committee, the Treasury Management sub-committee and the recently refreshed Risk Management process.

I consider the financial management arrangements of the Council to be sufficiently robust to maintain adequate and effective control of the budget for 2020/21.

Financial and Economic Environment, Risks and Assumptions

On the face of it, Chelmsford has done well out of the Local Government Finance Settlement, with its headline figure of “core spending power” increasing by 6.2%, far in excess of the average 3.4% for Shire Districts and closer to the average increase for English local authorities as a whole (6.3%) and to increases seen by Counties (7.2% for Counties with responsibility for fire and rescue services/6.9% without), Metropolitan Councils (6.7%), London Boroughs (6.5%) and Unitary Councils (6.5% with fire/6.7% without).

When we look beyond the headlines, however, we see that the largest percentage increase is from grant income, the majority of which is New Homes Bonus. Council Tax assumptions have been built into the core funding measurement and already assumes both a tax base increase and a rate increase up to the £5 maximum permissible level before triggering a referendum, while baseline funding from government has increased by just 1.6%.

Core Spending Power (£m)

	2019/20	2020/21	change
Core Spending Power	20.213	21.463	6.2%
Of which:			
Settlement Funding Assessment	3.353	3.408	1.6%
Assumed Council Tax	12.936	13.492	4.3%
Other grants	3.924	4.563	16.3%

The risks inherent in the funding announcement are multi-fold and many have been touched upon in other sections of this report. First and foremost is the continued uncertainty provided by just a single-year Settlement, exacerbated by the lack of information on progress with the Fair Funding review, scheduled for introduction in 2021/22, which could see seismic shifts in the redistribution of funding between authorities, based on a major overhaul of the mechanism for assessing their relative needs. The move to a 75% Business Rates Retention Scheme, instead of the current 50% split with Government, is also intended to commence in 2021/22 – with one of the major factors at play being whether the baselines for business rates growth will be reset within the system, potentially wiping out gains to date. The New Homes Bonus Scheme is also set for review, with 2020/21 allocations being announced for a single year payment instead of being payable for 4 years as per previous allocations. While Chelmsford City Council has reaped the benefits of New Homes Bonus by supporting and facilitating local housing growth, it is difficult to predict what future changes to the scheme may mean locally. Outside of core spending power, funding streams for homelessness support and prevention have been announced but once again, are for a single year with no certainty as to future allocations or mechanisms for distribution.

This uncertain future funding position, the wider economic climate, and the playing out of economic factors locally, are key considerations in assessing the robustness of the estimates contained within the budget report and the adequacy of the Council's reserves.

The Council continues to seek other forms of funding and has an excellent track record in securing grant from a variety of sources such as Homes England (Housing Infrastructure Fund), MHCLG (Rough Sleeper Initiatives, Rapid Rehousing Pathway), National Lottery Heritage Fund and many others. However, it is important that any one-off funding is used to provide additional services over and above that provided by core delivery or to provide one-off enhancements to assets, rather than to form any part of funding for on-going service delivery.

Financial Risk within the budget has been mitigated by using New Homes Bonus to support capital spend via the Chelmsford Development Reserve or to create new reserves to support project evaluation, feasibility studies or the production of business cases, further enhancing the financial management processes described in the previous section. In addition, sums have been set aside to support the Digital Portfolio Office (DPO), in order to drive technological change from within the business and build on the infrastructure already in place. Subject to a successful pilot period, the DPO is expected to deliver on-going revenue savings or efficiencies in service delivery, adding to the financial sustainability of the Council moving forward.

Risk is further mitigated by holding back income from the Business Rates Retention Scheme until it is certain and not building it into base budgets at the start of the year. Business Rates income can be volatile and heavily affected by national and local economic conditions and assumptions around appeals against business rates, which can take years to unwind and require the Council to set aside sums to settle current and future appeals.

Complex assumptions are incorporated into the estimates for Business Rates income and the provision for appeals, as well as provision for bad debts across wider service areas including Council Tax and Benefits. Other assumptions within the budget include pay assumptions, pension valuations, inflation assumptions and interest rate assumptions. These are based on expert knowledge both within and outside of the Council, using experts where necessary and incorporating data from the Bank of England, central government statistics and other sources. Assumptions around demand levels are based on the professional expertise and local knowledge of service managers, within the local economic and demographic context, and take account of the continuing growth of the City area. Income budgets are set having due regard to demand constraints, affordability, cost inflation pressures, trend analysis and strategic aims. Income budgets are further analysed to assess the reliance on any individual income stream and to take measures to avoid over-reliance on any one area. A contingency reserve provides a safety net for sudden loss of income, allowing time for the Council to react to unforeseen changes and take corrective action.

Further detail on the assumptions used in the budget are set out in **Section 3** of the budget report.

I consider that these budget proposals take due regard to risk, including the financial and economic environment, that the assumptions within the budget are reasonable and the estimates used are robust.

Level of Reserves and overall Financial Standing

In past years, councils have been criticised for holding too high a level of reserves but more recently, given the increased awareness of the potential for local government failure, there has been greater emphasis on financial sustainability, which requires holding a "reasonable" level of reserves. What is reasonable will be dependent on local circumstances and there is no mandated minimum level set by regulators. There is a balance to be struck between holding reserves, and

the interest receipt that this may bring, and the opportunity cost of the services that might otherwise be provided.

The Council's Medium-Term Financial Strategy set a target for its unallocated reserves (General Fund and Contingency) of 5% of its gross revenue expenditure (around £7m) whilst recognising that the level held will fluctuate over time as it adjusts to short-term pressures in the revenue budget. In addition, the Council holds a number of reserves to provide for future expenditure such as pension deficit payments and asset replacement and to hold uncertain income until it is fully realised (Business Rates Retention income). Further detail on these reserves is contained in **Section 6** of the report.

The Council has a good track record for delivering its budget commitments and making prudent financial provision against risk and for future expected spending plans. Its Capital spending plans have been supported by its use of capital receipts from the large-scale voluntary transfer of its housing stock in 2002, through receipts from other appropriate asset sales, its use of grant funding and other contributions. As past capital receipts inevitably dwindle as they are invested within the City, the Council will make use of borrowing powers to support future capital spending. Initially, it will look to borrow internally, using cash reserves to fund capital expenditure, before moving to external borrowing from the Public Works Loan Board, other local authorities or other approved counterparties. More detail on this is set out in the Treasury Management Strategy 2020/21 and the Capital and Investment Strategy 2020/21. While the Capital Programme over the medium-term is an ambitious one, the cost of any borrowing to fund this programme is prudent and affordable within the terms of the Prudential Code of Capital Finance and for 2020/21 can be met from the revenue budget as set out in the report. However, as decisions made now can affect the Council for many years to come, in terms of interest payment and provision for repayment of borrowing, it is important to ensure that the on-going effect of borrowing is affordable in future years.

The updated Medium-Term Financial Forecast set out on **section 6**, provides a high-level summary of estimated changes to income and expenditure over the next 5 years. With cost pressures, inflation and assumptions about central funding out-stripping cost reductions and additional income estimated over the period, a potential budget gap of some £2.7m is projected by 2024/25. This forecast contains no assumptions about future council tax rises beyond 2020/21 but equally does not build in any service enhancement other than that necessary to continue to provide existing levels of service (e.g. pay inflation, city growth). While the 2020/21 budget preparation successfully identified sufficient savings to balance the budget in-year, further work needs to be undertaken to identify net savings for the years ahead. Work will commence early in the new financial year to agree a process for the identification and delivery of a savings and efficiency plan, which will build on the work already being piloted under the Digital Portfolio office and which will take forward learning points from that process. This will then be embedded into the next Medium-Term Financial Strategy review.

I consider the level of reserves presented in the budget estimates to be adequate to support the on-going financial sustainability of the Council. Early identification of future net savings (cost reductions or increased income generation) are essential to support the sound financial standing of the Council.

Conclusions

Taking all of the above into account, as the Council's Chief Financial Officer, I am satisfied that 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.

Amanda Fahey - Director of Financial Services/Chief Financial Officer

Section 8 Council Tax & Business Rates

The Council's budget is heavily dependent on Council tax income, not only is the amount significant £13m but it also provides a stable income. The Council has only limited discretion to increase Council Tax, as the Government annually set a threshold which if exceeded requires a local referendum.

The Council does share in the business rates raised locally, 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 rate retention scheme the Council does receive 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 locally offer reductions in business rate paid but at the Council's cost.

This section identifies the issues arising from Business Rates and Council Tax when setting the Council Budgets for 2020/21.

Council Tax Referendums

The Government has announced that Council Tax increases not exceeding the greater of 2% or £5 for District authorities will not be subject to a local referendum.

Council Tax, Parish Grant & Special Expenses Proposal 2020/21

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 2020/21 is 68,251.65.

A summary of the known Council Tax charges from each of the precepting authorities (an average is shown for Parishes) is shown in **Table 10**.

Table 10

	2019/20	2020/21	Increase	Increase
	£	£	£	%
Chelmsford City Council	194.02	199.00	4.98	2.57%
Essex County Council	1,270.44	1,321.11	50.67	3.99%
Police -Essex	192.96	198.63	5.67	2.94%
Fire & Rescue – Essex	72.45	73.89	1.44	1.99%
	1,729.87	1,792.63	62.76	
Parish and Town Councils (average)	38.09	38.56	0.47	1.23%
TOTAL	1,767.96	1,831.19	63.23	3.57%

Special Expenses and Parish/Town precepts are in **Table 11**

A formal Council Tax resolution is produced annually and the Council has to approve this document to set a legal Council Tax.

The Average Band D Council Tax for Chelmsford City for 2020/21 is £199.00

Collection fund surplus/deficit: As part of the formal budget setting process, the Council is required to estimate each year the expected 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, together with precept payments to principal authorities. These elements will generate a surplus or a deficit which should be taken into account when determining the Council Tax for the following year. The Council Tax Surplus for 2020/21 is £100k, this is already included within the budget.

Business Rate Surplus or Deficit

To meet the legal requirements when setting the budget for 2020/21 the Council is required to declare by the 31st January 2020 a Business Rate Retention Surplus or Deficit, after submitting a return (NDR1) to Government. The Business Rate Retention figures contained in this report reflect the NDR1 position (Cabinet January 2020 included provisional figures). The estimated Business Rate retention income for 2020/21 is made up of a deficit relating to prior years of £737k, however, income for 2020/21 is anticipated to be £1,790k above the baseline plus expected income from the Business Rate pool in 2020/21 is £893k, giving a net income from Business Rate Retention of £1,946k in 2020/21.

CHARGES TO PARISH AND TOWN COUNCIL AREAS

TABLE 11

PARISH/ TOWN COUNCIL	2019/20								2020/21							
	←-- PARISH PRECEPTS -->			←-- BAND D EQUIVALENTS -->					←-- PARISH PRECEPTS -->			←-- BAND D EQUIVALENTS -->				
	Precept Request	Rounding to ninths	Rounded Precept	CCC charge (excl Special Expenses)	Special Expenses	Total CCC charge	Net Parish Precept	Total Charge to Parishes	Precept Request	Rounding to ninths	Rounded Precept	CCC charge (excl Special Expenses)	Special Expenses	Total CCC charge	Net Parish Precept	Total Charge to Parishes
(1) £	(2) £	(3) £	£	(5) £	£	(4) £	(6) £	(1) £	(2) £	(3) £	£	(5) £	£	(4) £	(6) £	
Great Baddow	421,417	181	421,598	165.69	13.41	179.10	77.94	257.04	434,319	219	434,538	171.27	13.41	184.68	79.56	264.24
Little Baddow	44,712	21	44,733	165.69	13.77	179.46	51.57	231.03	46,053	2	46,055	171.27	13.59	184.86	52.83	237.69
Boreham	88,725	6	88,731	165.69	11.70	177.39	68.40	245.79	89,950	18	89,968	171.27	11.16	182.43	65.61	248.04
Broomfield	131,014	-47	130,967	165.69	16.38	182.07	55.44	237.51	139,316	-20	139,296	171.27	15.30	186.57	55.44	242.01
Chignal	7,385	8	7,393	165.69	14.31	180.00	32.22	212.22	7,600	8	7,608	171.27	11.16	182.43	26.28	208.71
Danbury	205,156	104	205,260	165.69	5.94	171.63	85.05	256.68	212,481	68	212,549	171.27	6.03	177.30	87.57	264.87
Galleywood	103,401	-42	103,359	165.69	24.39	190.08	49.23	239.31	106,214	-75	106,139	171.27	24.21	195.48	50.22	245.70
Good Easter	9,544	1	9,545	165.69	4.50	170.19	55.35	225.54	10,700	2	10,702	171.27	4.50	175.77	62.01	237.78
East Hanningfield	34,835	-18	34,817	165.69	11.16	176.85	71.10	247.95	35,703	15	35,718	171.27	11.25	182.52	72.00	254.52
South Hanningfield	84,152	-15	84,137	165.69	4.23	169.92	71.28	241.20	86,500	0	86,500	171.27	4.32	175.59	72.63	248.22
West Hanningfield	23,300	-10	23,290	165.69	16.65	182.34	50.67	233.01	26,828	-10	26,818	171.27	15.93	187.20	56.07	243.27
Highwood	25,515	1	25,516	165.69	12.69	178.38	80.55	258.93	31,851	7	31,858	171.27	12.60	183.87	100.17	284.04
Great & Little Leighs	30,000	40	30,040	165.69	26.91	192.60	28.26	220.86	30,000	-6	29,994	171.27	25.02	196.29	26.28	222.57
Margaretting	12,420	-6	12,414	165.69	15.21	180.90	32.76	213.66	12,420	-12	12,408	171.27	14.76	186.03	32.04	218.07
Mashbury	0	0	0	165.69	9.99	175.68	0.00	175.68	0	0	0	171.27	9.63	180.90	0.00	180.90
Pleshey	7,506	3	7,509	165.69	19.44	185.13	54.45	239.58	7,506	6	7,512	171.27	19.26	190.53	54.09	244.62
Rettendon	36,144	25	36,169	165.69	12.87	178.56	47.25	225.81	41,494	-15	41,479	171.27	15.21	186.48	53.82	240.30
Roxwell	15,000	17	15,017	165.69	1.53	167.22	32.40	199.62	15,000	-15	14,985	171.27	1.53	172.80	31.41	204.21
Runwell	89,538	42	89,580	165.69	2.97	168.66	53.55	222.21	100,450	79	100,529	171.27	2.79	174.06	56.16	230.22
Sandon	31,933	-29	31,904	165.69	26.37	192.06	44.28	236.34	33,530	31	33,561	171.27	25.11	196.38	44.46	240.84
Springfield	383,146	-149	382,997	165.69	36.00	201.69	50.31	252.00	387,242	-349	386,893	171.27	34.56	205.83	49.23	255.06
Stock	43,696	-5	43,691	165.69	12.96	178.65	37.26	215.91	44,790	35	44,825	171.27	12.60	183.87	37.53	221.40
Great Waltham	46,000	-18	45,982	165.69	15.93	181.62	50.22	231.84	49,898	36	49,934	171.27	15.39	186.66	53.01	239.67
Little Waltham	35,714	-3	35,711	165.69	18.36	184.05	54.81	238.86	44,102	-1	44,101	171.27	14.85	186.12	54.81	240.93
South Woodham Ferrers	428,885	-215	428,670	165.69	29.43	195.12	70.92	266.04	428,187	78	428,265	171.27	29.16	200.43	70.38	270.81
Woodham Ferrers & Bicknacre	74,610	38	74,648	165.69	4.14	169.83	61.29	231.12	77,610	29	77,639	171.27	4.23	175.50	62.91	238.41
Writtle	126,115	-19	126,096	165.69	11.25	176.94	63.27	240.21	132,100	5	132,105	171.27	10.26	181.53	65.34	246.87
Town Centre (non-Parished area)				165.69	43.47	209.16	0.00	209.16				171.27	43.02	214.29	0.00	214.29
TOTALS	2,539,863	-89	2,539,774						2,631,844	135	2,631,979					
AVERAGE						194.02	38.09	232.11						199.00	38.56	237.56

NOTES

- (1) The total amount that the Parish/ Town Council intend to spend in the year.
- (2) An adjustment to make the Parish/Town precept divisible by 9 for Council Tax charging purposes.
- (3) The rounded Parish/ Town Council precept that is charged to the parishioners of the Parish.
- (4) The net Parish/ Town Council precept expressed as a charge to the average parish Band D property.
- (5) The actual amount spent on Special Expense items by the City Council in individual Parish/ Town Council areas, expressed as a charge on the average Band D property.
- (6) The total charge in individual Parish/ Town Council areas for Parish/ Town Council expenditure (the Parish/ Town Council precept), and Special Expense items, expressed as a charge on the average Band D property.

Section 9 Revenue Budget Reports

Revenue Service Budgets

This section contains

1. Subjective Analysis of the Council Revenue Budget (**Table 12**)
2. A summary of the budget (**Table 13**)
3. Service Budgets (Expenditure and Income) for 2020/21 (**Table 14**)

TABLE 12 - SUBJECTIVE ANALYSIS OF THE REVENUE BUDGET

2018/19 Actual £000's		2019/20 Original £000's	2020/21 Estimate £000's
	EXPENDITURE		
32,215	Employees - Salaries	32,526	36,588
378	- Other	246	277
6,549	Premises	6,508	6,624
5,701	Supplies and Services	4,929	5,350
2,494	Transport and Plant	2,234	2,243
7,684	Third Party Payments	6,876	8,154
43,978	Benefit Payments	44,245	44,235
1,688	Miscellaneous	252	-
100,688	TOTAL CONTROL EXPENDITURE	97,815	103,471
	INCOME		
-43,673	Government Grants	-43,851	-43,871
-2,182	Other Grants and Reimbursements	-1,942	-2,131
-1,235	Sales	-1,232	-1,231
-24,354	Fees and Charges	-25,867	-27,239
-8,158	Rents	-9,020	-9,631
-2,059	Other	-543	-493
-81,659	TOTAL CONTROL INCOME	-82,455	-84,595
19,029	NET CONTROL EXPENDITURE	15,360	18,876
	INTERNAL RECHARGES		
21,969	Service Management and Overheads	23,929	25,174
-22,123	Recharges	-24,081	-25,341
-154		-152	-168
18,875	SERVICE EXPENDITURE	15,208	18,708
	OTHER ITEMS		
-815	Interest Receivable & Investment Income	-542	-494
26	Interest Payable & MRP	200	80
-1,903	Business Rate Retention Adjustment	-3,266	-1,946
15,026	Direct Revenue Financing of Capital	5,749	4,823
-3,379	New Homes Bonus & Other Govt Grants	-3,975	-4,706
8,953		-1,834	-2,244
	USE OF RESERVES AND BALANCES		
-11,985	Contributions - from / to Earmarked Reserves	3,377	410
-41	Contributions - from / to General Fund Balance	-515	216
-12,027		2,862	626
15,802	BUDGET REQUIREMENT	16,236	17,090
	LESS GOVERNMENT SUPPORT		
-3,278	Collection Fund (Surplus) / Deficit	-3,353	-3,408
-139		54	-100
12,385	CALL ON COLLECTION FUND	12,936	13,582

TABLE 13 - SUMMARY OF REVENUE ESTIMATES

2019/20 Original Estimate £'000	Original Estimates 2020/21	2020/21 Estimated Spend £'000	2020/21 Estimated Income £'000	2020/21 Net Estimate £'000
305	Chief Executive	330	0	330
8,289	Connected Chelmsford	10,607	-2,227	8,380
131	Fairer Chelmsford - CDRM	137	-332	-195
-114	Fairer Chelmsford	57,872	-54,524	3,348
-3,392	Greener Chelmsford	6,729	-10,648	-3,919
10,140	Safer Chelmsford	27,797	-16,865	10,932
15,359	Service Expenditure	103,471	-84,595	18,876
	Other General Fund Items			
-154	- Charges to SEPP			-168
-542	- Interest Income			-494
200	- Minimum Revenue Provision			80
5,749	- Revenue Funding of Capital			4,823
-3,975	- Other Grants (including New Homes Bonus, Section 31 Grants)			-4,706
-3,266	- Business Rate Retention Scheme			-1,946
	Earmarked Reserves			
-164	- Use of Carry Forward Reserves			-50
2,648	- Business Rates Retention Scheme Reserve			1,746
895	- Contributions to / -use of Other Earmarked reserves			-1,286
16,750	Net Expenditure			16,874
-515	Contribution to / -from Balances			216
16,235	Budget Requirement			17,090
-3,353	Baseline Retained Business Rates			-3,408
54	Council Tax Surplus			-100
12,936	Income from Council Tax			13,582

TABLE 14 - SERVICE BUDGETS

CHIEF EXECUTIVE

2019/20 Original Estimate	CHIEF EXECUTIVE	2020/21 Estimated Spend £	2020/21 Estimated Income £	2020/21 Net Estimate £
304,900		329,600	-	329,600
304,900		329,600	-	329,600
304,900		329,600	-	329,600

CONNECTED CHELMSFORD

2019/20 Original Estimate		2020/21 Estimated Spend £	2020/21 Estimated Income £	2020/21 Net Estimate £
264,200	DIRECTOR OF CONNECTED CHELMSFORD			
264,200	DIRECTOR OF CONNECTED CHELMSFORD	253,300	-	253,300
	DIGITAL SERVICES	253,300	-	253,300
2,544,000	DIGITAL SERVICES	2,891,000	-49,200	2,841,800
2,544,000		2,891,000	-49,200	2,841,800
	MARKETING AND ENGAGEMENT TEAM			
758,000	CUSTOMER SERVICES	794,700	-	794,700
1,011,600	MARKETING & ENGAGEMENT AND SPECIAL EVENTS	1,304,600	-276,800	1,027,800
1,769,600		2,099,300	-276,800	1,822,500
	HUMAN RESOURCES			
898,300	HUMAN RESOURCES	815,300	-36,500	778,800
117,300	PAYROLL	128,500	-4,100	124,400
1,015,600		943,800	-40,600	903,200
	LEGAL & DEMOCRATIC SERVICES			
629,700	LEGAL AND INFORMATION GOVERNANCE	747,100	-54,500	692,600
413,300	ELECTIONS	255,700	-33,100	222,600
747,500	DEMOCRATIC AND MEMBER SERVICES	777,800	-	777,800
1,790,500		1,780,600	-87,600	1,693,000
	CULTURE			
128,400	CULTURAL PARTNERSHIPS	191,600	-	191,600
201,900	THEATRES	1,720,100	-1,650,000	70,100
574,700	MUSEUM	727,100	-122,600	604,500
905,000		2,638,800	-1,772,600	866,200
8,288,900		10,606,800	-2,226,800	8,380,000

FAIRER CHELMSFORD - CDRM

2019/20 Original Estimate		2020/21 Estimated Spend £	2020/21 Estimated Income £	2020/21 Net Estimate £
131,100	CORPORATE & DEMOCRATIC MANAGEMENT	136,900	-332,000	-195,100
131,100		136,900	-332,000	-195,100
131,100		136,900	-332,000	-195,100

FAIRER CHELMSFORD

2019/20 Original Estimate		2020/21 Estimated Spend £	2020/21 Estimated Income £	2020/21 Net Estimate £
	DIRECTOR OF FINANCIAL SERVICES			
173,600	DIRECTOR OF FINANCE	177,200	-4,400	172,800
762,000	FINANCE CORPORATE COSTS	3,417,800	-5,000	3,412,800
935,600		3,595,000	-9,400	3,585,600
	ACCOUNTANCY, SYSTEMS & EXCHEQUER			
291,100	FINANCE EXCHEQUER	303,700	-	303,700
594,200	ACCOUNTANCY	722,900	-	722,900
885,300		1,026,600	-	1,026,600
	PROCUREMENT, RISK & INSURANCE			
154,300	PROCUREMENT	162,600	-	162,600
314,000	VOLUNTARY GRANTS	290,000	-	290,000
129,400	INSURANCE & RISK	141,800	-	141,800
50,300	FRAUD INVESTIGATIONS	55,200	-	55,200
648,000		649,600	-	649,600
	AUDIT			
215,100	INTERNAL AUDIT	185,000	-	185,000
215,100		185,000	-	185,000
	PROPERTY SERVICES			
-5,228,700	PROPERTY HOLDINGS	238,800	-5,279,600	-5,040,800
330,900	SUPPORT SERVICES	405,500	-2,000	403,500
-4,897,800		644,300	-5,281,600	-4,637,300
	BENEFITS & REVENUES			
152,900	REVENUES	832,600	-620,600	212,000
516,400	HB ADMINISTRATION	1,009,700	-537,700	472,000
230,300	HB CONTROL & DEVELOPEMENT	255,800	-	255,800
-310,600	HB SUBSIDY	44,235,000	-44,473,200	-238,200
589,000		46,333,100	-45,631,500	701,600
	HOUSING SERVICES			
95,200	HOUSING ADVICE	343,100	-181,600	161,500
303,700	TEMPORARY ACCOMMODATION	3,747,900	-3,354,200	393,700
15,000	HOUSING ALLOCATIONS	33,000	-12,000	21,000
193,000	RENT DEPOSIT SCHEME	254,500	-10,000	244,500
904,100	SUPPORT SERVICES	1,059,700	-43,400	1,016,300
1,511,000		5,438,200	-3,601,200	1,837,000
-113,800		57,871,800	-54,523,700	3,348,100

GREENER CHELMSFORD

2019/20 Original Estimate		2020/21 Estimated Spend £	2020/21 Estimated Income £	2020/21 Net Estimate £
DEVELOPMENT MANAGEMENT				
568,100	DEVELOPMENT MANAGEMENT	2,026,800	-1,414,300	612,500
-88,200	LOCAL LAND CHARGES	138,400	-219,700	-81,300
479,900		2,165,200	-1,634,000	531,200
ECONOMIC DEVELOPMENT AND IMPLEMENTATION				
279,900	ECONOMIC DEVELOPMENT & IMPLEMENTATION	558,100	-310,000	248,100
279,900		558,100	-310,000	248,100
BUILDING CONTROL				
94,700	BUILDING CONTROL	595,400	-472,500	122,900
94,700		595,400	-472,500	122,900
PLANNING POLICY				
718,700	PLANNING POLICY	958,000	-300	957,700
718,700		958,000	-300	957,700
CAR PARK OPERATIONS				
-5,018,600	CAR PARKS	1,960,500	-7,828,300	-5,867,800
109,800	PARKING SUPPORT	136,700	-	136,700
-56,400	PARK AND RIDE	355,200	-402,600	-47,400
-4,965,200		2,452,400	-8,230,900	-5,778,500
-3,392,000		6,729,100	-10,647,700	-3,918,600

SAFER CHELMSFORD

2019/20 Original Estimate		2020/21 Estimated Spend £	2020/21 Estimated Income £	2020/21 Net Estimate £
OPERATIONS				
1,972,200	WASTE & GARDEN COMPOSTING	2,456,400	-509,700	1,946,700
-463,400	TRADE WASTE	1,012,700	-1,526,400	-513,700
242,500	RECYCLING	3,630,200	-3,025,500	604,700
381,000	VEHICLE MAINTENANCE WORKSHOP	471,500	-63,200	408,300
2,132,300		7,570,800	-5,124,800	2,446,000
STREET CARE AND PERFORMANCE				
151,400	PUBLIC CONVENIENCES	159,200	-	159,200
-199,900	MARKET	411,000	-593,700	-182,700
1,530,000	STREET CLEANING	1,709,700	-84,000	1,625,700
102,000	STREET SERVICES	211,800	-103,800	108,000
194,700	SERVICE DEVELOPMENT TEAM & NICE	184,800	-	184,800
272,400	FREIGHTER HOUSE DEPOT	276,100	-5,000	271,100
971,300	CUSTOMER & BUSINESS SUPPORT	1,002,500	-	1,002,500
3,021,900		3,955,100	-786,500	3,168,600
BUILDING SERVICES				
474,900	BUILDING SERVICES - SUPPORT	504,200	-	504,200
1,151,100	BUILDING SERVICES - PROPERTIES	1,350,200	-183,100	1,167,100
251,300	ENERGY & CONTRACT MANAGEMENT	243,800	-	243,800
80,600	PRINT UNIT	96,400	-12,000	84,400
1,957,900		2,194,600	-195,100	1,999,500
PUBLIC HEALTH AND PROTECTION SERVICES				
47,800	HIGHWAYS	41,900	-	41,900
-4,100	SCIENTIFIC	36,900	-43,000	-6,100
-218,900	LICENSING	173,800	-379,200	-205,400
-3,600	BUSINESS COMPLIANCE	7,600	-12,500	-4,900
18,800	PUBLIC HEALTH PROTECTION	117,400	-90,000	27,400
27,600	HEALTH & SAFETY	27,600	-	27,600
-5,100	PEST CONTROL	18,500	-23,600	-5,100
1,391,100	PUBLIC HEALTH & PROTECTION SUPPORT	1,470,900	-26,600	1,444,300
264,700	CCTV	375,000	-95,800	279,200
107,300	COMMUNITY SAFETY	136,700	-27,300	109,400
10,600	HOUSING STANDARDS	46,400	-36,500	9,900
5,000	ANIMAL WELFARE	16,200	-14,600	1,600
1,641,200		2,468,900	-749,100	1,719,800
PARKS AND GREEN SPACES				
-5,300	ALLOTMENTS	16,600	-23,600	-7,000
484,000	CUSTOMER & BUSINESS SUPPORT	509,600	-	509,600
40,000	HYLANDS PARK & ESTATE	79,200	-34,200	45,000
106,000	PARKS GARDENS & RECREATION GROUNDS	128,100	-48,300	79,800
123,400	PLAY AREAS	126,400	-	126,400
-57,700	PARKS EVENTS & ACTIVITIES	1,300	-65,400	-64,100
-95,500	OUTDOOR SPORTS & PLAYING FIELDS	270,600	-367,500	-96,900
76,800	TREE INSPECTION & MAINTENANCE	104,000	-3,700	100,300
-5,900	NATURAL&SEMI NATURAL GREEN SPACE, COMMON	15,400	-27,000	-11,600
-900	AMENITY GREEN SPACE&OTHER GREEN INFRASTR	177,600	-178,600	-1,000
1,968,100	GROUND MAINTENANCE OPERATIONS	2,513,800	-456,700	2,057,100
177,800	GROUND MAINTENANCE - CREMATORIUM	185,100	-	185,100
-1,462,900	CEMETERY AND CREMATORIUM	592,200	-2,057,500	-1,465,300
1,347,900		4,719,900	-3,262,500	1,457,400
LEISURE AND HERITAGE SERVICES				
-25,700	DOVEDALE SPORTS CENTRE	188,500	-216,800	-28,300
193,700	CHELMSFORD SPORTS AND ATHLETIC CENTRE	827,800	-569,400	258,400
-566,000	RIVERSIDE ICE AND LEISURE	3,272,900	-3,735,600	-462,700
340,000	SOUTH WOODHAM FERRERS LEISURE CENTRE	1,096,200	-716,000	380,200
-	EVENTS	-	-210,000	-210,000
255,800	COMMUNITY SPORTS & WELLBEING	368,400	-109,300	259,100
-158,500	HYLANDS HOUSE & VISITORS CENTRE	1,134,100	-1,190,100	-56,000
39,300		6,887,900	-6,747,200	140,700
10,140,500		27,797,200	-16,865,200	10,932,000

Section 10 Capital Budget Reports

Capital Budgets

This section contains:

- Revisions to Existing Approved Capital Schemes—Details in **Table 15** and **Table 16**
- Revisions to the Asset Replacement Programme 2019/20 and proposals for new budgets for 2020/21 – Details in **Table 17** and **Table 18**

Introduction

The capital programme for 2019/20 identified in **Section 10** of this report reflects updated information in December 2019.

Capital schemes have in most cases two types of cost. One off, those which result from procuring or improving an asset and are funded from capital and On-going, those incurred to run the asset and these must be funded from Council Tax i.e. revenue costs.

Capital expenditure is separated between Capital Schemes and the Asset Replacement Programme.

Capital schemes are one off projects which are required to either maintain an existing service, for example essential repairs to an existing car park, or aim to enhance service delivery or generate additional income, for example additional provision of sports facilities.

The Asset Replacement Programme ensures that the existing service provision is maintained and replaces larger items of equipment and vehicles as the need arises.

Existing Approved Capital Schemes

Project Officers have been monitoring schemes and the updated budgets in **Table 15** reflect the latest estimated cost information. The total estimated cost is £84.853m.

A summary of variations for the current approved total scheme costs across all years is a net increase of £1.583m. Proposed increases in budget will require approval. Details of the £1.583m net increase are shown in **Table 15** with further details in **Table 16** where those variations are in excess of £25k.

Asset Replacement Programme

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

Previously asset replacements have been approved as part of the overall programme. A decision has been taken to challenge the need for scheduled replacements to take place, and although an estimated overall cost of the asset replacement programme will be kept for forward planning purposes to enable the monitoring of the resource position, approval of individual items will be on an annual basis.

2019/20 Asset Replacements

Table 17 provides details of the 2019/20 asset replacement programme. The current approved programme is £4.178m. It has now been identified that £714k is required to be rephased to

2020/21, due to services deferring or delays in acquiring the assets. These assets require approval to be rephased to 2020/21. Details of these delays are provided in **Table 18**.

Table 17 also shows a net change in scheme costs, a net increase of £111k. Increases to individual budgets will require approval. **Table 18** provides further details for those variations in excess of £25K.

After allowing for the above adjustments, **Table 17** shows the total proposed budget requirement for 2019/20 as £3.353m.

2020/21 Replacements

As stated above £714k will need to be rephased from 2019/20 to acquire the assets in 2020/21. This is shown in **Table 17**.

Table 17 provides details of the new asset replacements for 2020/21 which total £3.473m. Included within this figure is a sum of £56k for the replacement of a tractor, which for operational reasons will need to be delivered in April 2020. Due to the long lead in time for this vehicle, the service need to raise an order before 2020/21 and Cabinet approval in January 2020 of the budget would ensure timely delivery. The balance is for approval by Council in February 2020.

After the above adjustments, **Table 17** shows the total proposed budget requirement for 2020/21 as £4.879m.

Capital and Revenue Resources

The Council funds its capital programme from leasing, contributions, government grants, capital receipts, revenue contributions (Asset Replacement Reserve) and Internal Borrowing.

The Capital and Investment Strategy 2020/21 identifies the capital resources position and the Medium Term Financial Forecast in **Section 6** identifies the revenue budget position allowing for financing costs.

The Prudential Indicators are detailed in the Capital and Investment Strategy 2020/21.

		CAPITAL SCHEMES			VARIATION IN TOTAL CAPITAL SCHEME COSTS					
		Latest Approved Budget - Approved Council July 2019 and Additional New Schemes Approved Since that Date, updated at Cabinet November 2019.			Latest Forecast Budget - Additional Requires Approval					
Committed Spend to 14th December 2019		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				
	Connected Chelmsford									
2,080	1 Museum Heritage Lottery Fund (HLF) Works	1,990	98	2,088		2,088		Completed	Approved at Council February 2017. Scheme cost reviewed in line with HLF award and split of expenditure between capital and revenue has changed, therefore amount available as capital has reduced. Report taken to September 2017 Cabinet. Additional PM salaries approved July 2018 £29k. Latest forecast cost reported to Museum Project Board October 2018 includes £55k contingency. An additional £10k has been approved by delegation and funded by S106 for works required by the HLF. An additional £2k approved by Cabinet November 2019.	
63	2 Museum Oaklands Park External Works and Signage	71	10	81		81		Yes	Supplementary estimate approved for new scheme 29/4/19. Additional estimate approved £10k September 2019 to be funded by S106.	
	Fairer Chelmsford									
3,538	3 Acq. Land Wharf Road and Future Development	5,000	-664	4,336		4,336		In Negotiations	Approved Council July 2016.	
1,149	4 Enabling Lockside Growth Area	450	4,050	4,500		4,500		In Negotiations	Report taken to Cabinet in March 2018 for £4.5m recommended to go on for Council approval. Urgency approval has been granted for £450k. Scheme approved by Council July 2018.	
	5 Homelessness Initiatives - unallocated		567	567		567		Under Review	Unspent budget following the completion of the Modular Unit schemes	
805	6 Investment for Future Development - Riverside Demolition	940	30	970		970		Under Review	Approved at Cabinet June 2018. Additional £30k approved at Cabinet November 2019.	
11	7 Acquisition of Land adjacent to Waveney Drive	11		11		11		Yes	Supplementary estimate approved March 2019	
20	8 Galleywood Hall Development Industrial Units	1,200		1,200		1,200		Under Review	Approved at Council February 2019	
	9 Bridge Repairs	300		300		300		Yes	Approved at Council February 2019	
	10 Land Acquisition Cemetery/Crematorium	1,800		1,800	1,800	3,600		Under Review	Approved at Council February 2019	
	11 Refurbishment Bancrofts Road Office	30		30		30		NEW Yes	Approved Cabinet 19/11/19. Forecast to generate additional income of £15k per annum from rent.	
5	12 Acquisition of Investment Property	3,600		3,600		3,600		NEW Yes	Approved by Council 22/1/2020	
	Safer Chelmsford									
39	13 Mayor's Parlour Refurbishment	49	-9	40		40		Completed	Approved supplementary estimate February 2018.	
330	14 Coval Lane Window Replacement	250	100	350		350		Yes	£250k approved Council February 2019. Additional £100k approved at Cabinet July 2019.	
158	15 Community Safety Partnership Hub	171		171		171		Completed	Approved supplementary estimate May 2018.	
11	16 Community Flood Improvements	184		184		184		Under Review	Capital grant received to enable the works to be completed. The budget will be included for approval with the Capital report being taken to June Cabinet 2017. Scheme approved at June Cabinet and included in approved programme.	

Table 15

			Latest Approved Budget - Approved Council July 2019 and Additional New Schemes Approved Since that Date, updated at Cabinet November 2019.			Latest Forecast Budget - Additional Requires Approval				
			Original Approved Scheme Budget	Additional/ Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget			
Committed Spend to 14th December 2019								Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
£000s		SCHEME DESCRIPTION	£000s	£000s	£000s	£000s	£000s			
29	17	Legionella Safety Works Showers and Changing Rooms Various	94		94		94	Yes	£94k approved Council February 2019	
	18	Hylands Park North Kiosk Toilet Refurbishment	60		60		60	Yes	£60k approved Council February 2019	
112	19	Hylands Estate Structural Work to Pleasure Garden Pond	147		147		147	Yes	£147k approved Council February 2019	
11	20	Hylands' Hanbury Memorial Garden	45		45		45	NEW Yes	Approved via supplementary estimate 2/9/19 funded by a contribution from The Friends of Hylands House (FOHH)	
255	21	S106 Parks and Open Spaces	271	-8	263		263	Yes	Approved delegation S106 report taken to Council in July. Schemes fully funded by S106. £23k scheme removed as funding being used for 22 below. Additional budget approved for Bellmead Bridge, supplementary estimate approved for £15k September 2019 to be funded from S106 contribution.	
10	22	CIL Landscape Enhancement Scheme Chignal Road	11		11		11	Yes	CIL funding approved October 2018 Chignal Road Landscaping scheme approved February 2019 Council.	
	23	CIL Parks and Open Space	6		6		6	NEW Yes	£6k CIL funding approved July 2019 for Coronation Park Basketball Court.	
	24	CIL Savernake Road Scout Hut Replacement Windows	4		4		4	NEW Yes	Approved via delegation as per CIL report March 2019 £4k for windows, CCC owned building.	
521	25	Chelmsford Indoor Market Refurbishment	500	200	700	-50	650	No	Approved supplementary estimate February 2018. Scheme design is still to be finalised. Additional supplementary estimate approved for £200k December 2018 in order to implement the preferred design with suspended ceiling.	
39,705	26	Riverside Ice and Leisure Centre Scheme	950	39,216	40,166		40,166	Completed	£700,000 approved Council July 2015. £60,000 budget vired to fund conversion of outdoor pool to car park. £180K approved April Cabinet for Project Manager and a further £945K approved June Cabinet for the design to RIBA stage 7. £400K approved at October 2016 Cabinet for early enabling works (main contractor). Additional £1m approved Cabinet April 2017 for early works. Additional early works required a further £500k, approved in June. £250k approved for Cafe fit out at Council February 2018. Full scheme cost excluding cafe approved at July 2018 Council as £35.216m. Additional £4.5m approved at February 2019 Council. Additional £200k approved by Cabinet November 2019.	
39	27	Riverside Changing Places Grant - Sensory Equipment	55		55		55	Completed	ECC have awarded a £40k grant for installation of sensory equipment in the new pool facility. A £15k grant was received in 2017/18 and will be used to purchase dryside changing equipment.	
17	28	Riverside Changing Places Grant - Pool Pod	17		17		17	NEW Completed	£17k Pool pod approved via supplementary estimate 12/7/19 with £14k funding from ECC Changing Places Grant	
35	29	Dovedales - Grant for Works	21	14	35		35	Completed	£21,000 approved via Supplementary estimate October 2017 for replacement sports hall floor 50% contribution. £24k approved at Council 2018 for grant towards replacing radiant heating. Cost of works reduced budget adjusted.	
29	30	Dovedales - Grant for Works 2019/20	32	2	34		34	Completed	Approved at Council February 2019 contribution towards new studio. Additional £2k approved November 2019 cabinet based on actual spend.	
104	31	SWFLC Wet Changing Rooms Upgrade Phase 2	104		104		104	Yes	£104k approved at Council February 2019	
	32	CSAC Refurbishment of Changing Room	42		42		42	Yes	£42k approved at Council February 2019	
63	33	Hylands House Refurbishment First Floor Accommodation	174		174		174	Yes	£174k approved at Council February 2019 3 year programme for refurbishment	
	34	Hylands House Refurbishment Terrace Room	35		35		35	NEW	£35k approved via supplementary estimate December 2019. Scheme funded by contribution from Friends of Hylands House	

			Latest Approved Budget - Approved Council July 2019 and Additional New Schemes Approved Since that Date, updated at Cabinet November 2019.			Latest Forecast Budget - Additional Requires Approval					
			Original Approved Scheme Budget	Additional/Reduced (-) Approved Budget	Latest Approved Budget	More/(Less) Than Approved Budgets	Proposed Budget				
Committed Spend to 14th December 2019			£000s	£000s	£000s	£000s	£000s		Scheme Scheduled to Complete on Time against Original Programme	Additional Budget Approval Narrative	
£000s	SCHEME DESCRIPTION		£000s	£000s	£000s	£000s	£000s				
	Greener Chelmsford										
1,667	35 Flood Alleviation Scheme		6,100	400	6,500		6,500		Under Review	Increased cost of scheme from EA now capped at £6.5 million approved Cabinet July 2013	
1,697	36 City Centre Public Realm Work - Half Moon Square		250	1,447	1,697		1,697		Completed	Additional budget £120,000 approved by Cabinet September 2014 to cover the cost of preliminary works. £1.2m approved at February Council for the works to Half Moon Square. Further £275,000 approved by Cabinet October 2015. The cost of these works are to be funded by S106. Project Manager still to provide details of final cost of scheme. There are still outstanding works to be completed. An additional budget was approved at July Council for £67k to be funded from S106. The scheme is complete.	
154	37 Public Realm Wayfinding Signs		50	104	154		154		Completed	£102,000 supplementary estimate approved April 2016. This additional cost will be funded by £52,000 ECC and £50,000 S106.	
18	38 Public Realm Wayfinding Signs Phase 2		310	-155	155		155		Unspecified	Approved at Council February 2018. Two year programme to go ahead only if funding is secured from ECC and CIL. CIL funding of £78k approved January 2019, funding not secured from ECC therefore scheme reduced.	
4,158	39 Public Realm Mill Yard Works		34	4,291	4,325	-167	4,158		Completed	A budget of £101,000 was approved for the design of this scheme via Director of Sustainable Communities delegated authority. An additional £138,000 was approved via supplementary estimate December 2015. At February 2016 Council a further £2,661,000 was approved for this scheme to progress. This scheme will progress on the basis of no cost to CCC with the funding coming from LEP. An additional £900K was approved at Council February 2017. This increase is to be entirely funded from LEP and S106. There is also an additional £400k funding from CIL which has been approved by Council in July 2017 and £100K S106. This additional £500k funding spend has brought the budget for the scheme to £4.3m. This scheme was programmed to complete by the end of March 2018. The majority of the works are now complete but the site has not been handed back to Abellio Greater Anglia. The scheme is complete but negotiations are currently being undertaken with the contractor to agree the final cost of the works.	
57	40 Public Realm Tindal Square Design		160		160		160		No	Approved at Council February 2018. The design works will not be completed until 2019/20.	
21	41 Public Realm City Centre Greening/Tree Planting		115		115		115		Yes	Approved at Council February 2018. Three year programme.	
54	42 HIF Bid Link Road design			250	250		250		Unspecified	Virement from 3 above sum allocated for HIF bid design works	
1,650	43 S106 Beaulieu Park Station		100	1,550	1,650		1,650		Unspecified	Scheme approved for £100,000 via Director of Sustainable Communities delegated authority. £1,550,000 approved at Council February 2016. The expenditure on this scheme will be funded by S106.	
708	44 S106 Beaulieu Park Station 2nd Phase		2,917		2,917		2,917		Unspecified	£2.917m approved at February Council 2018. The expenditure on this scheme will be funded by S106.	
67	45 S106 Public Art Mill Yard		70		70		70		Yes	£70k approved via delegation March 2018. Expenditure to be funded by S106.	
590	46 S106 Beaulieu Sports Facility		477	834	1,311		1,311		Unspecified	£477k approved by Cabinet in January 2019 with delegation to spend further S106 contributions when received. Additional contributions received and therefore added to approved budget.	
36	47 S106 Public Art Bond Street		44		44		44		Yes	Approved by delegation February 2019.	
3	48 S106 Stonebridge Illuminations		37		37		37		Yes	Approved by delegation April 2019.	
73	49 CIL REFCUS Schemes 18/19		69	83	152		152		Unspecified	Various schemes approved July 2018. Revenue Expenditure Funded by Capital Under Statute (REFCUS). Additional £42k approved by Cabinet November 2019.	
33	50 CIL REFCUS Schemes 19/20		72	30	102		102		£30k NEW	Yes Scheme approved April 2019 £72k. Revenue Expenditure Funded by Capital Under Statute (REFCUS). NEW £30k various CIL schemes approved July 2019.	
51	51 CIL Sutherland Lodge Refurbishment		525		525		525		Under Review	Approved Council July 2017.	
48	52 CIL North Avenue Youth Centre Grant		41	15	56		56		£15k NEW	Yes Approved CIL funding April 2018. NEW Additional £15k CIL funding approved July 2019.	

		Latest Approved Budget - Approved Council July 2019 and Additional New Schemes Approved Since that Date, updated at Cabinet November 2019.			Latest Forecast Budget - Additional Requires Approval			
Committed Spend to 14th December 2019		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		
	53 CIL St Andrew's Scout Hut Building	80		80		80	Yes	CIL funding approved Cabinet October 2018 scheme to be included in capital programme approved by February Council 2019.
52	54 CIL Langton Ave Community Centre Grant Phase 2	52		52		52	NEW Yes	CIL funding approved July 2019
10	55 CIL Moulsham Lodge Community Centre Café (MLCT)	10		10		10	NEW Yes	CIL funding approved July 2019
1	56 CIL Sanctus First Floor Refurbishment Grant	15		15		15	NEW Yes	CIL funding approved July 2019
	57 CIL Homelessness Day Centre CHESS New London Rd	300		300		300	NEW Yes	CIL funding approved July 2019
7	58 High Chelmer Multi Storey Car park (HCMSCP) Movement Joints	105		105		105	No	Approved at Council February 2017. Scheme will not complete until September 2018 as there have been other priorities. These works are now being carried out with the drainage works and should be completed by 31/3/20.
6	59 HCMSCP Drainage Improvements	31		31		31	No	Approved at Council February 2018.
49	60 Enabling Role - Housing	3,841	-3,604	237		237	Under review	Budget reduced as vired to fund temporary accommodation - see scheme no. 5. The remaining balance is for a previously agreed payment to CHP. It is not anticipated that this budget will be spent until 2020/21.
60,298	Grand Total	34,419	48,851	83,270		1,583		
				Net Variation		1,583		
Summary of Changes Since Previous Council Reports July 2019								
						£000's		
Latest Approved Council July 2019						90,873		
New Schemes Approved						559		
Supplementary Estimates Approved for Existing Schemes						4,735		
Completed schemes removed						-12,897		
Total Approved Budget						83,270		
Latest Forecast Variations shown above (Increased Budgets Require Approval)						1,583		
Latest Forecast Budget December 2019						84,853		

CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME																			
2019/20											2020/21								
2019/20 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE VARIATIONS FROM LATEST APPROVED ESTIMATE											2020/21 ASSET REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE PROJECTED VARIATIONS FROM LATEST APPROVED PROGRAMME AND REQUESTS FOR NEW BUDGETS								
VARIATION FROM 2019/20 BUDGET ONLY											2020/21 BUDGET								
Committed Spend to 14/12/2019	CAPITAL ASSET REPLACEMENT PROGRAMME	Original Approved Estimates for 2019/20	Additional/Reduced (-) Approved Budget	Reason for Change - see Key Below	Latest Approved Estimates for 2019/20	Change in Scheme Phasing	New Proposal	More/Less (-) Than Approved Budgets	Variance for 2019/20 Additional Budget	Forecast Outturn 2019/20	Original Approved Estimate 2020/21	Additional/Reduced (-) Approved Budget	Reason for Change see key below	Latest Approved Estimate for 2020/21	Variations				
															Re phasing from 2019/20 - Requires Approval	More/Less(-) Than Approved Budgets - More Requires Approval	New Budget Asset Replacements Requires Approval	Total Proposed Budget Requirement for 2020/21	
£000's	SCHEME DESCRIPTION	£000s	£000s		£000s	£000s	£000s	£000s	£000s	£000s		£000s		£000s	£000s	£000s	£000s		
	Connected Chelmsford																		
120	1 Digital Services Replacement Programme	390			390	-143		-111	-254	136				0	143		199	342	
	Financial Module of Enterprise Resource																		
	2 Planning (ERP)	272	-50	V	222	-38			-38	184				0	38			38	
	3 Civica System Upgrade	36			36	-36			-36	0				0	36			36	
10	4 Leisure Management System	10			10				0	10				0				0	
82	5 Theatres' Fire Alarm Replacement	87			87				0	87				0				0	
	6 Theatres' Equipment				0				0	0				0			149	149	
	7 Cramphorn Theatre Replacement Floor													0			17	17	
	Fairer Chelmsford																		
	No Schemes				0				0	0				0				0	
	Safer Chelmsford																		
16	8 CCTV Replacement Equipment	65	1	PV	66	-50			-50	16				0	50			50	
25	9 CCTV Replacement Cameras	58	4	PV	62	-37			-37	25				0	37		31	68	
	10 CCTV Various Schemes Sites CIL	15	49	SEG	64	-64			-64	0				0	64			64	
	11 CCTV Maldon DC Joint Procurement		79	SEG	79	-79			-79	0				0	79	-10		69	
	12 Crematorium Equipment	6			6	-6			-6	0				0	6		11	17	
	13 Crematorium Columbarium				0				0	0				0			14	14	
182	14 Civic Centre Alarm	193			193				0	193				0				0	
	15 Civic Centre Boiler Flues	32	-32	PH	0				0	0			32	PH	32			32	
14	16 Civic Centre Building Management System	50			50				0	50				0				0	
	17 Print and Post Room Replacement Equip.		18	SEN	18				0	18				0			25	25	
	18 Dovedales Replacement Equipment	5			5	-5			-5	0				0	5			5	
30	19 Riverside Replacement Equipment	30			30				0	30				0			80	80	
32	20 Riverside Ice Rink Barrier	16	23		39				0	39				0				0	
15	21 CSAC Replacement Equipment	24			24				0	24				0			52	52	
	22 CSAC Flood lights	29	-29	PH	0				0	0				29	PH	29		29	
5	23 SWFLC Replacement Programme	5			5				0	5				0			58	58	
11	24 CSAC Plant Replacement	11			11				0	11				0				0	
10	25 SWFLC Plant Replacement	16	-4	PH	12				0	12			4	PH	4		15	19	
43	26 Riverside Plant Replacement	44			44				0	44				0			40	40	
50	27 Hylands Pavilion Audio Visual Equipment	57			57				0	57				0				0	
	28 Hylands Pavilion Replacement Flooring				0				0	0				0			48	48	
224	29 Play Area Replacements	247			247				0	247				0				0	
9	30 Accessible Play Equipment		15	SEG	15				0	15				0				0	
	31 Sports Equipment, floodlights, Irrigation	10			10	-10			-10	0				0	10			10	
258	32 Parks Replacement Vehicles and Equipment	420	-162	PH/PV	258				0	258			4	197	PH/PV	201		17	218
	33 PHPS Vehicles - Litter Control Van	24			24	-24			-24	0				0	24			24	
	34 PHPS Street Lighting				0				0	0				0			21	21	
41	35 Freighter House Plant	68			68				0	68				0				0	
15	36 Freighter House Canopy Recycling Bays	13	2	PV	15				0	15				0				0	
3	37 Scootas for the Disabled		5	SEN	5				0	5				0			2	2	
	38 Retail Market Intruder Alarm	13			13				0	13				0				0	

Reasons for Variations Greater Than £25,000 in Asset Replacement Programme							
	Scheme Description	Latest Approved Budget £000's	Estimated Budget Required £000's	Variation £000's	Variation Type	Percentage Change	Reason
	<u>2019/20</u>						
	<u>Connected Chelmsford</u>						
	1 Digital Services Replacement Programme	390	136	-254	Rephasing of Spend/Reduction in Budget	-65.13%	£154k various items rephased to later year. Saving of £111k of which £108k has resulted from the decision to replace the Multi Function Devices (MFD's) with a 3 year lease and click per copy charge, which has resulted in an additional revenue cost of £20k over the 3 years which is included elsewhere in this report.
	2 Financial Module of Enterprise Resource Planning (ERP)	222	184	-38	Rephasing of Spend	-17.12%	Review of the project programme has resulted in some of the consultation days being rephased into 2020/21.
	3 Civica Upgrade	36	0	-36	Rephasing of Spend	-100.00%	Rephased as supplier is not in a position to progress.
	<u>Safer Chelmsford</u>						
8,9,10,11	CCTV	271	41	-230	Rephasing of Spend	-84.87%	All the CCTV works are being procured together under one tender. Due to staffing changes within the Legal Department the issuing of the tender has been delayed and the works will now not be carried out until 2020/21.
46	Hit Squad Replacements	50	0	-50	Rephasing of Spend	-100.00%	Unable to source the required vehicle therefore budget rephased to 2020/21.
48	Recycling Vehicles	35	0	-35	Rephasing of Spend	-100.00%	Unable to guarantee delivery before the end of March therefore budget rephased to 2020/21.
	<u>Greener Chelmsford</u>						
57	Car Park CCTV Upgrade	137	0	-137	Rephasing of Spend	-100.00%	All the CCTV works are being procured together under one tender. Due to staffing changes within the Legal Department the issuing of the tender has been delayed and the works will now not be carried out until 2020/21.
	<u>2020/21</u>						
	<u>Connected Chelmsford</u>						
	1 Digital Services Replacement Programme	0	155	155	Rephasing of spend	100.00%	See details provided above.
	2 Financial Module of Enterprise Resource Planning (ERP)	0	38	38	Rephasing of Spend	100.00%	See details provided above.
	3 Civica Upgrade	0	36	36	Rephasing of Spend	100.00%	See details provided above.
	<u>Safer Chelmsford</u>						
8,9,10,11	CCTV	0	230	230	Rephasing of Spend	100.00%	See details provided above.
46	Hit Squad Replacements	0	50	50	Rephasing of Spend	100.00%	See details provided above.
48	Recycling Vehicles	0	35	35	Rephasing of Spend	100.00%	See details provided above.
	<u>Greener Chelmsford</u>						
57	Car Park CCTV Upgrade	0	137	137	Rephasing of Spend	100.00%	See details provided above.

COUNCIL TAX RESOLUTION**INTRODUCTION**

To set the 2020/21 Council Tax for Chelmsford City Council, the Council is asked to approve the information as set out in this Resolution.

Council Tax

The Council Tax Requirements for this Council and the precepts for the other precepting authorities are detailed below.

Chelmsford City Council's council tax requirement is £13,581,987 after allowing for a surplus balance on the Collection Fund of £100,379. This results in an average Band D Council Tax of £199.00.

The Parish and Town Council precepts are detailed in the recommendation below and total £2,631,979. This results in an average Band D Council Tax figure of £38.56.

Essex County Council has set a precept at £90,167,937 after allowing for a surplus balance on the collection fund of £549,413. This results in a Band D Council Tax of £1,321.11.

Police, Fire and Crime Commissioner for Essex has set a precept at £13,556,825, after allowing for a surplus balance on the collection fund of £83,447. This results in a Band D Council Tax of £198.63.

Essex Police, Fire and Crime Commissioner Fire and Rescue Authority has set a precept at £5,043,114 after allowing for a surplus balance on the collection fund of £31,332. This results in a Band D Council Tax of £73.89.

The formal Council Tax Resolution is given below. If the Resolution is approved the Council Tax for 2020/21 will be as follows.

	2019/20	2020/21	Increase	Increase
	£	£	£	%
Chelmsford City Council (average)	194.02	199.00	4.98	2.57%
Essex County Council	1,270.44	1,321.11	50.67	3.99%
Police, Fire and Crime Commissioner for Essex	192.96	198.63	5.67	2.94%
Essex Police, Fire & Crime Commissioner Fire & Rescue Authority	72.45	73.89	1.44	1.99%
	<hr/>	<hr/>	<hr/>	
	1,729.87	1,792.63	62.76	
Parish and Town Councils (average)	38.09	38.56	0.47	1.23%
	<hr/>	<hr/>	<hr/>	
TOTAL	1,767.96	1,831.19	63.23	

RECOMMENDED that in accordance with the provisions of the Local Government Finance Act 1992 as amended ("the Act"):

The following be approved :-

1	(a)	Council Tax Requirement for 2020/21	£
		Chelmsford City Council	13,581,987
		Parish and Town Councils	2,631,979
		Total Council Tax requirement	<u>£16,213,966</u>
	(b)	The individual Parish budgets were set out in Table 11 of the Council report	
2		It be noted that the Director of Financial Services, under delegated authority, calculated the following amounts as its Council Tax base for the year 2020/21 in accordance with regulation 3 of The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 made under Section 31B(3) of the Act.	
	(a)	The amount calculated by the Council, in accordance with regulation 3 of The Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012, as its council tax base for the year.	<u>68,251.65</u>
	(b)	Part of the Council's area (Parish or Town Council, or the Town Centre)	2020/21
			Tax Base
			(Band D
			equivalent)
		GREAT BADDOW	5,461.76
		LITTLE BADDOW	871.75
		BOREHAM	1,371.25
		BROOMFIELD	2,512.55
		CHIGNAL	289.51
		DANBURY	2,427.19
		GALLEYWOOD	2,113.48
		GOOD EASTER	172.59
		EAST HANNINGFIELD	496.09
		SOUTH HANNINGFIELD	1,190.97
		WEST HANNINGFIELD	478.29
		HIGHWOOD	318.04
		GT. & LITTLE LEIGHS	1,141.34
		MARGARETTING	387.26
		MASHBURY	46.39
		PLESHEY	138.88
		RETTENDON	770.69
		ROXWELL	477.07
		RUNWELL	1,790.04
		SANDON	754.85
		SPRINGFIELD	7,858.89
		STOCK	1,194.38
		GT. WALTHAM	941.98
		LT. WALTHAM	804.62
		SOUTH WOODHAM FERRERS	6,085.04
		WOODHAM FERRERS & BICKNACRE	1,234.13
		WRITTLE	<u>2,021.81</u>
			43,350.84
		special expense area of	
		TOWN CENTRE (non Parished area)	<u>24,900.81</u>
			<u>68,251.65</u>

Being the amounts calculated by the Council, in accordance with regulation 6 of these Regulations, as the amounts of its council tax base for the year for dwellings in those parts of its area to which one or more special items relate.

3		The following amounts be now calculated by the Council for the year 2020/21 in accordance with Sections 30 to 36 of the Act:-	
			£
	(a)	The aggregate of the amounts which the Council estimates for the items set out in Section 31A (2)(a) to (f) of the Act	149,617,423
	(b)	The aggregate of the amounts which the Council estimates for the items set out in Section 31A (3)(a) to (d) of the Act	-133,403,457
	(c)	The amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council, in accordance with Section 31A (4) of the Act, as its council tax requirement for the year (including parish precepts)	16,213,966
	(d)	The amount at 3(c) above divided by the amount at 2(a) above, calculated by the Council, in accordance with Section 31B (1) of the Act, as the basic amount of its council tax for the year (including parish precepts)	237.56
	(e)	The aggregate amount of all special items referred to in Sections 34(1) and 35 of the Act	4,524,506
	(f)	The amount at 3(d) above less the amount given by dividing the amount at 3(e) above by the amount at 2(a) above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its council tax for the year for dwellings in those parts of its area to which no special item relates (excluding parish precepts)	171.27

(g) Part of the Council's area (Parish or Town Council, or the Town Centre)

	Basic Council Tax per Band D £	<--- Special Items --->		TOTAL per Band D £
		Special Expenses per Band D £	Parish Precepts per Band D £	
		GREAT BADDOW	171.27	
LITTLE BADDOW	171.27	13.59	52.83	237.69
BOREHAM	171.27	11.16	65.61	248.04
BROOMFIELD	171.27	15.30	55.44	242.01
CHIGNAL	171.27	11.16	26.28	208.71
DANBURY	171.27	6.03	87.57	264.87
GALLEYWOOD	171.27	24.21	50.22	245.70
GOOD EASTER	171.27	4.50	62.01	237.78
EAST HANNINGFIELD	171.27	11.25	72.00	254.52
SOUTH HANNINGFIELD	171.27	4.32	72.63	248.22
WEST HANNINGFIELD	171.27	15.93	56.07	243.27
HIGHWOOD	171.27	12.60	100.17	284.04
GT. & LITTLE LEIGHS	171.27	25.02	26.28	222.57
MARGARETTING	171.27	14.76	32.04	218.07
MASHBURY	171.27	9.63	0.00	180.90
PLESHEY	171.27	19.26	54.09	244.62
RETTENDON	171.27	15.21	53.82	240.30
ROXWELL	171.27	1.53	31.41	204.21
RUNWELL	171.27	2.79	56.16	230.22
SANDON	171.27	25.11	44.46	240.84
SPRINGFIELD	171.27	34.56	49.23	255.06
STOCK	171.27	12.60	37.53	221.40
GT. WALTHAM	171.27	15.39	53.01	239.67
LT. WALTHAM	171.27	14.85	54.81	240.93
SOUTH WOODHAM FERRERS	171.27	29.16	70.38	270.81
WOODHAM FERRERS & BICKNACRE	171.27	4.23	62.91	238.41
WRITTLE	171.27	10.26	65.34	246.87
special expense area of TOWN CENTRE (non Parished area)	171.27	43.02	0.00	214.29

The amounts given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at 2(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for dwellings in those parts of its area to which one or more special items relate. The effect on individual banded properties is shown in Annex A.

(h) Valuation Bands

That the amounts detailed in Annex A being the amounts given by multiplying the amounts at 3(f) and 3(g) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- 4 It be noted that for the year 2020/21 Essex County Council, the Police, Fire and Crime Commissioner for Essex and the Essex Police, Fire and Crime Commissioner Fire and Rescue Authority have stated the following amounts in precepts issued to the Council, in accordance with Section 40 of the Act, for each of the categories of dwellings shown below:-

<u>PRECEPTING AUTHORITY</u>	<----- VALUATION BANDS ----->							
	A £	B £	C £	D £	E £	F £	G £	H £
Police, Fire and Crime Commissioner for Essex	132.42	154.49	176.56	198.63	242.77	286.91	331.05	397.26
Essex Police, Fire and Crime Commissioner Fire and Rescue Authority	49.26	57.47	65.68	73.89	90.31	106.73	123.15	147.78
Essex County Council	880.74	1,027.53	1,174.32	1,321.11	1,614.69	1,908.27	2,201.85	2,642.22

- 5 Having calculated the aggregate in each case of the amounts at 3(h) and 4 above, the Council, in accordance with Section 30(2) of the Act, hereby sets the amounts detailed in Annex B attached as the amounts of council tax for the year 2020/21 for each of the categories of dwellings shown.

ANNEX A: Chelmsford City Council - Council taxes 2020/21 - Excluding Essex County Council, Police, Fire & Crime Commissioner for Essex & Essex Police, Fire and Crime Commissioner Fire and Rescue Authority

Parish of:-	----- VALUATION BANDS ----->							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
GREAT BADDOW	176.16	205.52	234.88	264.24	322.96	381.68	440.40	528.48
LITTLE BADDOW	158.46	184.87	211.28	237.69	290.51	343.33	396.15	475.38
BOREHAM	165.36	192.92	220.48	248.04	303.16	358.28	413.40	496.08
BROOMFIELD	161.34	188.23	215.12	242.01	295.79	349.57	403.35	484.02
CHIGNAL	139.14	162.33	185.52	208.71	255.09	301.47	347.85	417.42
DANBURY	176.58	206.01	235.44	264.87	323.73	382.59	441.45	529.74
GALLEYWOOD	163.80	191.10	218.40	245.70	300.30	354.90	409.50	491.40
GOOD EASTER	158.52	184.94	211.36	237.78	290.62	343.46	396.30	475.56
EAST HANNINGFIELD	169.68	197.96	226.24	254.52	311.08	367.64	424.20	509.04
SOUTH HANNINGFIELD	165.48	193.06	220.64	248.22	303.38	358.54	413.70	496.44
WEST HANNINGFIELD	162.18	189.21	216.24	243.27	297.33	351.39	405.45	486.54
HIGHWOOD	189.36	220.92	252.48	284.04	347.16	410.28	473.40	568.08
GT. & LITTLE LEIGHS	148.38	173.11	197.84	222.57	272.03	321.49	370.95	445.14
MARGARETTING	145.38	169.61	193.84	218.07	266.53	314.99	363.45	436.14
MASHBURY	120.60	140.70	160.80	180.90	221.10	261.30	301.50	361.80
PLESHEY	163.08	190.26	217.44	244.62	298.98	353.34	407.70	489.24
RETTENDON	160.20	186.90	213.60	240.30	293.70	347.10	400.50	480.60
ROXWELL	136.14	158.83	181.52	204.21	249.59	294.97	340.35	408.42
RUNWELL	153.48	179.06	204.64	230.22	281.38	332.54	383.70	460.44
SANDON	160.56	187.32	214.08	240.84	294.36	347.88	401.40	481.68
SPRINGFIELD	170.04	198.38	226.72	255.06	311.74	368.42	425.10	510.12
STOCK	147.60	172.20	196.80	221.40	270.60	319.80	369.00	442.80
GT. WALTHAM	159.78	186.41	213.04	239.67	292.93	346.19	399.45	479.34
LT. WALTHAM	160.62	187.39	214.16	240.93	294.47	348.01	401.55	481.86
SOUTH WOODHAM FERRERS	180.54	210.63	240.72	270.81	330.99	391.17	451.35	541.62
WOODHAM FERRERS & BICKNACRE	158.94	185.43	211.92	238.41	291.39	344.37	397.35	476.82
WRITTLE	164.58	192.01	219.44	246.87	301.73	356.59	411.45	493.74
special expense area of TOWN CENTRE (non Parished area)	142.86	166.67	190.48	214.29	261.91	309.53	357.15	428.58

ANNEX B: Chelmsford City Council - Council taxes 2020/21 - At taxpayer level

Parish of:-	----- VALUATION BANDS ----->							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
GREAT BADDOW	1,238.58	1,445.01	1,651.44	1,857.87	2,270.73	2,683.59	3,096.45	3,715.74
LITTLE BADDOW	1,220.88	1,424.36	1,627.84	1,831.32	2,238.28	2,645.24	3,052.20	3,662.64
BOREHAM	1,227.78	1,432.41	1,637.04	1,841.67	2,250.93	2,660.19	3,069.45	3,683.34
BROOMFIELD	1,223.76	1,427.72	1,631.68	1,835.64	2,243.56	2,651.48	3,059.40	3,671.28
CHIGNAL	1,201.56	1,401.82	1,602.08	1,802.34	2,202.86	2,603.38	3,003.90	3,604.68
DANBURY	1,239.00	1,445.50	1,652.00	1,858.50	2,271.50	2,684.50	3,097.50	3,717.00
GALLEYWOOD	1,226.22	1,430.59	1,634.96	1,839.33	2,248.07	2,656.81	3,065.55	3,678.66
GOOD EASTER	1,220.94	1,424.43	1,627.92	1,831.41	2,238.39	2,645.37	3,052.35	3,662.82
EAST HANNINGFIELD	1,232.10	1,437.45	1,642.80	1,848.15	2,258.85	2,669.55	3,080.25	3,696.30
SOUTH HANNINGFIELD	1,227.90	1,432.55	1,637.20	1,841.85	2,251.15	2,660.45	3,069.75	3,683.70
WEST HANNINGFIELD	1,224.60	1,428.70	1,632.80	1,836.90	2,245.10	2,653.30	3,061.50	3,673.80
HIGHWOOD	1,251.78	1,460.41	1,669.04	1,877.67	2,294.93	2,712.19	3,129.45	3,755.34
GT. & LITTLE LEIGHS	1,210.80	1,412.60	1,614.40	1,816.20	2,219.80	2,623.40	3,027.00	3,632.40
MARGARETTING	1,207.80	1,409.10	1,610.40	1,811.70	2,214.30	2,616.90	3,019.50	3,623.40
MASHBURY	1,183.02	1,380.19	1,577.36	1,774.53	2,168.87	2,563.21	2,957.55	3,549.06
PLESHEY	1,225.50	1,429.75	1,634.00	1,838.25	2,246.75	2,655.25	3,063.75	3,676.50
RETTENDON	1,222.62	1,426.39	1,630.16	1,833.93	2,241.47	2,649.01	3,056.55	3,667.86
ROXWELL	1,198.56	1,398.32	1,598.08	1,797.84	2,197.36	2,596.88	2,996.40	3,595.68
RUNWELL	1,215.90	1,418.55	1,621.20	1,823.85	2,229.15	2,634.45	3,039.75	3,647.70
SANDON	1,222.98	1,426.81	1,630.64	1,834.47	2,242.13	2,649.79	3,057.45	3,668.94
SPRINGFIELD	1,232.46	1,437.87	1,643.28	1,848.69	2,259.51	2,670.33	3,081.15	3,697.38
STOCK	1,210.02	1,411.69	1,613.36	1,815.03	2,218.37	2,621.71	3,025.05	3,630.06
GT. WALTHAM	1,222.20	1,425.90	1,629.60	1,833.30	2,240.70	2,648.10	3,055.50	3,666.60
LT. WALTHAM	1,223.04	1,426.88	1,630.72	1,834.56	2,242.24	2,649.92	3,057.60	3,669.12
SOUTH WOODHAM FERRERS	1,242.96	1,450.12	1,657.28	1,864.44	2,278.76	2,693.08	3,107.40	3,728.88
WOODHAM FERRERS & BICKNACRE	1,221.36	1,424.92	1,628.48	1,832.04	2,239.16	2,646.28	3,053.40	3,664.08
WRITTLE	1,227.00	1,431.50	1,636.00	1,840.50	2,249.50	2,658.50	3,067.50	3,681.00
special expense area of TOWN CENTRE (non Parished area)	1,205.28	1,406.16	1,607.04	1,807.92	2,209.68	2,611.44	3,013.20	3,615.84

6 The increase in Chelmsford City Council's relevant basic amount of Council Tax for 2020/21 is £4.98 (2.57%), which is below the guideline increase issued in accordance with the provisions of section 52ZB Local Government Finance Act 1992. The increase is therefore not excessive.

Parish and Town Council	Council Tax required		<--- Band D --->		Increase %
	2019/20 £	2020/21 £	2019/20 £	2020/21 £	
Great Baddow	421,598	434,538	77.94	79.56	2.08%
Little Baddow	44,733	46,055	51.57	52.83	2.44%
Boreham	88,731	89,968	68.40	65.61	-4.08%
Broomfield	130,967	139,296	55.44	55.44	0.00%
Chignal	7,393	7,608	32.22	26.28	-18.44%
Danbury	205,260	212,549	85.05	87.57	2.96%
Galleywood	103,359	106,139	49.23	50.22	2.01%
Good Easter	9,545	10,702	55.35	62.01	12.03%
East Hanningfield	34,817	35,718	71.10	72.00	1.27%
South Hanningfield	84,137	86,500	71.28	72.63	1.89%
West Hanningfield	23,290	26,818	50.67	56.07	10.66%
Highwood	25,516	31,858	80.55	100.17	24.36%
Great & Little Leighs	30,040	29,994	28.26	26.28	-7.01%
Margaretting	12,414	12,408	32.76	32.04	-2.20%
Mashbury	0	0	0.00	0.00	0.00%
Pleshey	7,509	7,512	54.45	54.09	-0.66%
Rettendon	36,169	41,479	47.25	53.82	13.90%
Roxwell	15,017	14,985	32.40	31.41	-3.06%
Runwell	89,580	100,529	53.55	56.16	4.87%
Sandon	31,904	33,561	44.28	44.46	0.41%
Springfield	382,997	386,893	50.31	49.23	-2.15%
Stock	43,691	44,825	37.26	37.53	0.72%
Great Waltham	45,982	49,934	50.22	53.01	5.56%
Little Waltham	35,711	44,101	54.81	54.81	0.00%
South Woodham Ferrers	428,670	428,265	70.92	70.38	-0.76%
Woodham Ferrers & Bicknacre	74,648	77,639	61.29	62.91	2.64%
Writtle	126,096	132,105	63.27	65.34	3.27%
	<u>2,539,774</u>	<u>2,631,979</u>	1,429.83	1,471.86	