

Chelmsford City Council Cabinet

8th October 2024

Annual Financial Review 2024/25

Report by:
Cabinet Member for Finance

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

Purpose

To update members on the Council's overall financial outlook for current and future years.

Options

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

Preferred option and reasons

Accept the report's projections and recommendations. The report outlines the likely financial outcomes based on current approved policy and budgets.

Recommendations

- 1) That Cabinet note the financial forecast and use it as a basis to prepare the 2025/26 budget. In particular, that Cabinet
 - review capital spending to ensure it remains affordable;
 - continue to explore options to reduce the costs of providing services;
 - review fees and charges;
 - continue pressing the Government to provide more financial support or open up additional options for funding local government;

- in case these actions are not sufficient for a balanced 2025-26 budget to be set, consider how a new charge for collecting garden waste could be introduced.
- 2) That Cabinet approves the amended capital programme (appendix 2)
-

1. Background

1.1. In January, the Cabinet is required to make a proposal to February Council for the 2025/26 Budget. This report forms a key element of the process, enabling Cabinet to

- develop a robust and balanced budget proposal for 2025/26; and
- sustainably manage the Council's finances.

1.2. A balanced budget for a Council is legally defined as where the expenditure plans of the authority are fully funded from income and reserves.

1.3. The assessment of a robust budget is made by the Council's statutory finance officer (s151 officer) and is included with the budget proposals made to Council each February.

1.4. The Council is legally required to budget and account for its finances as:

- Revenue: day-to-day expenditure to deliver services such as employee costs
- Capital: broadly capital is defined as expenditure that relates to the acquisition or enhancement of assets which have a useful life of more than 12 months and are charged to the Council's balance sheet.

1.5. For Cabinet to assess the current and projected financial position, this report includes projections of:

- Appendix 1 – current year (2024/25) revenue expenditure and income measured against the original budget
- Appendix 2 – capital programme expenditure and funding projection
- Appendix 3 – five-year forecast of revenue expenditure and income
- Appendix 4 – five-year forecast of revenue reserves (2025/26 to 2029/30)

1.6. Using the financial projections, a high-level summary of actions has been produced.

2. High-level summary of Findings

2.1. Revenue Budget Monitoring for the current year 2024/25 as detailed in Appendix 1

2.1.1 The current forecast highlights:

- Net service expenditure and income is expected to be favourably £1.4m below budget. This is broadly from an overspend on employee costs of £1.7m, underspend of £1.5m on other expenditure and additional income of £1.6m.
- On Housing Benefit (HB) subsidy and payments, a net adverse variance of £0.3m arising predominantly from insufficient government funding of benefit paid by the Council for supported housing.
- As a result of the above Service and HB variances, there is a £1.1m favourable variance (allowing for rounding).
- Non-service income and expenditure (capital financing etc.) is forecast to be favourably underspent by £0.5m.
- General Fund Reserve use, because of the above variances, is expected to be £1m lower than budgeted. This is favourable.

2.1.2 The net service and HB underspend of £1.1m is analysed as follows:

- An approved £0.5m ongoing overspend to fund the higher costs of the 2024/25 pay award
- An approved £0.1m ongoing overspend on additional employee costs (temporary Housing Benefit staff and Housing Standards)
- £1m net underspend on Temporary Accommodation (homelessness)
- £1m underspend on Electricity and Gas (which is offset by reserve movements)
- £0.6m additional net income from one-off grants, allowing for associated costs
- £0.6m staffing overspends, after allowing for approved variations, such as the additional cost of the 2024/25 pay award.
- £0.3m HB Subsidy overspends

2.2. The Capital Programme and its associated financing costs

2.2.1 Appendix 2 includes the details of the approved capital programme and any forecast variances.

2.2.2 Within Appendix 2, there is a forecast revenue cost to finance the capital programme. It also includes details of forecast borrowing and Community Infrastructure Levy (CIL) income.

2.2.3 Commentary on Appendix 2

- The overall cost of the currently approved programme is not materially different.

- Cabinet is asked to approve the variations identified in the appendix where necessary.
- The levels of projected debt over the forecast period have increased due to a new lower forecast amount of CIL income. The approved capital programme as a result requires more borrowing to fund it. The reduced CIL is a result of a market-driven slowdown in house-building, including higher costs of construction.
- The budget for the net revenue financing cost of the capital programme is £1.1m for 2024/25 and that cost is forecast to rise significantly. Most of the increase is due to funding replacement equipment. The capital programme is a key part of the financial plans supporting current service delivery and supporting the achievement of Our Chelmsford, Our Plan. The budget process for 2025/26 will again need to make a wider assessment of the affordability of the capital programme, given the large forecast budget deficit discussed below.

2.3. Revenue 5-year forecast projections

2.3.1 The budget shortfall projection is shown in detail in Appendix 3. The budget shortfalls currently projected are (nearest million):

| | 2025/26 £ms | 2026/27 £ms | 2027/28 £ms | 2028/29 £ms | 2029/30 £ms |
|----------------------|----------------|----------------|----------------|----------------|----------------|
| Annual shortfall | 4.0 | 3.1 | 1.8 | 2.2 | 2.2 |
| Cumulative Shortfall | 4.0 | 7.1 | 8.9 | 11.1 | 13.3 |

- The main causes of these deficits are:
 - Homelessness costs . The national housing crisis continues to cause an increase in the number of people the Council has to house in temporary accommodation. The trend has lessened from 2023/24 but as each new case costs the Council over £13,000 a year, it remains the most significant financial problem the Council faces.
 - Inflation (including pay and National Living Wage)
 - The cost of financing capital spending
 - The impact of ceasing to use general reserves to support the revenue budget (the 2024/25 budget used £1.1m to support ongoing expenditure, which means higher savings are needed in 2025/26)
 - Funding from Government has fallen despite the increased cost of delivering services, while Government limits on the size of Council Tax rises have kept these below inflation.

2.3.2 The Government currently intends to provide a one-year core local authority funding settlement for 2025/26. Officers expect a three-year settlement to be announced at some point in 2025, so ongoing funding remains uncertain. There

are reasons to be hopeful that Government funding may increase, which would reduce the forecast deficits, but evidence is insufficient to justify budgeting (forecasting) on that basis.

2.3.3 Any additional Government funding will almost certainly not close the budget gaps sufficiently to avoid some difficult decisions having to be made within the budget. This is discussed in paragraph 3.

2.3.4 Reserves continue to support the budget. For example, within the forecast period some £4m of earmarked reserves is making good temporary losses in commercial rent income and £1m is funding the development of the local plan. However, the General Fund reserve has limited scope to support the budget going forward. Projections of reserves are discussed below (figures in Appendix 4).

2.4. Reserves: 5-Year Forecast

2.4.1 The Council's reserves are revenue money set aside to fund future known costs, fund known risks should they be realised and cover unexpected costs or loss of income. The Council has earmarked reserves for specific identified risks and costs, plus it has an unearmarked General fund balance to act as contingency. The projected level of reserves is shown in detail in Appendix 4.

- The s151 officer is required to set a recommended level of general fund reserve (contingency); the target remains at £9m. A review of the recommend level of General balance will take place in the 2025/26 budget but is unlikely to be lowered in advance of any Government three-year settlement being announced.
- The projections allow for a number of transfers between reserves which become part of the budget. The most material transfer thought necessary in 2025/26 is £2.475m from the General balance to a Rent income reserve to fund shortfalls due to predicted vacant periods in Council-owned commercial properties. After allowing for the transfers, the level of earmarked reserve to manage specific risks and costs is identified in Appendix 4.
- The General balance is forecast to fall from £14.6m to £8m in the 5-year forecast period. However, the balance is expected to remain above £9m until 2027/28 by which time the Government funding position should be established. Currently, the s151 officer views the levels to be within tolerance of the £9m target, given forecasting error risk, though the position needs to be monitored closely.

3. Actions and Conclusion

3.1. On current Council plans, a budget gap of £4m in 2025/26 and £13.3m in total across the five-year period is forecast.

3.2. The Council has limited scope to use more reserves to support the budget. Also, additional use would create a larger shortfall in the next financial year. Reserves should only be used this way if no other reasonable alternatives exist or there is a robust expectation of a resolution in a later year.

3.3. There should be continued lobbying of government to make it fully recognise the dire financial position of local authorities nationally and to provide significant additional ongoing funding.

3.4. The budget shortfalls cannot easily be closed unless significant additional government support is confirmed, so the budget process will need to:

- Undertake the annual process of service budget reviews by directors in consultation with cabinet members to find savings with limited impact on services. Overall savings are likely to be limited in value.
- Use any additional freedoms offered by the Government to increase Council Tax in 2025/26 to protect against service cuts.
- Undertake initiatives to reduce Temporary Accommodation cost per case. However, this is difficult as there are growing numbers of homeless households nationally and therefore strong competition for scarce housing. A significant proportion of the Council's Temporary Accommodation use is also owned by Private Landlords and so price rises are likely and largely out of the Council's control.
- Review the capital programme to ensure spend and any financing costs are directed effectively towards meeting corporate priorities. The Council's assets should continue to be reviewed and managed to keep costs low and increase income either from disposals or improve their operational use.
- Review all fees and charges.
- Re-assess existing levels of service provision as they may be unaffordable in the medium term.
- Consider introducing a new charge for collection of garden waste. 65% of Councils currently charge for garden waste collections and this number is expected to increase to over 80%, mainly in response to the severe financial pressures that local authorities are experiencing. In Essex, all Councils now make a charge for garden waste collections with the exception of Chelmsford, Rochford and Epping Forest. A charge of around £60 could be expected to generate £1.3-£1.7m a year. Given the projected budget gap for next year and across the forecast, it is unlikely that the Council will be able to balance its budget without a garden waste charge. A decision on this

should be taken once it is known whether the Government proposes to offer the Council significant levels of additional funding.

3.5. Which actions will be necessary to balance the 2025/26 budget and provide a step towards improved long-term finances will be dependent on the funding decisions of Government. Between now and Christmas that funding should become clearer, at least for 2025/26.

List of appendices:

- Appendix 1 - current year 2024/25 revenue expenditure and income measured against the original approved budget
- Appendix 2 - capital programme expenditure and funding
- Appendix 3 - five years of revenue expenditure and income
- Appendix 4 – five years revenue reserves

Background papers:

Nil

Corporate Implications

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

Financial: As detailed in the report.

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

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

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

Risk Management:

A review of the risks is identified.

Equality and Diversity:

N/A

Health and Safety:

N/A

Digital:

N/A

Other:

N/A

Consultees:

Cabinet Members, Chief Executive and Directors, Monitoring Officer

Relevant Policies and Strategies:

Capital, Investment and Treasury Management Strategies 2024/25 (Full Council February 2024)

Budget report 2024/25 (Full Council February 2024)

Summary Revenue Monitoring (mid-year)

The following dashboards highlight the latest forecast for year-end spend, income, and reserve movements for the current financial year.

The current forecast identifies an overspend on employee costs of £1.7m, an underspend of £1.5m on other expenditure and additional income of £1.6m, resulting in a net service underspend of just over £1.4m before Housing Benefit (HB) subsidy. After the HB subsidy variation, the net service underspend is just under £1.1m.

There are a few variations between the various graphs below that offset each other, such as the underspend on Temporary Accommodation (TA) costs that offsets with significantly reduced rent income from TA, resulting in a net saving against budget of £1m.

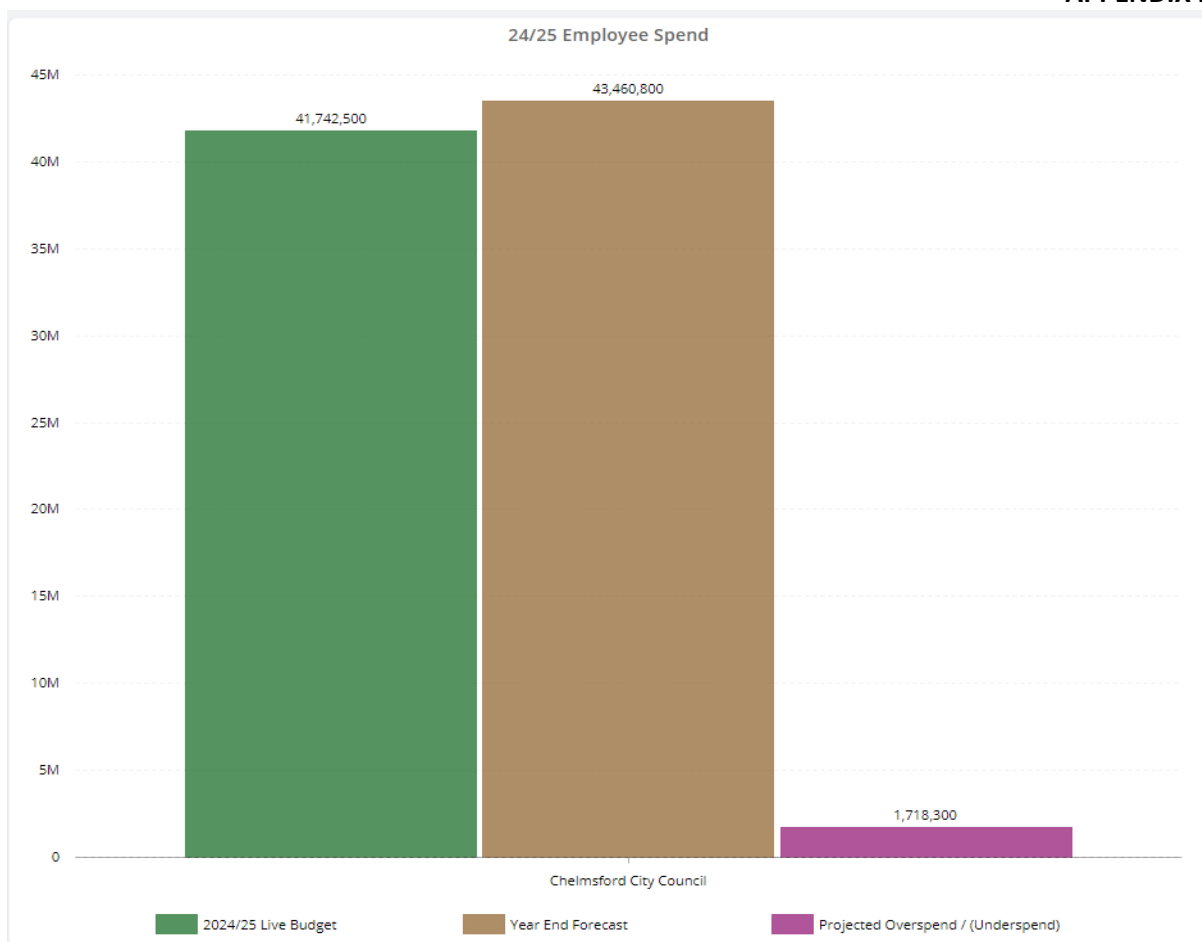
Of the £1.1m underspend, a £500k overspend has been approved for the 2024/25 pay award, plus a further £117k of supplementary estimates for additional employee costs. The balance of the £1.1m after allowing for the approved variations is a net underspend, including additional income, of £1.7m.

The key variations are:

- £1,005k underspend on TA
- £953k underspend on Electricity and Gas
- £583k additional net income from one-off grants
- £600k staffing overspends after allowing for approved variations
- £300k HB Subsidy overspends

There are several changes to the service budgets that need to be reflected in the 2025/26 Original Budget process as they are ongoing. These are identified with variances in the charts below.

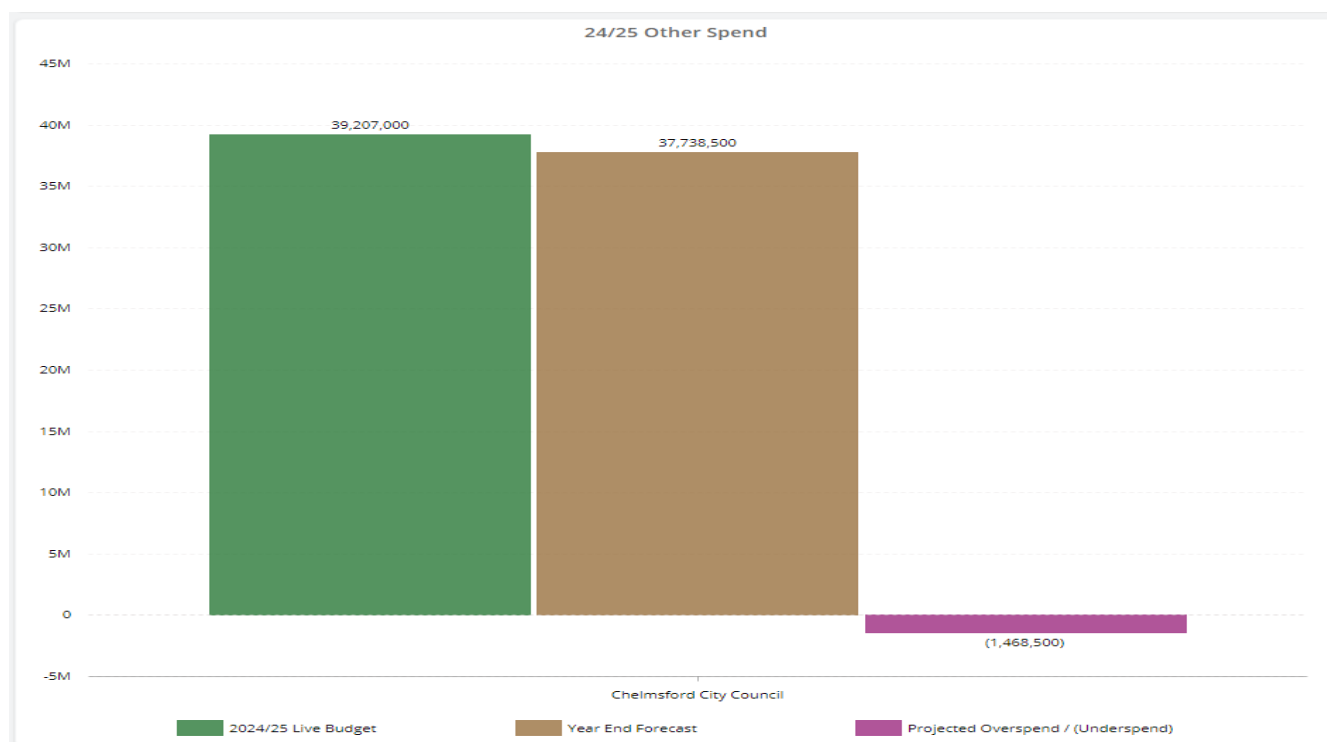
The charts below highlight further detailed variations and the associated actions and risks, with non-service items and reserves movements at the bottom of this dashboard.



Employee Key Variations, Actions and Risks

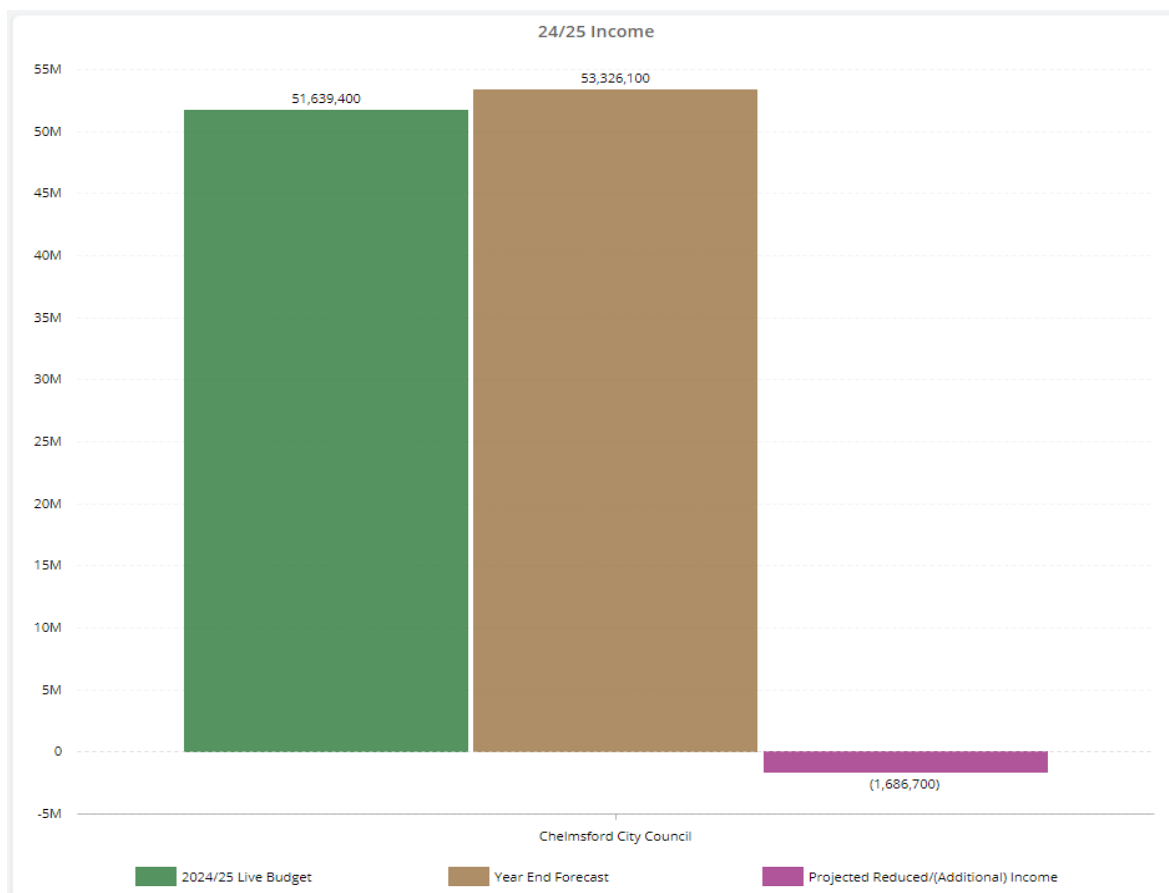
| Variations | Actions | Risks |
|--|--|--|
| £486k overspent on casual staff which is predominantly offset by additional income (£385k Leisure, £58k Theatres, £43k other) | Leisure and Theatre budgets will be realigned as part of the 25/26 Original Budgets to increase employee budgets and income budgets. | Casual budgets continue to overspend without the corresponding increase in income budgets. |
| £220k overspent on overtime/additional hours across the Council (£89k Recycling & Waste, £39k Leisure, £41k CCTV, £51k other) | Recycling and Waste budgets will be realigned as part of the 25/26 Original Budgets to increase employee and income budgets. | Overtime budgets continue to overspend without the corresponding increase in income budgets. |
| £264k overspent on agency staff/contractors not fully offset by corresponding vacancies or income (£57k Benefits & Revenues, £115k Housing Standards, £70k Housing, £22k other) £117k approved by supplementary estimate | £57k has been approved as a supplementary estimate for Benefits & Revenues, with a further £60k requested for Housing Standards | Overspends are ongoing or not offset by vacancies |
| £221k overspent due to savings put forward as part of the 24/25 budget not being achieved | These will be reviewed as part of the MTFs to determine whether they are achievable in future years | Savings are permanently unachievable and have to be added back in to the budget |
| £100k overspend due to agency staff spend relating to the Levelling Up and Regeneration Bill offset by income below | Ensure spend is in line with income received | Income does not match expenditure |
| £500k approved overspend due to 24/25 pay award now agreed | Urgency letter to be signed | Future pay awards continue to be more expensive than the budget provision |
| £73k underspend due to vacancy factor being achieved | Continue to review throughout the year as further vacancies could materialise or savings could be generated for future years | A saving of £180k was added to the 24/25 budgets for additional vacancy factor on top of the 3% provision, there is a risk this saving could be added back in to ongoing budgets |

Of the £1.7m overspend on employee costs, £500k has been approved for the pay award, £117k has been approved by supplementary estimates and approximately £500k is offset by additional income, leaving approximately £600k of additional spend unapproved



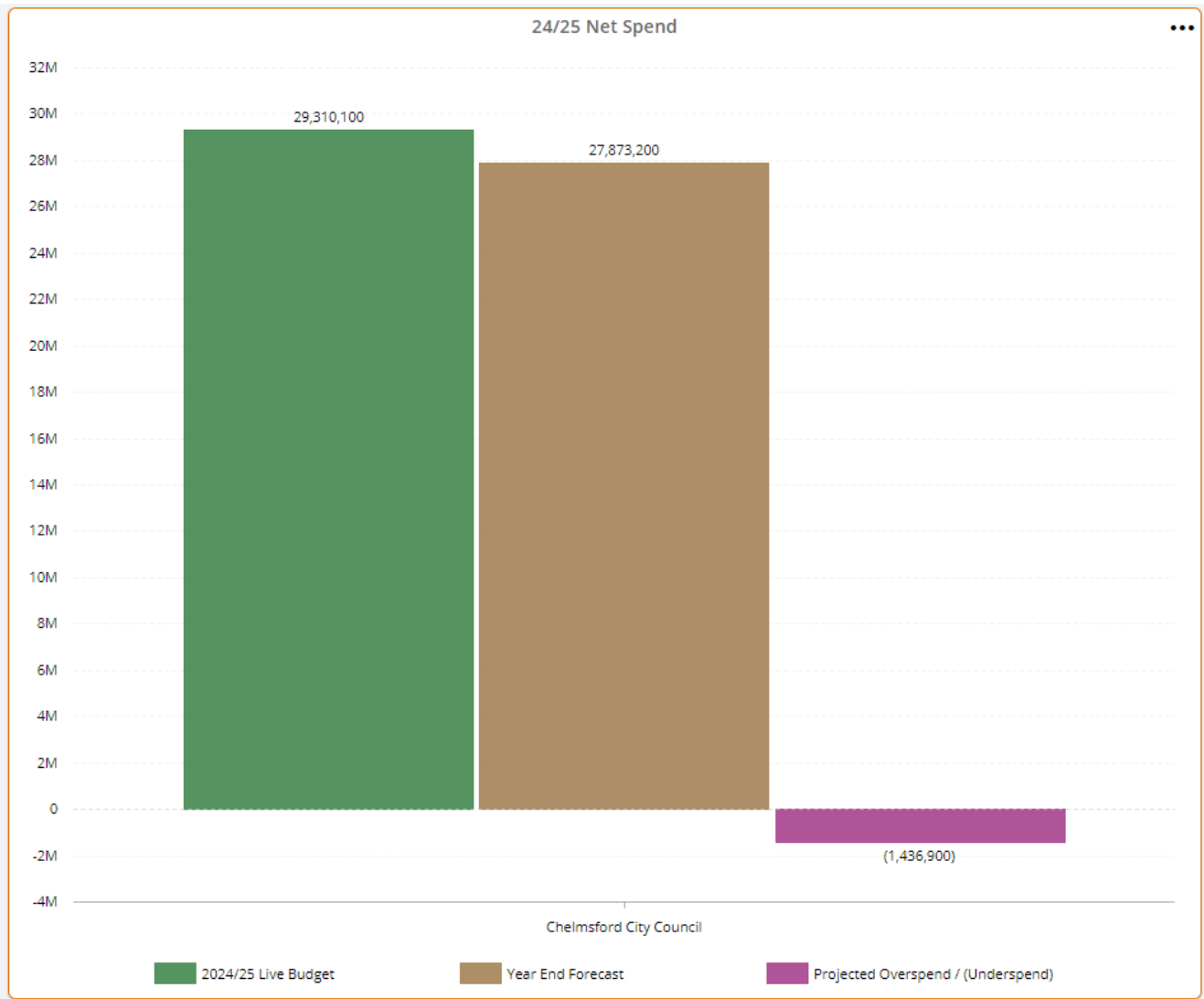
Other Spend Key Variations, Actions and Risks

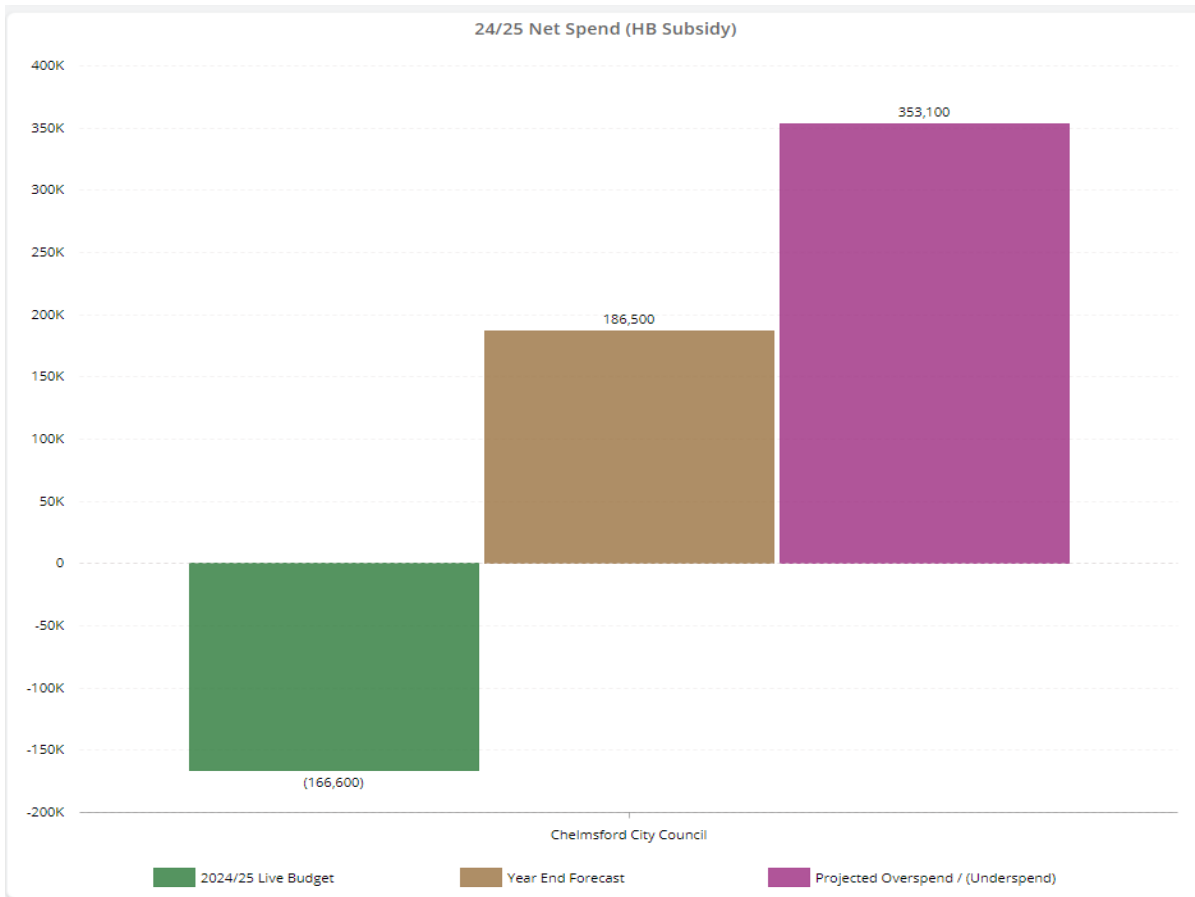
| Variations | Actions | Risks |
|---|---|--|
| £953k underspent on Electricity and Gas budgets due to lower unit prices than budgeted | The budgets for 24/25 were supported by £681k of specific reserves. So £272k of £953k lower cost impacts on general reserve. This is reflected in reserves below. | Unit prices rise again to higher levels seen during the start of the Ukraine war. This risk is mitigated through purchasing energy over a longer period. |
| £609k overspent on Theatres operational spend due to increased activity, offset by additional income, for a net additional income of £323k | Review budgets as part of the 25/26 Original Budgets and realign given the increased levels of activity | Larger shows are not programmed in for future years |
| £268k underspent on events due to not running this year, offset with reduced income for a net overspend of £71k | Budgets will be realigned as part of the 25/26 Original Budgets | |
| £2,443k underspent on TA due to reduced case load compared to budget (predominantly subsidy loss and payments to landlords/TA providers), offset by reduced income of £1,438k for a net underspend of £1,005k | Budgets will be realigned as part of the 25/26 Original Budgets to take into account the latest TA caseload forecast and cost per case | Cost per case increases significantly in line with higher charges from TA providers or caseload increases beyond current budget forecasts |
| £785k overspent on various grant schemes which is offset by increased income below (£272k PHPS, £189k Housing, £110k Garden Communities spend, £175k UKSPF funding, £23k RAMS work, £16k Planning) | Assess whether any grant income and expenditure is ongoing for future budgets | Grant income falls away but the associated expenditure is still required in future years |
| £89k overspent on vehicle fleet costs across the Council, predominantly due to increased costs of parts for repairs and maintenance of vehicles | Assess and realign budgets as part of the 25/26 Original Budgets, an inflationary increase will be added to the repairs and maintenance budgets | Repair costs continue to outstrip budgets due to inflationary increases |
| £101k overspent on other Housing initiatives to either prevent or relieve homelessness (£41k Central Place works and £60k estimated Homelessness Prevention Fund spend) | The spend on these budgets should produce cost avoidance in relation to TA | Prevention costs outstrip the savings they generate from housing households in TA |
| £87k overspent on Leisure and Heritage reactive and cyclical maintenance based on previous year outturn and actual to date | Review as part of the 25/26 Original Budgets, including an allowance for inflation for building maintenance costs | Costs outstrip inflation provision allowed for in the budgets |
| £91k overspent on corporate costs such as bank charges (due to higher transaction levels) and external audit costs (due to delay in audits) among other smaller budgets | Review bank charges budgets as part of 25/26 Original Budgets as contracts are being renewed and prices inflated | Prices continue to be inflated significantly for bank charges |
| £433k various minor overspends across the Council and different budgets | Review whether ongoing with services | |



Income Key Variations, Actions and Risks

| Variations | Actions | Risks |
|---|--|---|
| £1,020k estimated additional income at the Theatre due to increased activity against the budget and cultural VAT exemption income, offset by additional spend, for a net additional income of £323k | Theatre budgets will be realigned as part of the 25/26 Original Budgets to reflect the increased activity and additional income levels | Larger shows are not programmed in for future years. VAT changed awaiting sign off by HMRC |
| £517k additional income from recycling sales and credits, plus additional Food Waste grant. The majority of this is due to the increased price of glass which has been set to the end of 24/25 | Recycling and Waste budgets will be realigned as part of the 25/26 Original Budgets to increase employee and income budgets | The nature of recycling sales income in particular is volatile due to price changes and variations in tonnages collected |
| £499k additional income from sports centre income due to increased memberships and activity levels, this is offset by additional staff spend above | Leisure budgets will be realigned as part of the 25/26 Original Budgets to increase employee and income budgets | Memberships or general activity levels drop off without the corresponding decrease in employee spend |
| £200k additional car parking income, predominantly due to short stay car parking throughput increases | Review as part of the MTF5 to assess whether ongoing increase or not | Customer trends and habits change resulting in reduced parking income |
| £1,468k additional income from various grant schemes across the Council, mostly offset by additional spend above (Housing £709k, PHPS £335k, Planning £249k, UKSPF £175k) | Assess whether any grant income and expenditure is ongoing for future budgets | Grant income falls away but the associated expenditure is still required in future years |
| £1,438k reduced income from TA rental income due to reduced caseload compared to the budget, offset by reduced spend above of £2,443k for a net underspend of £1,005k | Budgets will be realigned as part of the 25/26 Original Budgets to take into account the latest TA caseload forecast and cost per case | Cost per case increases significantly in line with higher charges from TA providers or caseload increases beyond current budget forecasts |
| £363k reduced income due to not running events this year, offset with reduced spend resulting in a net overspend of £71k | Budgets will be realigned as part of the 25/26 Original Budgets | |
| £160k reduced income from Building Control and Local Land Charges due to the slowdown of the housing market | Budgets will be reviewed as part of the 25/26 Original Budgets | Income falls further with further changes to the market |
| £265k lower than budget at the Cemetery and Crematorium due to lower mortality rate and increased competition across Essex | Budgets will be reviewed as part of the 25/26 Original Budgets and work is ongoing to produce a model for generating the budget and forecast | Further competitors come to the market |
| £209k additional income from various other minor budgets | Review as part of the 25/26 Original Budgets | Additional income is one-off in nature |





Comments on HB Subsidy Variations

The net budget for HB subsidy (excluding TA Subsidy Loss) is a net surplus of £166,600 due to the way the scheme operates from the government. However, we are now expecting the scheme to be in an ongoing deficit position due to the reasons below.

The current projected overspend of £353,100 is made up of the following variations

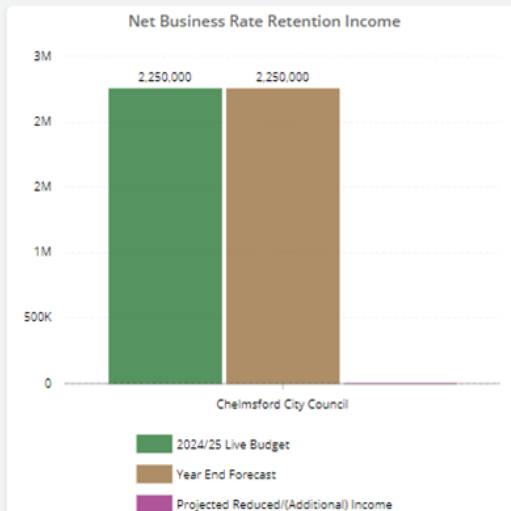
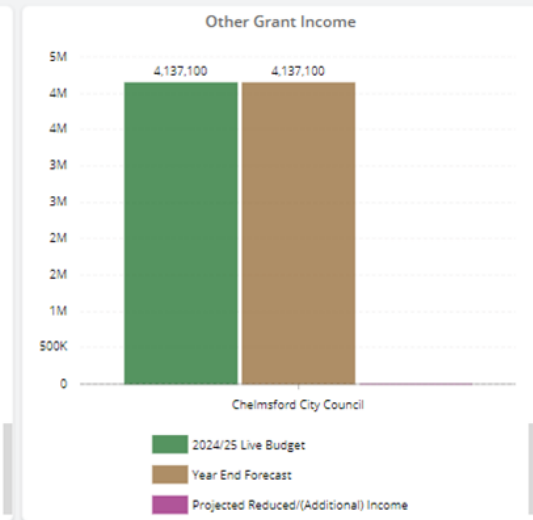
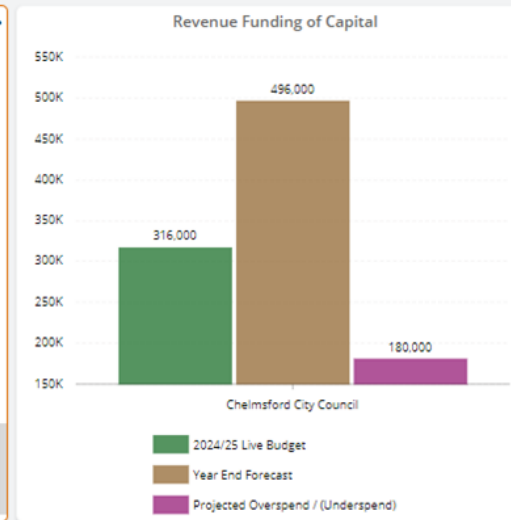
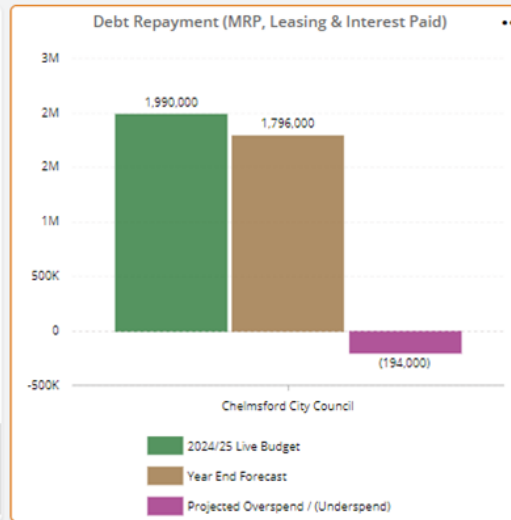
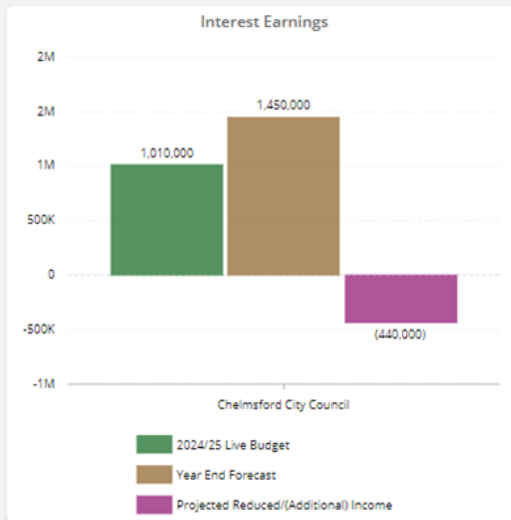
- £300k overspend based on 23/24 outturn due to higher levels of supported housing and other technical adjustments
- £20k estimated overspend on HB overpayments bad debt provision due to changes in operation of reclaiming the debt with DWP
- £16k estimated overspend on Discretionary Housing Payments based on 23/24 outturn
- £17k reduced Discretionary Housing Payments grant income based off of government allocation

Much of the above is an ongoing change and so will need to be reflected in the MTFs and future budgets

Service Overspend/(Underspend) Including HB Subsidy

(1,083,800)

Chelmsford City Council Variances - Non-Service Level Income & Expenditure



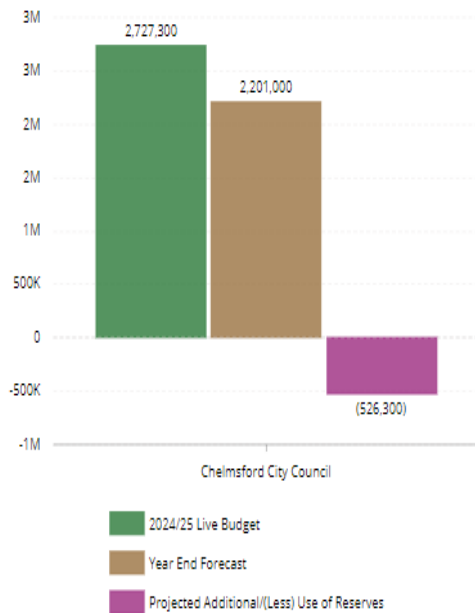
| Variations | Actions | Risks |
|---|--|---|
| £440k additional income from interest earnings due to slippage of spend and holding some one-off contributions | Review how best to manage the Council's portfolio of investments and borrowing to maximise income and minimise cost to the Council | Spend increases, reducing cash balances and therefore interest earnings, whilst also increasing the likelihood of needing to borrow |
| £194k underspent on Debt Repayment due to timing of expected borrowing not being as early as originally forecast | Review how best to manage the Council's portfolio of investments and borrowing to maximise income and minimise cost to the Council | Spend increases, reducing cash balances and therefore interest earnings, whilst also increasing the likelihood of needing to borrow |
| £180k overspend on Revenue Funding of Capital due to capital expenditure written back to revenue | This is offset with reserves movements below which will be actioned at year end when the final balances are known | Additional capital expenditure is written back beyond the value held in reserves to cover this risk |
| Other Grant Income - No variation currently | | |
| Net Business Rate Income - No variation currently | | |

Non-Service Projected Overspend/(Underspend)

(454,000)

Chelmsford City Council Variances - Reserves

Use of Earmarked Reserves



Earmarked Reserves

The budget for use of earmarked reserves for 24/25 was set at £2,727,300, which was predominantly made up of reserve use to cover loss of rent from commercial properties and price fluctuations of utilities and fuel.

The latest forecast is reduced use of reserves compared to the budget of £8,300 made up of the following variations,

£681k reduced use of utility reserve due to prices being lower

£25k reduced use of vehicle fuel reserve due to prices being lower

£180k increased use of reserves to cover off capital expenditure written back to revenue as shown in the Revenue Funding of Capital graph above

General Fund

The use of General Fund budget was set at £1,516,700 for 24/25

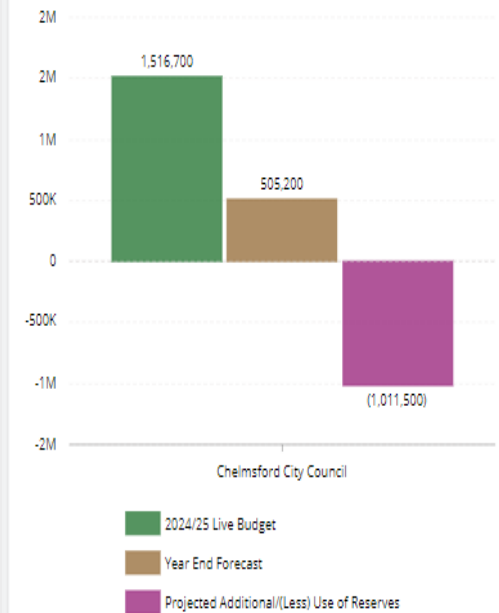
The latest forecast is a use of £505,200, **£1,011,500 better than the budget.**

The key variations that make us this amount are as follows:

- £272k net underspend on utilities (including reserve movements)
- £583k additional net income from various one-off grant schemes (predominantly housing related)
- £500k estimated overspend due to the additional cost of the pay award
- £634k additional interest earnings and reduced interest costs

There will be a further update to these figures in December

Use of General Fund (Unearmarked Reserves)



Capital Programme and its Impact on the Revenue Budget

- 1.1 The Council's February budget and capital strategy reports explain in depth the difference between capital and revenue. Broadly, capital can be defined as expenditure that relates to the acquisition or enhancement of assets which have a useful life of more than twelve months and are charged to the Council's balance sheet.
- 1.2 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 or Climate Emergency initiatives). Capital spending plans, whether funded from internal resources or through borrowing, must be affordable, prudent, and sustainable.
- 1.3 This report updates the capital programme for changes identified by officers. There are no material changes that require prudential indicators to be updated, except for identifying the new borrowing forecasts further below which will be confirmed and reapproved in February.
 - 1.3.1 The Council's capital programme is shown on page 16 in Table Capital schemes and Table Replacement Programme on page 27. They changes can be summarised as:
 - 1.3.2 Total Capital schemes – budgeted approved costs are £119.25m, however there is an expected increase in costs of £2.381m. Most of this increase is due to £2.61m additional expenditure for a scheme (ref 28) where government grant funding is being passed to CHP to deliver housing and needs no approval. The remaining net variation is a reduction of £0.229m. Detailed variations for Cabinet approval are on page 26.
 - 1.3.3 Total Replacement Programme spend for 2023/24 is shown on page 30. Some £0.8m of the budget needs carrying forward and approval into 2024/25. This would increase the 2024/25 budget to £6.408m. At February Council, a budget of £7.057m was also approved for replacements required in 2025/26.
 - 1.3.4 The budget proposals for 2025/26 will include any necessary revisions to the existing programme and any new schemes needed to deliver corporate plans.

Financing the Capital Programme and Implications on the revenue budget

- 1.4 The capital programme is different from revenue budgets in that borrowing and asset sales may be used to fund expenditure. The resources used to finance the Council's capital programme are always estimated as part of the budget process but only finalised under delegation at financial year-end. The s151 Officer will determine the optimal mix of resources at the end of the financial year. The actual methods of financing can differ from the estimates depending on the life of assets being financed, resources available, and the relative costs of each resource.
- 1.5 The impact on the Council's revenue budget due to 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 capital schemes
 - A) Direct Revenue Financing of capital schemes. An expenditure line in the Council's Revenue budget which in effect funds capital expenditure instead of, say, borrowing.
 - B) Borrowing costs. Interest and principal repayments (Minimum Revenue Provision (MRP)) are a revenue cost.
 - C) Feasibility or design works on schemes that do not lead to an asset are revenue costs. Any such costs are initially funded from capital, capital grants, or borrowing, but will need to be charged to revenue resources. This is a requirement under government accounting practice. Although necessary to ascertain viability of some larger schemes, this will have a detrimental impact on revenue reserves so needs to be minimised. Feasibility expenditure is often essential to determine if a scheme is affordable and the best option.
- 1.6 The Council does not have sufficient capital resources available to fund its capital programme so requires the use of borrowing. Borrowing does not necessarily lead to taking out external loans as the Council can and

does borrow internal cash such as the general fund balance or unspent CIL (community infrastructure levy, a charge on developers) funds. The latest projections of the Council internal and external borrowing are:

| Internal and External Borrowing Combined | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|
| | £ms | £ms | £ms | £ms | £ms | £ms | £ms | £ms |
| New Annual Borrowing | 17.059 | 3.020 | 9.118 | 17.894 | 9.742 | 5.946 | 6.033 | 2.782 |
| Less MRP Repaid | -0.595 | -0.811 | -1.094 | -1.531 | -2.459 | -2.537 | -3.195 | -3.844 |
| Cumulative Borrowing (Capital Financing Requirement) | 35.362 | 37.571 | 45.595 | 61.958 | 69.241 | 72.650 | 75.488 | 74.426 |

The borrowing forecast for 2024/25 is lower than that made in February Council. However, the borrowing forecasts for later years have increased due to lower-than-expected CIL receipts. The level of borrowing is not the key financial metric, it is the cost of financing debt that determines what is affordable. Those costs are discussed below.

The useful life of the asset determines how quickly we need to repay the debt through MRP. Most replacement assets such as vehicles and plant tend to have shorter life than larger assets such as buildings and land. Consequently, the MRP charged to revenue for assets in the replacement programme is significantly higher than the debt repayment charge for one-off schemes which tend to create assets with a longer life.

The MRP repayments of internal and external borrowing are forecast to be:

| Breakdown MRP Repaid | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | £ms | £ms | £ms | £ms | £ms | £ms | £ms |
| Capital Schemes Approved | 0.408 | 0.496 | 0.702 | 0.881 | 0.977 | 1.060 | 1.130 |
| Capital Scheme New Proposals | | | | | | | |
| Capital Schemes MRP | 0.408 | 0.496 | 0.702 | 0.881 | 0.977 | 1.060 | 1.130 |
| Capital Replacements life less than 10 years | | 0.013 | 0.229 | 0.886 | 1.077 | 1.501 | 2.055 |
| Capital Replacements Finance Leases | 0.403 | 0.585 | 0.600 | 0.692 | 0.483 | 0.634 | 0.659 |
| Capital Replacements MRP | 0.403 | 0.598 | 0.829 | 1.578 | 1.560 | 2.135 | 2.714 |
| Total MRP Repaid in Year | 0.811 | 1.094 | 1.531 | 2.459 | 2.537 | 3.195 | 3.844 |

The MRP costs are now forecast to be lower for the period 2024/25 to 2026/27 than the February budget identified as expenditure was slower than planned. The changes however are not material to the budget gap.

1.7 The net cost after allowing for interest income and expenditure of financing the capital programme is:

| Budgeted Net Revenue Costs Changes - financing costs of Capital Programme | | | | | | | |
|---|---------------|-------------|--------------|--------------|--------------|--------------|--------------|
| | 23/24 | 24/25 | 25/26 | 26/27 | 27/28 | 28/29 | 29/30 |
| | £ms | £ms | £ms | £ms | £ms | £ms | £ms |
| Estimate interest income | -2.884 | -1.01 | -0.697 | -0.645 | -0.657 | -0.711 | -0.684 |
| Estimate interest costs | 0.216 | 0.856 | 1.522 | 2.287 | 2.558 | 2.632 | 2.558 |
| Estimated MRP schemes and leases | 0.81 | 1.134 | 1.53 | 2.46 | 2.54 | 3.2 | 3.84 |
| Net Revenue cost of financing capital | -1.858 | 0.98 | 2.355 | 4.102 | 4.441 | 5.121 | 5.714 |
| Financing Cost less | | | | | | | |
| Income gain from new scheme proposals | | | 0 | 0 | 0 | 0 | 0 |
| Income gain from existing schemes MRP | | | -0.01 | -0.08 | -0.09 | -0.1 | -0.1 |
| Income gain from existing schemes - interest assumed borrowing at 3.8% | | | -0.03 | -0.269 | -0.307 | -0.307 | -0.307 |
| Net financing cost after scheme benefits | | 0.98 | 2.315 | 3.753 | 4.044 | 4.714 | 5.307 |
| Change Year on Year | | 0.47 | 1.335 | 1.438 | 0.291 | 0.67 | 0.593 |

The net financing costs forecast for the period up to 2025/26 are lower than those forecast in the 2024/25 budget report but not materially. The 2026/27 net financing costs increased by circa £1m over the 2024/25

budget assumptions due to a much lower level of CIL receipts than previously forecasted. It is worth noting that no revenue or capital benefits from the development of the Chelmer Waterside site are included.

- 1.8 In the coming year, new accounting regulations will be implemented that may require restating the overall debt position to fully reflect leases the Council has already undertaken as they will become categorised as borrowing. In real terms, this has no impact on the Council's liabilities but merely changes how they are accounted for.
- 1.9 As mentioned above, a key funding resource is CIL. The projected receipts are shown below, and they are expected to be revised down further during the budget process, due to a slowdown in house-building which is driven by market factors. However, in the medium term, changes to housing targets and economic factors may have a positive impact and result in upward revision post-budget. Reductions in CIL income will increase borrowing projections and revenue costs, as noted in paragraph 1.8 above.

| Change in CIL Forecast | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|---|------------|-------------|-------------|------------|-------------|------------|
| | £ms | £ms | £ms | £ms | £ms | £ms |
| Current | -0.1 | -1.4 | -4.9 | -8.2 | -8.9 | -8.3 |
| Previous (February Budget Report) | -3 | -12.7 | -18.6 | -9.9 | -7.4 | -9.2 |
| +lower expected CIL in year/-higher expected CIL in year | 2.9 | 11.3 | 13.7 | 1.7 | -1.5 | 0.9 |
| +Cumulative lower expected CIL receipt | 2.9 | 14.2 | 27.9 | 29.6 | 28.1 | 29.0 |

The Affordability of Capital Expenditure

- 1.10 Within the context of the budget gaps, any capital expenditure that increases revenue costs could be deemed to be unaffordable. However, capital expenditure is a form of service delivery and is required to maintain existing service provision; equipment must be bought to maintain, say, collection of domestic waste, and refurbishment of buildings is necessary to ensure they remain fit to deliver services from. The budget process for 2025/26 will again need to make that wider assessment of the need for capital expenditure versus its cost to the revenue budget. The forecast includes the net financing cost for the current capital expenditure budgets.
- 1.11 The Council's capital expenditure plans are financed by £31.8m of estimated CIL income between now and 2028. Lower than forecast CIL income will mean increased external borrowing. The projections of CIL are a key element in determining the extent of the Capital Programme affordability.

Conclusion

Financing the cost of the capital expenditure is necessary to deliver Our Chelmsford, Our Plan. Changes to reduce the cost of the approved programme may be possible but must be judged within the context of how they impact current and future service delivery plans.

Should CIL forecasts change, there will be a need to fund more external borrowing.

The programme and resourcing will be re-assessed during the autumn as part of the budget and reported back to Cabinet in January.

| | | CAPITAL SCHEMES | | VARIATION IN TOTAL CAPITAL SCHEME COSTS | | | | | |
|-------------------------------|--|---------------------------------|--|---|-----------------------------------|---|---|--|--|
| | | | | Latest Approved Budget - Approved February 2024 and Additional New Schemes Approved Since that Date | | Latest Forecast Budget - Additional Requires Approval | | | |
| Net Expenditure to 31/03/2024 | | Original Approved Scheme Budget | Additional/Reduced (-) Approved Budget | Latest Approved Budget | More/(Less) Than Approved Budgets | Proposed Budget | Scheme Scheduled to Complete on Time against Original Programme | Additional Budget Approval Narrative | |
| £000s | SCHEME DESCRIPTION | £000s | £000s | £000s | £000s | £000s | | | |
| | LEADER | | | | | | | | |
| | <i>Economic Development and Special Projects (deputy)</i> | | | | | | | | |
| 32 | 1 Public Realm Wayfinding Signs Phase 3 | 150 | | 150 | | 150 | No | Approved Council February 2021. Funding from ECC. 3 year programme ending 2022/23. Still waiting for ECC to approve scheme. | |
| 389 | 2 Chelmsford Flood Resilience Programme | 4,833 | 0 | 4,833 | | 4,833 | Business case to be developed | This is the unspent budget from the withdrawn Environment Agency (EA). A new programme of works will be brought back to Cabinet at a later date. Agreement for S106 grants to be paid over to the EA. | |
| 4,781 | 3 Public Realm Tindal Square Design and Construction | 160 | 4,567 | 4,727 | 307 | 5,034 | Completed - final account for works agreed | Approved at Council February 2018. The design works were completed 2020/21. Additional £320k approved by Cabinet June 2020 for design and tender to be funded from S106. Report taken to Cabinet October 2021 and urgency letter requested for approval of the agreed scheme an additional £3.358m. Additional £485k approved at October 2022 Cabinet. Additional funding from ECC £450k. Additional budget approved February 2024 £339k. Update May 2024 - agreement reached on final account settlement. Additional budget £307k required to be funded from CIL and ECC have agreed in principal to an additional contribution of £65k. | |
| 18,311 | 4 Chelmer Waterside Infrastructure (HIF) - Grant Funded | 15,500 | 28,130 | 43,630 | | 43,630 | No | £15.5m approved at Council February 2020 with a delegation to Cabinet to approve final scheme. Council December 2020 approved an additional £11m budget to be funded by £5.05m CIL, £1.1m S106 and £2.85m additional HIF grant. £2m provision for commuted sum could also be funded by CIL if available otherwise it would result in additional borrowing. £375k approved July 2022 Council for increased design fees and appointment of Project Manager. As noted on previous reports to Cabinet and Council, the cost of scheme is expected to increase significantly above the approved budget. A £9m increase was previously discussed and officers believe it may be materially higher when a report is made Council in July for a decision as to how to progress the works. An additional £16.410m was approved by Council in July 2023. | |
| 1,461 | 5 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. | |
| 2,865 | 6 S106 Beaulieu Park Station 2nd Phase | 2,917 | 514 | 3,431 | | 3,431 | Unspecified | £2,917m approved at February Council 2018. The expenditure on this scheme will be funded by S106. | |
| 70 | 7 UK Shared Prosperity Fund - Various Grant Funded Schemes | 346 | | 346 | | 346 | Yes | Approved by Council February 2023. Three year funded programme commenced 2022/23. | |
| 84 | 8 Rural England Prosperity Fund- Supporting Businesses and Communities | 400 | | 400 | | 400 | Yes | Approved by Council February 2023. Two year funded programme commencing in 2023/24. | |
| 55 | 9 Automatic Floodgates and Provision of Locks - Feasibility | | 107 | 107 | | 107 | No | Budget approved September 2020 Cabinet. Budget vired from Rivers and Waterways Improvements. | |
| 51 | 10 Civic Offices Improvement Programme | 460 | 31 | 491 | | 491 | Under Review | Approved Council February 2020 with a delegation for the Director and Cabinet Member for Safer and Greener Chelmsford to approve a final scheme. October 2023 £31k vired from replacement scheme. | |
| 102 | 11 Green Initiatives Phase 1 | 500 | -145 | 355 | -37 | 318 | Business Cases to be Developed | Approved by Council February 2022. Two year programme with delegated authority to the Director of Public Places to spend within the approved budgets. Following consultation with the Cabinet Member for Safer and Greener Chelmsford, he will decide on the preferred schemes. £102k vired towards cost of electric vehicle - approved February 2023. October 2023 £43k vired to fund additional cost of electric sweepers. £37k budget transferred to revenue in relation to spend not capital. | |

| Net Expenditure to 31/03/2024 | SCHEME DESCRIPTION | Latest Approved Budget - Approved February 2024 and Additional New Schemes Approved Since that Date | | | Latest Forecast Budget - Additional Requires Approval | | Scheme Scheduled to Complete on Time against Original Programme | Additional Budget Approval Narrative |
|-------------------------------|---|---|--|------------------------|---|-----------------|---|--|
| | | Original Approved Scheme Budget | Additional/Reduced (-) Approved Budget | Latest Approved Budget | More/(Less) Than Approved Budgets | Proposed Budget | | |
| £000s | | £000s | £000s | £000s | £000s | £000s | | |
| 12 | Green Initiatives Fund Phase 2 | 6,500 | -3,100 | 3,400 | | 3,400 | Business Cases to be Developed | Approved in principal Council Feb 2023 with delegated authority is given to the Director of Public Places, who after consultation with the Cabinet Member for Safer Chelmsford, will agree on the 6 year programme commencing 2024/25 for various schemes which will help the organisation achieve its objective of being Net Zero Carbon by 2030 and to ensure the spend is within the approved budgets. October 2023 Programme reviewed for affordability, budget reduced. |
| 64 | CIL Integrated Cycling Infrastructure Grant | 100 | | 100 | | 100 | No | CIL funding approved at meeting of the CIL Panel 23/1/2020. |
| 950 | CIL Trinity Road School Improvements | 950 | | 950 | | 950 | Completed 2023/24 | Approved at Council February 2021 |
| | CIL NE Bypass Bridge Forward Funding | 1,500 | | 1,500 | | 1,500 | Dependent on Third party | Forward funding grant to ECC to be made 2021/22. Approved Council May 2021. |
| | CIL Army and Navy Contribution to ECC | 4,000 | -4,000 | 0 | | 0 | Scheme moved to aspirational list | Approved Council July 2022. October 2023 Review resulted in budget provision being removed and scheme to be included on future aspirations schedule. |
| | CIL ECC East Chelmsford Cycling and Walking Connectivity | 1,500 | -1,500 | 0 | | 0 | Scheme moved to aspirational list | Approved Council July 2022. October 2023 Review resulted in budget provision being removed and scheme to be included on future aspirations schedule |
| | <u>Sustainable Transport (deputy)</u> | | | | | | | |
| | 18 High Chelmer Car Park Lifts | 355 | | 355 | | 355 | Yes | Approved by Council February 2023. Scheduled for 2025/26. |
| | 19 High Chelmer car Park Waterproofing Levels 11,12,13 | 500 | 350 | 850 | | 850 | Brought Forward to 2024/25 | Approved by Council February 2023. Scheduled for 2025/26. Works have become urgent and needs to be rescheduled to 2024/25. Additional £350k approved by Council February 2024. |
| | 20 High Chelmer MSCP Improvement Works | 148 | | 148 | | 148 | New Scheme | Approved by Council February 2024. Works scheduled for 2024/25. Funded by Contribution from SEPP. |
| | 21 Fairfield Road Car Park Resurfacing and Relining | 84 | | 84 | | 84 | New Scheme | Approved by Council February 2024. Works scheduled for 2024/25. Funded by Contribution from SEPP. |
| | ACTIVE | | | | | | | |
| | <u>Leisure and Heritage</u> | | | | | | | |
| 0 | 22 Riverside Elevations | 2,000 | -1,978 | 22 | -22 | 0 | Budget Provision Removed Agreed February Council | £2m approved at Council February 2020 with delegation to Cabinet to approve detailed scheme. October 2023 scheme review Management Team and Informal Cabinet and provision to be removed. Existing spend to be transferred to revenue. Budget removed, reported to Council February 2024. Spend transferred to revenue £22k. |
| | 23 Dovedales - Grant for Works | 28 | -2 | 26 | | 26 | Deferred | Approved at Council February 2020 and programmed for 2020/21. To be reviewed with potential refurbishment scheme in 2024/25. |
| 118 | 24 Dovedales Sports Centre Refurbishment | 1,464 | | 1,464 | | 1,464 | Scheme under review | Budget approved Council March 2022. Delegated authority to the Director of Public Places to decide on the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Safer and Greener Chelmsford. October 2023 scheme deferred to 2025/26 although work will progress on design. |
| 315 | 25 Chelmsford Sports and Athletics Centre - Outdoor Track and External Upgrades | 350 | -35 | 315 | | 315 | Completed 2023/24 | £350k approved at Cabinet October 2022. To be funded from £300k S106. |

| Net Expenditure to 31/03/2024 | SCHEME DESCRIPTION | Latest Approved Budget - Approved February 2024 and Additional New Schemes Approved Since that Date | | | Latest Forecast Budget - Additional Requires Approval | | Scheme Scheduled to Complete on Time against Original Programme | Additional Budget Approval Narrative | |
|-------------------------------|---|---|---|------------------------|---|-----------------|---|--|--|
| | | Original Approved Scheme Budget | Additional/ Reduced (-) Approved Budget | Latest Approved Budget | More/(Less) Than Approved Budgets | Proposed Budget | | | |
| £000s | | £000s | £000s | £000s | £000s | £000s | | | |
| 190 | 26 Chelmsford Sports and Athletics Centre - Gym Improvements | 168 | 13 | 181 | 9 | 190 | Completed 2023/24 | Approved by Council February 2023. Delegated authority to Director of Public Places to decide on the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Safer and Greener Chelmsford. Scheme delegation signed and works progressing. | |
| | 27 South Woodham Ferrers Pool Works and Plant | 275 | 60 | 335 | | 335 | Yes | Approved at Council February 2023. Scheduled for 2024/25. October 2023 Scheme deferred to 2025/26 pending outcome of application for Sport England Funding. Additional £60k budget approved by Council February 2024. £233k Sport England grant awarded and scheme reprogrammed to 2024/25 due to spend date of grant. | |
| 71 | 28 S106 Strategic Borough Sports | | | 0 | 71 | 71 | Unspecified | Runwell Sports and Social Club grant to cover costs of scheme | |
| | 29 Hylands House Stable Block Toilets | 44 | 16 | 60 | | 60 | Agreed to Defer to 2024/25 | Approved at Council February 2020 and programmed for 2022/23. Now programmed for 2023/24. October 2023 following review deferred to 2024/25. Cost reviewed and £16k additional budget approved February 2024. | |
| | 30 Hylands House Footpath and Car Park Improved Lighting Scheme | 38 | | 38 | | 38 | New Scheme | Approved at Council February 2024. Programmed for 2025/26. | |
| | <u>Voluntary and Community Sector Support</u> | | | | | | | | |
| | 31 CIL St Andrew's Scout Hut Building | 80 | | 80 | | 80 | Dependent on Third party - Under Review | CIL funding approved Cabinet October 2018 scheme to be included in capital programme approved by February Council 2019. This grant is currently under review and a report will be taken to propose that some of the grant is redirected to another facility. | |
| | 32 CIL Grant Chelmsford Society Model Engineers | 5 | | 5 | | 5 | No - dependent on Third party | CIL funding approved December 2021. Spend approved Council February 2022. | |
| 10 | 33 CIL Knife Angel Legacy Public Art | 10 | | 10 | | 10 | No - dependent on Third party | CIL funding agreed - approved £10k Council February 2024. | |
| 26 | 34 CIL Green Initiatives - Various Schemes | 15 | 31 | 46 | | 46 | No - dependent on Third party | £100k CIL funding approved December 2021 for green initiatives grant funding. Spend approved Council February 2022. £100k pot is drawn down following approval of applications for funding. | |
| | <u>Public Health and Wellbeing</u> | | | | | | | | |
| | N/A | | | | | | | | |
| | <u>Cultural Services (deputy)</u> | | | | | | | | |
| 3,141 | 35 Theatres' Modernisation | 1,000 | 2,246 | 3,246 | -20 | 3,226 | Main works complete - final account agreed but still outstanding work items to complete | Approved at Council February 2021. Delegated authority to Director and Cabinet Member for Connected Chelmsford for a £1m budget. An additional £500k was approved November 2021. A further £1.246m was approved by Council in March 2022 following the return of tenders for the works. £500k approved Cabinet October 2022. £20k transferred to revenue as spend did not qualify for capital, budget reduced. | |
| | 36 Oaklands Museum Staff Room and Kitchen Refit | 24 | | 24 | | 24 | No - Agreed to Defer to 2026/27 | Approved by Council February 2023 and scheduled for 2024/25. October 2023 following review rephased to 2026/27 | |
| | 37 Oaklands Museum Roof Works | 63 | | 63 | | 63 | New Scheme | Approved at Council February 2024. Works scheduled for 2025/26. | |

| Net Expenditure to 31/03/2024 | SCHEME DESCRIPTION | Latest Approved Budget - Approved February 2024 and Additional New Schemes Approved Since that Date | | | Latest Forecast Budget - Additional Requires Approval | | Scheme Scheduled to Complete on Time against Original Programme | Additional Budget Approval Narrative |
|-------------------------------|---|---|--|------------------------|---|-----------------|---|---|
| | | Original Approved Scheme Budget | Additional/Reduced (-) Approved Budget | Latest Approved Budget | More/(Less) Than Approved Budgets | Proposed Budget | | |
| £000s | | £000s | £000s | £000s | £000s | £000s | | |
| | FAIRER | | | | | | | |
| | <u>Housing Services</u> | | | | | | | |
| 6,707 | 38 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy (ii) Acquisition 20 x Houses | 8,200 | -1,106 | 7,094 | | 7,094 | Remaining budget removed. Agreed Council February 2024 | Approved at Council February 2022 and currently programmed for 2022/23. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. Budget for purchase of 20 houses. 17 properties purchased remaining budget deferred to 2023/24. Remaining budget to purchase 1 additional property deferred to 2025/26 due to delays in completion. £1.106m budget not required and used to establish new pooled fund. See scheme no. 24. |
| | 39 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy (ii) Modular Units | 3,510 | -3,510 | 0 | | 0 | Budget removed. Agreed Council February 2024 | Approved at Council February 2022 and currently programmed for 2022/23. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. £3.510m budget not required and used to establish new pooled fund. See scheme no.24. |
| 0 | 40 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing - Development | 1,900 | -1,648 | 252 | -252 | 0 | Remaining budget removed. Agreed Council February 2024 | Approved at Council February 2020. Delegated authority to Cabinet. Completion estimated 2024/25. Provision for development Railway Street. July 2023 decision to transfer site rather than develop in house. Previous spend will need to be transferred to revenue. £142k transferred to revenue remaining and £110k not required. £1.648m budget agreed not required and used to establish new pooled fund. See scheme no. 24. |
| 13 | 41 Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing - acquisition of land | 2,000 | -700 | 1,300 | | 1,300 | Dependent on Third party | Approved at Council February 2020. Delegated authority to Cabinet. Report taken to Council in July and £1.3m budget approved to purchase land for affordable housing. £0.7m not required and used to establish new pooled fund. See scheme no. 24. |
| | 42 Housing Initiatives Future schemes to be developed | | 6,964 | 6,964 | | 6,964 | Business Case to be Developed | October 2023 - Review of housing delivery being undertaken. All unallocated/unspent housing initiatives budgets have been pooled into one single pot which will be used to assist in the delivery of any new policy determined from the review to assist in the delivery of temporary accommodation. Approved Council February 2024. |
| | 43 Initiatives to increase the provision of Affordable Housing Funded by S106 - Grants | 1,643 | -1,325 | 318 | | 318 | Dependent on Third party | Budget approved in principle February 2022 Council. Delegated authority to the Director of Sustainable Communities to decide upon the preferred scheme and spend within the approved budgets following consultation with the Cabinet Member for Fairer Chelmsford. £318k grant for CHP approved by delegation. This budget has been removed and the S106 funding redirected to the purchase of land for affordable housing. |
| 35 | 44 Housing Grant to CRESS | 350 | | 350 | | 350 | New Scheme | Approved by Council February 2024 for payment in 2024/25. Initial payment made in 2023/24 to support initiative. |
| 2,270 | 45 Local Authority Housing Fund Round 2 | | | 0 | 2,610 | 2,610 | New Scheme | Grant awarded and paid over to CHP for acquisition of properties. |
| 1,895 | 46 Drakes' Lane Travellers Site | 1,950 | -56 | 1,894 | 1 | 1,895 | Completed 2023/24 | Approved by Urgency March 2021. |

| Net Expenditure to 31/03/2024 | SCHEME DESCRIPTION | Latest Approved Budget - Approved February 2024 and Additional New Schemes Approved Since that Date | | | Latest Forecast Budget - Additional Requires Approval | | Scheme Scheduled to Complete on Time against Original Programme | Additional Budget Approval Narrative |
|-------------------------------|--|---|---|------------------------|---|-----------------|---|--|
| | | Original Approved Scheme Budget | Additional/ Reduced (-) Approved Budget | Latest Approved Budget | More/(Less) Than Approved Budgets | Proposed Budget | | |
| £000s | £000s | £000s | £000s | £000s | £000s | £000s | | |
| | <u>Corporate Property</u> | | | | | | | |
| 251 | 47 Land Development Site Investigations - Waterside | 365 | 50 | 415 | 1 | 416 | Programme of works to be determined | Approved Cabinet November 2021. Additional £50k approved by Council February 2024. |
| 478 | 48 Various Land Sites' Disposal Costs | 612 | 255 | 867 | -255 | 612 | Under review | Approved Council February 2022. Delegated authority to the director to spend within the approved budget. Additional budget approved £120k February 2023 Council. Council report in July decision taken to transfer some smaller sites rather than develop in house, therefore prior spend will need to be transferred to revenue. £255k transferred to revenue 23/24. |
| 3,440 | 49 Enabling Lockside Growth Area | 450 | 5,506 | 5,956 | | 5,956 | In Negotiations - Late delivery | A Report taken to Cabinet in March 2018 requesting £4.5m and recommended to go on for Council approval. As there was a requirement to spend the budget earlier than the Council approval in July 2018 a sum of £450k was approved via an urgency. The remaining budget for the scheme was approved by Council in July 2018. An additional £500k was approved November 2021. Additional £956k approved July Council 2022. October 2023 delay in purchase of properties now delayed until 2024/25. Acquisition of remaining 3 properties delayed to 2025/26. |
| 1,678 | 50 Apiary Yard (Galleywood Hall) Development Industrial Units | 1,200 | 432 | 1,632 | 46 | 1,678 | Completed 2023/24 | Approved at Council February 2019. Following a reassessment of the budget £400k was removed. Additional £200k was approved November 2021 due to rising prices of materials and construction. An additional £850k was approved by Council February 2022. Additional spend required to meet planning requirements for highways access. |
| 1 | 51 Land Acquisition Cemetery/Crematorium | 1,800 | 2,200 | 4,000 | | 4,000 | To identify potential Land Site | Approved at Council February 2019. Additional £1.8m approved Council February 2020. Additional £2.4m approved July 2022 Council. October 2023 Potential site identified, surveys for suitability being undertaken, budget adjusted for estimated cost of land Council February 2024. |
| | 52 High Chelmer Roof | 1,500 | -1,500 | 0 | | 0 | Removed to Aspirational. Agreed Council February 2024 | Approved at Council February 2020 and programmed for 2021/22. These works had been programmed to commence in 2026/27. October 2023 review has resulted in budget being removed due to insufficient clarity about timing. |
| | 53 Refurbishment of Commercially Leased Properties - Visteon | 720 | | 720 | | 720 | New Scheme | Approved at Council February 2024. Delegation to Cabinet to approve a business case following feasibility. Works required to enable reletting of property. |
| 2,136 | 54 Refurbishment of Commercially Leased Properties - Eagle House | 720 | 1,480 | 2,200 | -64 | 2,136 | Completed 2023/24 | Approved at Council February 2020. Delegated authority to Director and Cabinet Member for Fairer Chelmsford. An additional £380k was approved November 2021. Additional £1.1m agreed at Cabinet October 2022. Urgency approved November 2022. |
| | <u>Building Services</u> | | | | | | | |
| | 55 Civic Centre Ventilation and Roof Works | 30 | | 30 | | 30 | New Scheme | Approved at Council February 2024. Scheduled for 2024/25. |

| Net Expenditure to 31/03/2024 | SCHEME DESCRIPTION | Latest Approved Budget - Approved February 2024 and Additional New Schemes Approved Since that Date | | | Latest Forecast Budget - Additional Requires Approval | | Scheme Scheduled to Complete on Time against Original Programme | Additional Budget Approval Narrative |
|-------------------------------|--|---|---|------------------------|---|-----------------|---|---|
| | | Original Approved Scheme Budget | Additional/ Reduced (-) Approved Budget | Latest Approved Budget | More/(Less) Than Approved Budgets | Proposed Budget | | |
| £000s | | £000s | £000s | £000s | £000s | £000s | | |
| | Greener Chelmsford | | | | | | | |
| | Parks and Green Spaces | | | | | | | |
| | 56 Cemetery and Crematorium Infrastructure | 6,800 | | 6,800 | | 6,800 | Business Case to be Developed | Approved Council February 2020 with a delegation for Cabinet to approve a final scheme. |
| 83 | 57 Cemetery Toilet Refurbishment | 86 | | 86 | -3 | 83 | Completed 2023/24 | Approved at Council February 2022. Delegated authority to Director to spend within approved budget. |
| 27 | 58 Cemetery Lining of Foul Water Drain | 29 | | 29 | -2 | 27 | Completed 2023/24 | Approved at Council February 2023. Scheduled for 2023/24. |
| 16 | 59 Crematorium Office Pyramid Roof | 18 | | 18 | -2 | 16 | Completed 2023/24 | Approved at Council February 2023. Scheduled for 2023/24. |
| | 60 Beaulieu Park Pavilion Refurbishment | 57 | | 57 | | 57 | No | Approved at Council February 2020 and programmed for 2021/22. Deferred due to decarbonisation feasibility works to 2025/26. |
| | 61 Chancellor Park Pavilion Works | 46 | | 46 | | 46 | No - deferred to 2024/25 | Approved at Council February 2020 and programmed for 2021/22. Deferred due to decarbonisation feasibility works to 2024/25. |
| 14 | 62 Beaulieu Pavilion Health and Safety Works | 33 | | 33 | | 33 | No | Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget. |
| 181 | 63 Oaklands Park Upgrade Tennis Courts | 91 | 90 | 181 | | 181 | Completed 2023/24 | Approved by Council Feb. 2022. Delegated authority to the director to spend within the approved budget. Additional £86k budget approved February Council 2023 funded by contribution. Scheme has been amended from MUGA to upgraded tennis courts. Additional £4k approved Council February 2024 based on forecast cost. |
| | 64 Rivers and Waterways Improvements | 600 | -107 | 493 | | 493 | No - Scheme to be developed | Approved at Council February 2020 with a delegation to the Director and Cabinet Member for Greener and Safer Chelmsford. Originally programmed over 3 years commencing 2021/22. Start of three year programme deferred to 2024/25. |
| 70 | 65 Mass Tree planting and Woodland Creation | 4,400 | -2,750 | 1,650 | -17 | 1,633 | Reviewed Annually | Approved at Council February 2020 £4.4m with delegated authority to Director of Public Places, S151 Officer and the relevant Cabinet Members. Funding to be sought circa £2m. Three year programme scheduled wef 2021/22. Spend will now occur over longer period to 2029/30. Budget reduced £2.6m reduction reported to Council February 2024. |
| 9 | 66 CIL Landscape Enhancement Scheme Chignal Road | 11 | | 11 | | 11 | Yes | CIL funding approved October 2018 Chignal Road Landscaping scheme approved February 2019 Council. |
| | 67 CIL Parks and Open Spaces - John Shennan Basketball | | | | | 10 | New Scheme | CIL neighbourhood grant application from Moulsham Community Trust approved April 2024. |
| | Planning | | | | | | | |
| 33 | 68 Garden Communities Infrastructure Fund | | 290 | 290 | | 290 | Dependent on Third parties | Various schemes will be grant funded |
| 32 | 69 S106 Stonebridge Illuminations | 37 | 6 | 43 | 14 | 57 | No | Approved by delegation April 2019. Additional budget approved by delegation March 2020 £6k. |
| 2 | 70 S106 River Can Pathway Lighting Design | 10 | 6 | 16 | -14 | 2 | No | Approved by delegation £10k January 2020. Additional budget approved by delegation March 2020 £6k. |
| 81 | 71 S106 Public Art Channels | 21 | 81 | 102 | | 102 | No | Approved by delegation January 2020 £21k. Additional sum approved by delegation £79k October 2021. £2k approved Council February 2024. |
| | 72 S106 Marconi Water Tower | 30 | | 30 | | 30 | Unspecified | £30k approved at February Council 2024. |

| Net Expenditure to 31/03/2024 | SCHEME DESCRIPTION | Latest Approved Budget - Approved February 2024 and Additional New Schemes Approved Since that Date | | | Latest Forecast Budget - Additional Requires Approval | | Scheme Scheduled to Complete on Time against Original Programme | Additional Budget Approval Narrative |
|-------------------------------|--|---|---|------------------------|---|-----------------|---|--|
| | | Original Approved Scheme Budget | Additional/ Reduced (-) Approved Budget | Latest Approved Budget | More/(Less) Than Approved Budgets | Proposed Budget | | |
| £000s | | £000s | £000s | £000s | £000s | £000s | | |
| 145 | 73 CIL Sutherland Lodge Refurbishment | 525 | | 525 | | 525 | No. Now being spnt | Approved Council July 2017. |
| | SAFER | | | | | | | |
| | <u>Community Safety</u> | | | | | | | |
| | 74 Market Road Conveniences Accessibility | 20 | | 20 | | 20 | No | Approved by Council February 2023. Scheduled for 2023/24. |
| 99 | 75 Public Convenience Refurbishment - Admirals and Central Park | 168 | | 168 | | 168 | Yes | Approved by Council February 2023 £84k each site. Two year programme scheduled to commence 2023/24. Central Park completed £113k. Remaining budget for Admirals Park £55k. |
| 148 | 76 Community Flood Improvements | 184 | 1 | 185 | | 185 | Works Completed | Capital grant received to enable the works to be completed. This scheme was approved by Cabinet in June 2017. |
| | | | | | | | Monitoring to continue | |
| | <u>Waste Management and Recycling</u> | | | | | | | |
| 533 | 77 Chelmsford Indoor Market Refurbishment | 500 | 100 | 600 | | 600 | Indoor works completed. Outdoor works deferred to 2024/25 | Approved supplementary estimate February 2018. Scheme design finalised. Additional supplementary estimate approved for £200k December 2018 in order to implement the preferred design with suspended ceiling. Estimate reduced by £50k. New budget reported Council February 2020. A further reduction in budget, £50k, was noted by Council in July 2020. |
| | 78 Retail Market Drainage Improvements | 31 | | 31 | | 31 | Deferred to 2024/25 | Approved by Council February 2022. Delegated authority to Director to spend within approved budget. |
| | 79 Retail Market Traders' Conveniences Remodelling | 102 | | 102 | | 102 | Agreed to defer to 2026/27 | Approved Council February 2023. Scheduled for 2023/24. October 2023 reviewed and deferred to 2026/27. |
| | 80 Retail Market Canopy Roof Liquid System | 90 | | 90 | | 90 | New Scheme | Approved by Council February 2024. Works scheduled for 2025/26. |
| | 81 High Chelmer MSCP and Retail Market Red Walkway Health and Safety works | 14 | | 14 | | 14 | New Scheme | Approved by Council February 2024. Works scheduled for 2024/25. |
| | 82 Freighter House Depot Resurfacing Works | 216 | | 216 | | 216 | Yes | Approved at Council February 2023. Five year programme scheduled to commence 2024/25. |
| | <u>Support Services (deputy)</u> | | | | | | | |
| | <u>N/A</u> | | | | | | | |
| 53,463 | Grand Total | 87,636 | 31,614 | 119,250 | 2,381 | 121,631 | | |
| | | | | Net Variation | 2,381 | | | |

| Reasons for Variations Greater Than £25,000 | | | | | | | |
|--|--|-------------------------------|----------------------------------|------------------|-------------------------------|--------------------------|--|
| | Scheme Description | Latest Approved Budget | Estimated Budget Required | Variation | Variation Type | Percentage Change | Reason |
| | | £000's | £000's | £000's | | | |
| 1 | Riverside Elevations | 22 | 0 | -22 | Budget removed | -100.00% | Scheme removed remaining spend on scheme transferred to revenue as aborted cost |
| 13 | Various Land Sites' Disposal Costs | 867 | 612 | -255 | Reduced Budget | -29.41% | Spend on development sites agreed to be transferred to Guinness Housing transferred to revenue as aborted costs |
| 15 | Apiary Yard (Galleywood Hall) Development Industrial Units | 1,632 | 1,678 | 46 | Increased Budget | 2.82% | Scheme completed and has resulted in an overspend. Additional spend in relation to meeting access requirements imposed by ECC. |
| 19 | Refurbishment of Commercially Leased Properties - Eagle House | 2,200 | 2,136 | -64 | Reduced Budget | -2.91% | Completed scheme resulted in underspend |
| 22 | Housing Initiatives to Support the Homelessness and Rough Sleeper Strategy and Affordable and Social Housing - Development | 252 | 0 | -252 | Reduced Budget | -100.00% | Railway Street site to be transferred to Guinness Housing for development therefore spend to date on scheme has been transferred to revenue as aborted cost, £142k. Remaining budget not required, £110k. |
| 27 | Local Authority Housing Fund Round 2 | 0 | 2,610 | 2,610 | Increased budget fully funded | 100.00% | We have been awarded a grant from DLUCH which has been transferred to CHP towards the acquisition of 15 properties. |
| 43 | Green Fund Initiatives Phase I | 355 | 318 | -37 | Budget reduced | -10.42% | Although this is being reported as a variation the spend did take place but did not qualify as capital and was transferred to revenue. Appropriate revenue resources have been allowed for to fund this cost in financial planning. The budget has been reduced by this amount. |
| 57 | Public Realm Tindal Square Design and Construction | 4,727 | 5,034 | 307 | Increased Budget fully funded | 6.49% | The final account has now been agreed, although still not confirmed in writing. Under the terms of the contract for the project it is anticipated that due to a number of compensation events that an additional budget of £307k is required to close the final account. ECC have agreed in principal to provide funding towards the cost of £65k with the remainder coming from strategic CIL as previously agreed cost of scheme should come from CIL. |
| 65 | S106 Strategic Borough Sports | 0 | 71 | 71 | Increased budget fully funded | 100.00% | Although there was no budget for this spend there is an agreement to transfer grant payments to Runwell Sports and Social Club to match their expenditure for a new facility. |

| CAPITAL ASSET ROLLING/REPLACEMENT PROGRAMME | | | | | | | | | | |
|--|--|--|---------------------------------|---------------------|--|---|------------------------------|---|--------------------------------|--|
| | | 2023/24 | | | | | | 2024/25 | | |
| | | REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE VARIATIONS FROM LATEST APPROVED ESTIMATE TO LATEST FORECAST | | | | | | 2024/25 REPLACEMENT PROGRAMME - CAPITAL EXPENDITURE REPHASING VARIATIONS | | |
| | | Analysis of Variations | | | | | | Variations | | |
| Net Expenditure to 31/03/2024 | CAPITAL ASSET REPLACEMENT PROGRAMME | Latest Approved Estimates for 2023/24 | Change in Scheme Phasing | New Proposal | More/Less (-) Than Approved Budgets | Net Variance for 2023/24 Additional Cost | Total Outturn 2023/24 | Original Approved Estimate for 2024/25 | Re phasing from 2024/25 | Total Proposed Budget Requirement for 2024/25 |
| £000's | SCHEME DESCRIPTION | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| | LEADER | | | | | | | | | |
| | Sustainable Transport (Deputy) | 0 | | | | | | | | |
| 8 | 1 Car Park LED Lighting | 8 | | | | 0 | 8 | 0 | | 0 |
| | 2 Car Park Pay on Foot Equipment | 0 | | | | 0 | 0 | 0 | | 0 |
| | 3 Car Park Vehicles and Equipment | 0 | | | | 0 | 0 | 32 | | 32 |
| | Active | | | | | | | | | |
| | Leisure and Heritage | | | | | | | | | |
| 6 | 4 Dovedales Replacement Equipment | 7 | | | -1 | -1 | 6 | 14 | | 14 |
| 90 | 5 Riverside Replacement Equipment | 99 | -8 | | -1 | -9 | 90 | 148 | 8 | 156 |
| 21 | 6 Riverside Plant | 32 | -11 | | | -11 | 21 | 120 | 11 | 131 |
| 30 | 7 CSAC Replacement Equipment | 32 | -2 | | | -2 | 30 | 59 | 2 | 61 |
| 96 | 8 CSAC Expansion Fitness Room Equipment | 105 | | | -9 | -9 | 96 | 0 | | 0 |
| 5 | 9 CSAC Plant | 6 | -1 | | | -1 | 5 | 35 | 1 | 36 |
| 3 | 10 SWFLC Replacement Programme | 6 | -3 | | | -3 | 3 | 28 | 3 | 31 |
| | 11 SWFLC Plant Replacement | 0 | | | | 0 | 0 | 68 | | 68 |
| | 12 SWF 3G Pitch | 0 | | | | 0 | 0 | 22 | | 22 |
| 6 | 13 Hylands House Mechanical and Electrical | 6 | | | | 0 | 6 | 36 | | 36 |
| | 14 Hylands Pavilion Infrastructure | 0 | | | | 0 | 0 | 6 | | 6 |
| 73 | 15 Hylands Pavilion Skins and Linings | 73 | | | | 0 | 73 | 0 | | 0 |
| 15 | 16 Hylands Pavilion Equipment | 15 | | | | 0 | 15 | 45 | | 45 |
| 5 | 17 Hylands House Equipment | 9 | | | -4 | -4 | 5 | 61 | | 61 |

| Net Expenditure to 31/03/2024 | CAPITAL ASSET REPLACEMENT PROGRAMME | | Latest Approved Estimates for 2023/24 | Change in Scheme Phasing | New Proposal | More/Less (-) Than Approved Budgets | Net Variance for 2023/24 Additional Cost | Total Outturn 2023/24 | Original Approved Estimate for 2024/25 | Re phasing from 2024/25 | Total Proposed Budget Requirement for 2024/25 |
|-------------------------------|-------------------------------------|--|---------------------------------------|--------------------------|--------------|-------------------------------------|--|-----------------------|--|-------------------------|---|
| | | <u>Cultural Services (Deputy)</u> | | | | | | | | | |
| 14 | 18 | Theatres' Equipment | 15 | | | -1 | -1 | 14 | 400 | | 400 |
| | 19 | Ultra Short throw and Long Lens | | | | | | | 17 | | 17 |
| | 20 | Theatres' Plant | 0 | | | | 0 | 0 | 16 | | 16 |
| 10 | 21 | Museum Equipment and Vehicles | 10 | | | | 0 | 10 | 2 | | 2 |
| 3 | 22 | Museum Platform Lift | 12 | -9 | | | -9 | 3 | 0 | 9 | 9 |
| | | Fairer | | | | | | | | | |
| | | <u>Building Services</u> | | | | | | | | | |
| | 22 | Civic Centre Heating | 0 | | | | 0 | 0 | 0 | | 0 |
| 2 | 23 | Civic Centre Plant | 2 | | | | 0 | 2 | 0 | | 0 |
| | 24 | Civic Centre Floor Replacements | 0 | | | | 0 | 0 | 0 | | 0 |
| | 25 | Print and Post Room Replacement Equip. | 0 | | | | 0 | 0 | 5 | | 5 |
| 12 | 26 | Street Lighting | 30 | -19 | | 1 | -18 | 12 | 10 | 19 | 29 |
| | | Greener | | | | | | | | | |
| | | <u>Parks and Green Spaces</u> | | | | | | | | | |
| 33 | 27 | Crematorium Equipment | 40 | -6 | | -1 | -7 | 33 | 85 | 6 | 91 |
| 14 | 28 | Crematorium Columbarium | 14 | | | | 0 | 14 | 14 | | 14 |
| 10 | 29 | Cemetery Plant | 10 | | | | 0 | 10 | 0 | | 0 |
| | 30 | Sports Equipment, floodlights, Irrigation | 0 | | | | 0 | 0 | 0 | | 0 |
| 11 | 31 | Parks and Sports Grounds Heating Systems | 12 | | | -1 | -1 | 11 | 0 | | 0 |
| 167 | 32 | Parks Replacement Vehicles and Equipment | 333 | -166 | | | -166 | 167 | 728 | 166 | 894 |
| | 33 | Chelmer Park Artificial Pitch Flood Lights | | | | | | | 37 | | 37 |
| | 34 | Melbourne 3G Pitch | 0 | | | | 0 | 0 | 4 | | 4 |
| 3 | 35 | Waterhouse Lane Depot Heating | 3 | | | | 0 | 3 | 0 | | 0 |
| | | Safer | | | | | | | | | |
| | | <u>Community Safety</u> | | | | | | | | | |
| 20 | 36 | CCTV Replacement Equipment | 20 | -12 | | 12 | 0 | 20 | 36 | 12 | 48 |
| 0 | 37 | CCTV Various Schemes Sites CIL | 3 | -3 | | | -3 | 0 | 0 | 3 | 3 |
| 4 | 38 | CCTV Home Office GRIP Funded | 4 | | | | 0 | 4 | 0 | | 0 |
| | 39 | PHPS Vehicles and Electric Chargers | 0 | | | | 0 | 0 | 0 | | 0 |

| Net Expenditure to 31/03/2024 | CAPITAL ASSET REPLACEMENT PROGRAMME | Latest Approved Estimates for 2023/24 | Change in Scheme Phasing | New Proposal | More/Less (-) Than Approved Budgets | Net Variance for 2023/24 Additional Cost | Total Outturn 2023/24 | Original Approved Estimate for 2024/25 | Re phasing from 2024/25 | Total Proposed Budget Requirement for 2024/25 |
|-------------------------------|---|---------------------------------------|--------------------------|--------------|-------------------------------------|--|-----------------------|--|-------------------------|---|
| 453 | 69 Digital Services Replacement Programme | 604 | | | -151 | -151 | 453 | 10 | | 10 |
| | 70 Digital Storage | 0 | | | | 0 | 0 | 0 | | 0 |
| 24 | 71 Digital Servers | 19 | | | 5 | 5 | 24 | 0 | | 0 |
| 0 | 72 Meeting Room Digital Equipment | 57 | -57 | | | -57 | 0 | 0 | 57 | 57 |
| 0 | 73 Website Upgrade | 3 | | | -3 | -3 | 0 | 8 | | 8 |
| | 74 System Upgrade | 0 | | | | 0 | 0 | 9 | | 9 |
| | 75 System Security | 0 | | | | 0 | 0 | 20 | | 20 |
| 5 | 76 Networks | 134 | -129 | | | -129 | 5 | 0 | 129 | 129 |
| 7 | 77 Investment in Digital Technology - DPO | 160 | -153 | | | -153 | 7 | 215 | 153 | 368 |
| 25 | 78 Civic Duties Vehicle | 25 | | | | 0 | 25 | 0 | | 0 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| 3,284 | Totals | 4,618 | -808 | 0 | -518 | -1,326 | 3,292 | 5,600 | 808 | 6,408 |

| Reasons for Variations Greater Than £25,000 in Asset Replacement Programme | | | | | | |
|---|------------------------|---------------------------|-----------|---|-------------------|--|
| Scheme Description | Latest Approved Budget | Estimated Budget Required | Variation | Variation Type | Percentage Change | Reason |
| | £000's | £000's | £000's | | | |
| 2023/24 | | | | | | |
| Support Services | | | | | | |
| 69 Digital Services Replacement Programme | 604 | 453 | -151 | Revenue Expenditure and Price Variation | -25.00% | £75K spend did not qualify as capital spend and was transferred to revenue, £76K Price Variation. |
| 72 Meeting Room Digital Equipment | 57 | 0 | -57 | Rephasing of spend to 2024/25 | -100.00% | Replacements have been deferred to 2024/25 with installation occurring from April 2024. |
| 76 Networks | 134 | 5 | -129 | Rephasing of spend to 2024/25 | -96.27% | Replacements have been deferred to 2024/25 as there have been delays with being able to purchase replacement network kit. |
| 77 Investment in Digital Technology - DPO | 160 | 7 | -153 | Rephasing of spend to 2024/25 | -95.63% | Budgets have been deferred to 2024/25 awaiting for schemes to bid for funding. |
| Greener | | | | | | |
| 32 Parks Replacement Vehicles and Equipment | 333 | 167 | -166 | Rephasing of spend to 2024/25 | -49.85% | Replacements have been deferred to 2024/25 to maximise warranty period of new vehicle. |
| Safer | | | | | | |
| 57 Street Cleansing Vehicles | 481 | 320 | -161 | Budget not required - Vehicles leased | -33.47% | Vehicles leased under operating and finance leases £132k. No use of capital resources operational leases are a charge to revenue. £29k saving. |
| 59 Street Cleansing Crane Vehicle | 88 | 0 | -88 | Rephasing of spend to 2024/25 | -100.00% | Replacements have been deferred to 2024/25. Type of vehicle for replacement still under review. |
| 61 Wet Team Equipment | 85 | 0 | -85 | Rephasing of spend to 2024/25 and budget not required -Vehicle leased | -100.00% | -29K Replacements have been deferred to 2024/25, -56K vehicle financed under operating lease, no use of capital resources and are a charge to revenue. |
| 62 Hit Squad Replacements | 112 | 0 | -112 | Rephasing of spend to 2024/25 | -100.00% | Replacements have been deferred to 2024/25. One vehicle awaiting delivery and the other vehicle still reviewing the type of vehicle for replacement. |
| 6 Refuse Vehicles | 471 | 394 | -77 | Budget not required - Vehicles leased | -16.35% | Vehicles leased under operating lease £59k. No use of capital resources, operational leases are a charge to revenue. £18k cost adjustment. |
| 45 Disabled Facility Grants (fully externally funded) | 1055 | 890 | -165 | Increase spend Fully Funded by grant | -15.64% | Additional spend incurred that is fully funded by grant. It is difficult to predict the annual spend as it is based on third party grant applications. Actual grant received in year £1.198m. The underspend against the grant is £308k. |
| 47 PLACE (Funded) | 372 | 422 | 50 | Increased spend Fully Funded | 13.44% | Additional spend incurred that is fully funded by grant. It is difficult to predict the annual spend in year. |
| 2024/25 | | | | | | |
| Support Services | | | | | | |
| 72 Meeting Room Digital Equipment | 0 | 57 | 57 | Rephasing of spend from 2023/24 | 100.00% | Replacements have been deferred to 2024/25. See above. |
| 76 Networks | 0 | 129 | 129 | Rephasing of spend from 2023/24 | 100.00% | Replacements have been deferred to 2024/25. See above. |
| 77 Investment in Digital Technology - DPO | 215 | 368 | 153 | Rephasing of spend from 2023/24 | 71.16% | Replacements have been deferred to 2024/25. See above. |
| Greener | | | | | | |
| 32 Parks Replacement Vehicles and Equipment | 728 | 894 | 166 | Rephasing of spend from 2023/24 | 22.80% | Replacements have been deferred to 2024/25. See above. |
| Safer | | | | | | |
| 59 Street Cleansing Crane Vehicle | 0 | 88 | 88 | Rephasing of spend from 2023/24 | 100.00% | Replacements have been deferred to 2024/25. See above. |
| 61 Wet Team Equipment | 91 | 120 | 29 | Rephasing of spend from 2023/24 | 31.87% | Replacements have been deferred to 2024/25. See above. |
| 62 Hit Squad Replacements | 0 | 112 | 112 | Rephasing of spend from 2023/24 | 100.00% | Replacements have been deferred to 2024/25. See above. |

Revenue Budget Projections for next five years

1. Below is a high-level summary of forecast changes in the Council's income and expenditure compared to the approved original 2024/25 budget. Minus figures are Council gains and positive are adverse costs (or less income). The bottom figures in yellow show the deficits, firstly for each year, then cumulatively assuming the preceding year is not balanced. For 2025/26, the Council has a £3.952m budget shortfall (deficit).

| | Note | 2025/26 £000s | 2026/27 £000s | 2027/28 £000s | 2028/29 £000s | 2029/30 £000s |
|---|------|------------------|------------------|------------------|------------------|------------------|
| Housing & Temporary (TA) accommodation | a | -300 | 1,150 | 1,012 | 1,013 | 1,014 |
| Pay@ 3% | b | 1,278 | 1,320 | 1,370 | 1,411 | 1,460 |
| Pay 2024/25 impact | b | 500 | 0 | 0 | 0 | 0 |
| Energy saving (excluding reserves) | c | -300 | 0 | 0 | 0 | 0 |
| Other Inflation on costs | c | 473 | 366 | 378 | 396 | 414 |
| Income @3% assumed increase | | -878 | -879 | -908 | -935 | -963 |
| Funding for services to meet costs of City Growth | | 177 | 196 | 167 | 167 | 167 |
| Housing Benefit non-TA | d | 333 | 0 | 0 | 0 | 0 |
| Net change income (allowing for associated costs) | e | 192 | 110 | 0 | 0 | 0 |
| 2024/25 Savings not expected to be achieved | f | 401 | 0 | 0 | 0 | 0 |
| Other | | 217 | -13 | -2 | 26 | 18 |
| Capital Financing (see Appendix 2) | | 1,335 | 1,438 | 291 | 670 | 593 |
| Impact of Reserves from 24/25 | g | 1,110 | 0 | 0 | 0 | 0 |
| Council tax 3% increase & housing growth | | -586 | -556 | -504 | -519 | -535 |
| Budget Shortfalls | | 3,952 | 3,132 | 1,804 | 2,229 | 2,168 |
| Cumulative shortfall | | 3,952 | 7,084 | 8,888 | 11,117 | 13,285 |

2. Below are short explanatory notes on the key variances identified above:

- The Council is forecast to spend less on homelessness and associated housing service costs in 2025/26 than the current 2024/25 budgeted amount. This lower forecast is justified as the caseload was expected to be 531 on the 1st April in 2024/25 budget but in fact it was 458. Additionally, other factors such as improved recovery of arrears and lower repairs cost should mean that 2025/26 Housing expenditure is £301k below the 2024/25 budget.
Unfortunately, the number of households in TA is expected to continue to rise by 70 each year of the forecast. So, homelessness costs remain a significant factor in the Council's financial challenge. TA requirements are hard to predict, so the budget may include amended assumptions.
- Pay pressures remain, with private sector pay increases running above those awarded to Council staff. A 3% increase in the pay bill has been allowed for in the projections. Plus, an extra £0.5m is included to reflect the 2024/25 pay award of £1,290 or 2.5% which costs more than the 3% provided in the 2024/25 budget.
- Inflation has eased but in a number of areas it has remained a problem, such as building and vehicle fleet maintenance. Most software licences now also include an inflationary increases clause. Allowance has been made for these costs. On the more positive side, energy cost pressures have lessened to be below the projected budget. The forecast assumes prices broadly remain constant with 2023/24 costs. Any increases will be funded from reserves on the basis they are just volatility.
- The Government fully funds most housing benefit paid out by the Council; the main exceptions are TA rents and the costs of support in supported housing rents. The Council's budget for supported housing benefit needs to rise to reflect higher demand and cost of provision.
- Income estimates have been increased in a number of areas reflecting a better 2023/24 outturn position. However, expenditure budgets need to be increased to reflect the work in generating the extra income. There is a net gain of £464k which arises from theatres, leisure, car parks, and waste.

There are several income budgets that will need to be reduced following a review of the 2023/24 outturn, totalling £656k. The adverse variations are in Trade waste, Events, Bereavement services, Building control, Local Land charges and Licensing.

- f. For well over a decade, the Council has each year had to find savings and additional income to balance its budget and maintain service provision. It is increasingly difficult to identify and deliver new savings after such a long period. Some £401k of planned employee savings included in the 2024/25 budget (including an extra £180k of vacancy factor) is currently thought to be unachievable. For financial planning, it is assumed these will not be achieved on an ongoing basis, however they will be reviewed again in the budget process. It is likely, going forward, that not all the savings identified will be delivered in the target time scale set in the budget.
- g. The 2024/25 budget was approved with an unresolved budget gap which was prudently funded from the general reserve. This reflected the difficulty in finding ways to resolve the gap but also the risk that Housing/TA costs could be significantly lower than budgeted for in 2024/25 (which current monitoring in Appendix 1 shows). The use of general reserves in 2024/25 is not repeated in the 2025/26 forecast, so the reduced use of reserves shows an adverse variance (effectively less income to revenue budget).
- h. Changes in the cost of Capital Financing are explained within Appendix 2.

3. Upsides, Risks, Uncertainties and Alleviations

There are a small number of key assumptions that are very significant to the overall outcome of the forecast. Officers believe changes to these key assumptions would result in changes to the forecast amounting to several million pounds in 2025/26 for better or worse. These are discussed below.

The more positive outcomes in the forecast rely on Government providing more funding. It seems logical that more funding is likely, given the number of local authorities failing. However, there is no certainty as no figures or formal commitments have been given, the wider context of the Government's announced £22bn funding black hole and the fact that district councils tend to be lower priority than social care. If any additional funding happens, it will be announced before the budget. For now, financial planning in the central case in this report relies on what is known and quantifiable. The key risks and uncertainties (including upsides) to the forecast are discussed in brief below; most have already been discussed in detail in the February 2024/25 budget report

- a. Government core funding (£8m). It appears almost certain that there will be a one-year settlement for 2025/26 and, at some point in 2025/26, an announcement of three years of funding beginning in 2026/27. The current intention of government looks to be that the three-year settlement will be a complete overhaul of local authority funding allocations and consolidation of funding streams. Previous attempts to reform funding allocations left the City Council in a worse position than before the change, though it seems unlikely that there will be a downside risk to the Council. The forecast assumes 2% increases in funding; indicatively, a further 5% increase in core funding would be an extra £0.4m a year.
- b. Business Rate Retention. No changes to the scheme are expected in 2025/26, so the forecast assumes £2.25m of usable income each year. However, the Government has stated a desire to consolidate income streams to Councils. This could potentially mean winners and losers across all authorities or relatively small gains for some authorities. It is reasonable to conclude there is more downside risk to Business Rate Retention income from 2026/27 onwards. The approach taken is to set aside up to two years of income in a reserve, to protect against fluctuations and the complete loss of this income. Any additional gains in the current year over the budgeted income should be treated as one-off and set aside to fund capital (in order to lower long-term borrowing costs).
- c. Extended Producer Responsibilities (EPR). The Government charges a levy on packaging companies, and this will start being paid over to Councils during 2025/26 or 2026/27. The EPR scheme will require improvements to local authority recycling arrangements so may require additional expenditure. The EPR funding is thought likely to be a significant net financial gain for the City Council. Indicatively, the gain

could be £1.5m a year, though it could be significantly more or less. The current forecasts do not include any allowance for EPR funding as the timing of the payment is uncertain, the amount is unknown and the Government could in later years potentially consolidate the EPR funding into the Core funding settlement. EPR funding could reduce the budget shortfalls, but it is most unlikely to remove the overall deficit. It is expected that a clearer explanation of the Government position and first year funding will be available in November 2024.

- d. Planning charges. The Government is consulting on allowing more freedoms for Councils to set planning charges. The gain could be £0.1m to £0.2m.
- e. Government funding of Temporary Accommodation (subsidy loss). Currently, each extra case of homelessness placed in TA costs the Council £13.4k a year in subsidy loss. Government funds TA Housing Benefit at the lowest 30th percentile of 2011 rents. If funding were increased to the 2024 equivalent rents, the Council would gain circa £1.3m a year. Discussions with the Government at officer level have provided positive feedback but given the overall financial position of Government, any additional funding may not be deemed affordable. No change in funding has been allowed for, as there is currently insufficient evidence of change.
- f. The number of cases in TA will still be an important determinant of the overall Council budget. Variations in case load projections are lower than those included in 2024/25 budget, and this has been allowed for in the forecast. Further improvements are possible but there remains risk of spikes and ongoing increases in demand for homeless services.
- g. Pay Rises remain more of an issue than in the years prior to the pandemic, where Council pay awards were on average around 1.5%. Increases in the national living (minimum) wage have for the last few years been running at nearly 10%. This creates a significant risk that the pay bill for future years could rise by more than the 3% allowed for in the forecasts. Every 1% increase in pay costs an extra £400k. The level of pay provision will be re-assessed as part of the 2025/26 budget proposals.
- h. Utility (Energy) costs. Reserves will be used to offset any risks on energy price rises. The costs will be driven by world events and even allowing for the Council's procurement arrangement that can purchase up to 3 years in advance, pricing is unknown.
- i. VAT. The Council has applied for VAT exemption for theatre ticket income. This approach is in line with a significant number of other local authorities. The budget and forecast allow for more than £300k of additional annual income on that basis. Unfortunately, the Council is in dispute with HMRC on the matter. There remains a risk of having to account for VAT on theatre tickets. The risk is low, given the approach the Council has taken has been endorsed by HMRC at other authorities.
- j. Commercial Rent Income. The Council has a number of vacant or part-vacant Council properties, which have been discussed at Treasury Management and Investment subcommittee. The 2024/25 budget allowed for them being vacant, however the forecast assumes a longer period of vacancy. Reserves are being used to offset the loss of income. Some £4m is expected to be used over the forecast period. In the unlikely event the properties remain vacant for a longer period, it may be necessary to find additional income or savings to offset the loss, £1m a year, as reserves are not a long-term solution.

4. Actions

The forecast budget shortfall is £4.0m for 2025/26 and cumulatively £13.3m for the whole forecast, which is a large challenge to resolve. Both the Chief Executive and Cabinet Members have lobbied MPs and the Government to explain and offer solutions to the extraordinarily difficult financial position faced by this and other Councils. There are reasons to be optimistic, as feedback from Government does recognise the problems. However, it is exceptionally difficult to believe the Government will provide funding to meet all or say even half of that gap and of course the first year 2025/26 is only part of a larger £13m shortfall.

The Council in its budget process must consider other options to balance its budget in a sustainable way. If the Government does provide sufficient funding, then not all these will be necessary, but what happens will be determined by Government. It is important the Council plans for both upside and downside funding

changes from the Government. The areas the Council budget process will examine further to address the gap are:

- a. Lobbying of Government.
- b. Budget Reviews. Officers will work with Cabinet members to review changes to budgets or staffing that have no material or limited impact on service delivery. This is the normal process run for over 15 years at the Council. The amounts identified are likely to be extremely limited due to the least difficult options already having been implemented.
- c. Council Tax. Officers understand that the Government may change the maximum Council Tax increase to £10 instead of 3%. If adopted, this would raise around circa £240k extra a year for the City Council.
- d. Temporary Accommodation/Housing costs. The Council is highly reliant on private sector short-term lets (often referred to as nightly lets), with 281 households in nightly lets out of 488 currently in TA. Officers continue to look at options to reduce costs and hope to include some initiatives within the budget. Nationally, there are growing numbers of homeless and there is strong competition for scarce housing. Currently a best-case scenario would be a reduction in costs of circa £300-500k per year.
- e. A review of all fees and charges will be undertaken. Charges should be increased where corporate priorities can be still achieved. Proposals are still being developed but any increases will not be sufficient to meet the budget shortfall on their own.
- f. Use of reserves to balance the budget. The key measure of reserve health is the amount in the General Balance (contingency) compared to the target level, which is currently £9m. The s151 officer is required to define the target in the budget each year. The multi-year projections of reserves are in Appendix 4. The projections do not suggest that any material amount of reserves can currently be used to fund the budget. Reserve levels need to be maintained, where possible, to cover the risks from ongoing reduced commercial rent income, new economic shocks and Government funding changes. The reserves continue to act as a buffer against significant risks. A lower target level of general balance may well be possible once the government has provided longer-term certainty over funding.
- g. Re-assess levels of service provision. These may be unaffordable in the medium term as Council income has not kept up with expenditure, given expenditure has been pushed higher by living wage increases of circa 10% per year, demand pressures such as the housing crisis and historically high inflation on a wide range of items. Government funding increases have not come close to meeting those costs in the last 10 years.
- h. Consider introducing a new charge for collection of garden waste. 65% of Councils currently charge for garden waste collections and this number is expected to increase to over 80%, mainly in response to the severe financial pressures that local authorities are experiencing. In Essex, all Councils now make a charge for garden waste collections with the exception of Chelmsford, Rochford and Epping Forest. A charge of around £60 could be expected to generate £1.3-£1.7m a year. Given the projected budget gap for next year and across the forecast, it is unlikely that the Council will be able to balance its budget without a garden waste charge. A decision on this should be taken once it is known whether the Government proposes to offer the Council significant levels of additional funding.

5. Conclusion

Even after allowing for the risks of forecasting error and potential government funding increases, any budget gap would be sizeable. Without details of the three-year funding settlement, long-term decision making remains difficult. The use of reserves to temporarily balance the budget would appear an attractive solution but

- Unless additional funding is provided, the budget problem would simply be bigger in future years
- Reserves at current levels are a form of insurance against the many known and unknown risks the Council faces. The level of reserves is only forecast to be sufficient to manage those risks.

Without significant additional funding, the budget process will require challenging decisions. Where possible and necessary, further reports will be made to Cabinet and Council before January.

Usable Reserves Projections

| | 2024/25 Budget and forecast | | | | | 2025/26 (Forecast) | | | 2026/27 (Forecast) | | | 2027/28 (Forecast) | | | 2028/29 (Forecast) | | | 2029/30 (Forecast) | | |
|---|-----------------------------|----------------|-----------------------------|------------------------|---------------|--------------------|--------------------------|---------------|--------------------|--------------------------|---------------|--------------------|--------------------------|---------------|--------------------|--------------|---------------|--------------------|-------------|---------------|
| | £000s | Original £000s | Updated Forecast adj. £000s | Budget Transfers £000s | £000s | Transfers £000s | -Use/ contribution £000s | £000s | Transfers £000 | -Use/ contribution £000s | £000s | Transfers £000 | -Use/ contribution £000s | £000s | Transfers £000 | £000s | £000s | Transfer £000s | £000s | £000s |
| Earmarked | | | | | | | | | | | | | | | | | | | | |
| Corporate Investment | | | | | | | | | | | | | | | | | | | | |
| Cultural Support 'Fund' | 57 | | | | 57 | | | 57 | | | 57 | | | 57 | | | 57 | | | 57 |
| Local Development Framework | 1,040 | -225 | | | 815 | | -250 | 565 | | -150 | 415 | | -80 | 335 | | -100 | 235 | | -200 | 35 |
| Carry forwards & Supplementary estimate Reserve | 0 | -300 | | 300 | 0 | 300 | -300 | 0 | 300 | -300 | 0 | 300 | -300 | 0 | 300 | -300 | 0 | 300 | -300 | 0 |
| Housing Initiatives | 0 | | | | 0 | | | 0 | | | 0 | | | 0 | | | 0 | | | 0 |
| DPO Reserve | 79 | -8 | | | 71 | | 71 | 71 | | 71 | 71 | | 71 | 71 | | 71 | 71 | | 71 | 71 |
| Hylands House Reserve | 3 | | | | 3 | | 3 | 3 | | 3 | 3 | | 3 | 3 | | 3 | 3 | | 3 | 3 |
| Master Plan Income | 0 | | | | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 |
| | <u>1,179</u> | <u>-533</u> | <u>0</u> | <u>300</u> | <u>946</u> | <u>300</u> | <u>-550</u> | <u>696</u> | <u>300</u> | <u>-450</u> | <u>546</u> | <u>300</u> | <u>-380</u> | <u>466</u> | <u>300</u> | <u>-400</u> | <u>366</u> | <u>300</u> | <u>-500</u> | <u>166</u> |
| Capital Programme | | | | | | | | | | | | | | | | | | | | |
| Project Evaluation Reserve | 175 | | | 50 | 225 | | | 225 | | | 225 | | | 225 | | | 225 | | | 225 |
| Sinking Fund for let property | 50 | 50 | | | 100 | | 50 | 150 | | 50 | 200 | | 50 | 250 | | 50 | 300 | | 50 | 350 |
| Infrastructure fund | 715 | | -183 | | 532 | | | 532 | | | 532 | | | 532 | | | 532 | | | 532 |
| Chelmsford development | 2,024 | -257 | | | 1,767 | | -1,353 | 414 | | -414 | 0 | | 0 | 0 | | 0 | 0 | | 0 | 0 |
| | <u>2,964</u> | <u>-207</u> | <u>-183</u> | <u>50</u> | <u>2,624</u> | <u>0</u> | <u>-1,303</u> | <u>1,321</u> | <u>0</u> | <u>-364</u> | <u>957</u> | <u>0</u> | <u>50</u> | <u>1,007</u> | <u>0</u> | <u>50</u> | <u>1,057</u> | <u>0</u> | <u>50</u> | <u>1,107</u> |
| Risk Management | | | | | | | | | | | | | | | | | | | | |
| Insurance | 898 | -50 | | | 848 | | | 848 | | | 848 | | | 848 | | | 848 | | | 848 |
| Pension deficiency | 1,057 | | | 183 | 1,240 | | | 1,240 | | -534 | 706 | | | 706 | | | 706 | | | 706 |
| Park and Ride | 258 | | | | 258 | | | 258 | | | 258 | | | 258 | | | 258 | | | 258 |
| Vehicle Fuel Reserve | 604 | -25 | | 25 | 324 | | -280 | 324 | | | 324 | | | 324 | | | 324 | | | 324 |
| Utility Costs Reserves | 1,573 | -682 | | 681 | 1,572 | | | 1,572 | | | 1,572 | | | 1,572 | | | 1,572 | | | 1,572 |
| Business Retention reserve | 6,491 | -5 | -2,450 | | 4,036 | | | 4,036 | | | 4,036 | | | 4,036 | | | 4,036 | | | 4,036 |
| Rent income (temporary loss of tenant) | 0 | -1,231 | | 2,475 | 1,244 | | | 1,363 | | -1,247 | 116 | | | -116 | 0 | | 0 | | | 0 |
| | <u>10,881</u> | <u>-1,993</u> | <u>-1,744</u> | <u>2,378</u> | <u>9,522</u> | <u>1,537</u> | <u>-1,418</u> | <u>9,641</u> | <u>0</u> | <u>-1,781</u> | <u>7,860</u> | <u>0</u> | <u>-116</u> | <u>7,744</u> | <u>0</u> | <u>0</u> | <u>7,744</u> | <u>0</u> | <u>0</u> | <u>7,744</u> |
| Total Earmarked Reserves | <u>15,024</u> | <u>-2,733</u> | <u>-1,927</u> | <u>2,728</u> | <u>13,092</u> | <u>1,837</u> | <u>-3,271</u> | <u>11,658</u> | <u>300</u> | <u>-2,595</u> | <u>9,363</u> | <u>300</u> | <u>-446</u> | <u>9,217</u> | <u>300</u> | <u>-350</u> | <u>9,167</u> | <u>300</u> | <u>-450</u> | <u>9,017</u> |
| Unearmarked | | | | | | | | | | | | | | | | | | | | |
| General Fund & Contingency | 14,607 | -1,515 | 1,011 | -2,728 | 11,375 | -1,837 | 9,538 | -300 | 9,238 | -300 | -305 | 8,633 | -300 | 8,333 | -300 | 8,333 | -300 | 8,033 | -300 | 8,033 |
| Recommended level £9m | | | | | | | | | | | | | | | | | | | | |
| | <u>14,607</u> | <u>-1,515</u> | <u>1,011</u> | <u>-2,728</u> | <u>11,375</u> | <u>-1,837</u> | <u>0</u> | <u>9,538</u> | <u>-300</u> | <u>0</u> | <u>9,238</u> | <u>-300</u> | <u>-305</u> | <u>8,633</u> | <u>-300</u> | <u>0</u> | <u>8,333</u> | <u>-300</u> | <u>0</u> | <u>8,033</u> |
| Total reserves | <u>29,631</u> | <u>-4,248</u> | <u>-916</u> | <u>0</u> | <u>24,467</u> | <u>0</u> | <u>-3,271</u> | <u>21,196</u> | <u>0</u> | <u>-2,595</u> | <u>18,601</u> | <u>0</u> | <u>-751</u> | <u>17,850</u> | <u>0</u> | <u>-350</u> | <u>17,500</u> | <u>0</u> | <u>-450</u> | <u>17,050</u> |