

Supplementary Committee Agenda



**Epping Forest
District Council**

Finance and Performance Management Cabinet Committee Monday, 16th January, 2012

Place: Council Chamber, Civic Offices, High Street, Epping

Time: 7.00 pm

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6. COUNCIL BUDGET 2012/13 (Pages 3 - 30)

(Director of Finance & ICT) To consider the attached report (FPM-021-2011/12).

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**Report to the Finance and Performance
Management Cabinet Committee
Report reference: FED-021-2011/12
Date of meeting: 16 January 2012**



**Epping Forest
District Council**

Portfolio: Finance and Economic Development

Subject: Council Budgets 2012/13

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Recommendations/Decisions Required:

- (1) That the Committee considers the Council's 2012/13 General Fund budgets and makes recommendations to the Cabinet meeting on the 30 January 2012 on adopting the following:
 - (a) the revised revenue estimates for 2011/12, which are anticipated to increase the General Fund balance by £63,000;
 - (b) a reduction in the target for the 2012/13 CSB budget from £14.88m to £14.81m (including growth items);
 - (c) an increase in the target for the 2012/13 DDF net spend from £0.763m to £0.851m;
 - (d) no change in the District Council Tax for a Band 'D' property to keep the charge at £148.77;
 - (e) the estimated increase in General Fund balances in 2012/13 of £19,000;
 - (f) the four year capital programme 2012/13 – 15/16;
 - (g) the Medium Term Financial Strategy 2012/13 – 15/16;
 - (h) the Council's policy on General Fund Revenue Balances to remain that they are allowed to fall no lower than 25% of the Net Budget Requirement.
- (2) That the Committee recommends to the Cabinet that the 2012/13 HRA budget including the revised revenue estimates for 2011/12 be agreed;
- (3) That the Cabinet be requested to note that rent increases and decreases proposed for 2012/13 will give an average overall increase of 6%;
- (4) That the Committee notes the Chief Financial Officer's report to the Council on the robustness of the estimates for the purposes of the Council's 2012/13 budgets and the adequacy of the reserves.

Executive Summary:

This report sets out the detailed recommendations for the Council's budget for 2012/13. The budget adds £19,000 to reserves and the Council's policy on the level of reserves can be maintained throughout the period of the Medium Term Financial Strategy (MTFS). Over the course of the MTFS the use of reserves to support spending peaks at £0.475m in 2014/15 and reduces to £0.164m in 2014/15.

The budget is based on the assumption that Council Tax will be frozen and that average Housing Revenue Account rents will increase by 6% in 2012/13.

Reasons for Proposed Decisions:

The decisions are necessary to assist Cabinet in determining the budget that will be placed before Council on 14 February 2012.

Other Options for Action:

Members could decide not to approve the recommended figures and instead specify which growth items they would like removed from the lists, or Members could ask for further items to be added.

Report:

1. On 30 January 2012 the Cabinet will receive the minutes and recommendations contained therein of this meeting and will then make recommendations to Council for the setting of the Council Tax and budget on 14 February 2012.
2. The annual budget process commenced with the Financial Issues Paper (FIP) being presented to this Committee on 26 September 2011. The paper was prepared against the background of cuts in public expenditure, ongoing difficulties within the economy and highlighted the uncertainties associated with:
 - a) Local Government Resource Review
 - b) New Homes Bonus
 - c) Localisation of Council Tax Benefit
 - d) Self-Financing for the Housing Revenue Account
 - e) Possible Double-Dip Recession
 - f) Development Opportunities
 - g) Capitalisation of Pension Deficit Payments
 - h) Shared Services
3. There is now greater clarity on some of these issues, but several of them will not be resolved for some time. The key areas are revisited in subsequent paragraphs.
4. In setting the budget for the current year Members had anticipated using £171,000 from the general fund reserves. It was felt that, given the strength of the Council's overall financial position, it was able to sustain a deficit budget to support the local economy and that net spending could be managed down over the medium term.
5. The revised four year forecast presented with the FIP took into account all the additional costs known at that point and highlighted the structural reform to local authority finances due to the local retention of business rates and the Government's programme of welfare reforms. This projection showed a need to achieve savings of £300,000 on the 2012/13 estimates, £600,000 in 2013/14 and £500,000 in 2014/15 to keep revenue balances above the target level at the end of 2015/16.

6. Members adopted this measured approach to reduce expenditure in a progressive and controlled manner. The budget guidelines for 2012/13 were therefore established as:
 - i. The ceiling for CSB net expenditure be no more than £14.88m including net growth/savings.
 - ii. The ceiling for DDF net expenditure be no more than £0.763m.
 - iii. The District Council Tax to be frozen.

The Current Position

7. The draft General Fund budget summaries are included elsewhere on the agenda. The main year on year resource movements are highlighted in the CSB and DDF lists, which are attached as Annexes 2 and 3. In terms of the guidelines, the position is set out below, after an update on each of the key areas highlighted in the FIP.

a) Local Government Resource Review

8. Before considering the current position on the Local Government Resource Review and the replacement of Formula Grant funding with retained National Non-Domestic Rates (NNDR) it is worth looking back at the Comprehensive Spending Review (CSR). The CSR only provided us with two years figures instead of the usual four because of the Government's desire to radically change the system of funding local authorities. The table below shows what now appear to be the final figures from the Formula Grant system.

	2008/09 £m	2009/10 £m	2010/11 £m	2011/12 £m	2012/13 £m
Relative Needs Amount	5.455	5.457	5.464	4.302	3.901
Relative Resource Amount	-5.228	-5.096	-4.956	-2.842	-2.810
Central Allocation	8.793	8.834	8.871	6.223	5.611
Floor Damping	0.302	0.173	0.036	-0.296	-0.249
Formula Grant	9.322	9.368	9.415	7.387	6.453

9. The figures shown above did not include the Council Tax freeze grant for 2011/12 as this was initially thought to be a one-off. It has now been confirmed that the 2011/12 freeze grant will be consolidated with the Formula Grant and paid throughout the current CSR period. This causes the Formula Grant figures to be re-stated as £7.59m for 2011/12 and £6.656m for 2012/13. However, the freeze grant for 2012/13 is a one-off and so has not been included.
10. In addition to the detailed figures for 2011/12 and 2012/13, headline control totals for local authority funding were given for 2013/14 and 2014/15. These control totals show further reductions of approximately 1% in 2013/14 and 5% in 2014/15.
11. Having provided a reminder of the background, I shall move on to what is now known about the Local Government Resource Review. Members may recall one of the many consultations that we have dealt with this year was called "Local Government Resource Review: Proposals for Business Rates Retention". This was a 46 page document with 33 detailed questions, which was subsequently supplemented by eight technical papers. The Government felt change in the system of local authority funding was necessary to provide a financial incentive to local authorities to promote business growth in their areas, currently any increase in NNDR is paid into the national pool with no direct local benefit. By replacing Formula Grant with NNDR the Government also claimed to be increasing the financial independence of local authorities. There is little authorities can do to increase their Formula Grant allocation but in theory they will be able to encourage growth in their rating lists and so increase their funding.

12. The proposals for change included restrictions so that authorities would not be allowed to keep all NNDR; a process of equalisation would remain to redistribute funds between authorities. The amount DCLG give or take would be fixed, allowing authorities to keep growth above this level. If growth is “disproportionate” DCLG would take back a share of it for redistribution and DCLG would retain the right to “reset” the amounts given or taken in future years.
13. At the time of the FIP some of the key questions were –
- a) How should the baseline be set for rate retention?
 - b) How will the levy on disproportionate benefit be calculated?
 - c) How will the levy be used to fund a safety net?
 - d) How do you balance the need to protect some authorities with the need to provide a strong incentive for growth?
 - e) How will resets work?
 - f) How will funds be pooled in areas and what areas can be used for pooling?
 - g) Should the current system of reliefs be maintained?
14. The government’s response still leaves a number of questions unanswered but a lot more is now known about the likely level of funding and the relationship between districts and counties in two tier areas. The system will be in place from 2013/14 and all authorities will start with the same funding they received in 2012/13. However, this will be adjusted for the reduction in overall spending control totals, the updating of some data that feeds into the allocation formulae and some “minor” adjustments to the formulae. Instead of the reductions of 1% and 5% mentioned in paragraph 10, it seems prudent now to allow for reductions of 3% and 7%.
15. The consultation had indicated that business rates within a two tier area were likely to be shared on the basis of the relative spending between the districts and the county. This meant that counties were generally tariff authorities, in receipt of more business rates than their funding required and so paying a tariff back to the Government. Districts were generally top up authorities, in receipt of less business rates than their funding required and so receiving a top up from the Government. Following the consultation the Government has decided that as districts are the primary engine of growth they should have the greatest incentive for growth and should therefore be tariff authorities and not top up authorities (the exemplifications provided with the consultation showed that for a given amount of growth a greater share would be retained by a tariff authority). However, counties do have some guarantee of stability in their funding as top ups will be indexed by RPI.
16. As part of incentivising districts the Government has decided that districts should not just be tariff authorities but should receive the largest share of any growth. Additionally, the government felt it important to balance the incentive with the New Homes Bonus (NHB). If NHB provided a substantially greater incentive than NNDR retention it could lead districts to favour domestic developments ahead of commercial ones. These factors have combined to produce an 80/20 share of NNDR growth in favour of districts, as is the case with NHB.
17. A note of caution also needs to be sounded at this point. If the NNDR take reduces this will reduce funding and that too will be shared 80/20. Given the current state of the economy and the uninspiring predictions going forward it would be a truly optimistic district that gave an unreserved welcome to the 80/20 split.
18. One way of reducing the level of financial risk is for a number of authorities to operate in a pool. Although pooling has inherent difficulties as every authority will want to pool with someone they believe has better prospects than themselves. The Government have talked positively about pooling but have provided no financial incentives for pools.

19. On the whole, the outlook for districts from the Local Government Resource Review appears better now than it did at the time of the FIP. However, this view will need to be considered again when the Government actually start providing some numbers and this is currently scheduled for "spring" 2012.

b) New Homes Bonus

20. Since September the announcements that have been made have confirmed that the view taken on NHB in the FIP was an appropriate one and so most of the following section has changed little from that paper. The Government has a consistent policy of encouraging development. In the same way that retaining increases in NNDR incentivises Councils to promote business growth, the New Homes Bonus (NHB) provides an incentive to promote home building. When the budget was set for 2011/12 the full details of and funding for the NHB had not been confirmed. Because of this uncertainty, and concern about possible legal challenges if Councils were felt to be making planning decisions for financial gain, no income from the NHB was allowed for in the 2011/12 budget.
21. It is now clear that the NHB will form a substantial part of local authority funding for the foreseeable future. The technical papers mentioned above reveal that from 2013/14 funding for NHB will be top sliced from the national NNDR pool. Even though only three years NHB will be payable in 2013/14 the maximum six years funding will be top sliced, with the excess being redistributed to local authorities in some way as grant. The exact mechanics and amounts are still to be determined but it appears that the NHB is intended to remain as an incentive on top of the basic level of funding that local authorities will get through retained NNDR. As the funding is top sliced and then re-allocated on the basis of relative performance in housing growth there will be a strong cumulative redistributive effect, this will penalise areas of low housing growth.
22. The amount of NHB payable for a year is determined by the annual change in the total number of properties on the Council Tax list in October. This means that the bonus is payable on both new housing and empty properties brought back in to use. The increase in the tax base is multiplied by a notional average Council Tax figure of £1,439, with an additional premium for social housing. The calculated figure is then shared with 20% going to the county council and 80% to the district, with the amount being payable for six years. For 2011/12 the Council will receive £295,000 and the amount due in respect of growth for the year to October 2011 will be approximately £420,000. These two figures combined will give a total NHB income figure for 2012/13 of £715,000.
23. The key question is how much of this income should be taken into the CSB budget for each year through the life of the MTFs. At one extreme it could be argued that to build any income into the CSB would make the Council vulnerable to judicial review on planning decisions and may not be prudent until there is clarity over the full make up of and inter-relationships between the different funding streams. At the other extreme it could be argued that £300,000 of income should be added to the CSB for every year from 2011/12 going forward up to the maximum of six years (2011/12 £0.3m, 2012/13 £0.6m, 2013/14 £0.9m 2014/15 £1.2m, 2015/16 £1.5m and 2016/17 and onwards £1.8m). On one hand, if no income is taken into account severe reductions could be made to services that ultimately prove to be unnecessary, from a financial point of view. On the other, if too much income is allowed for the Council could find itself having to implement substantial cuts on a short time scale.
24. A prudent position at the moment is to allow for the income for 2011/12 and 2012/13 but no additional income beyond that until the full outcomes of the Local Government Resource Review are known. It is unlikely that any adjustment to the system would remove NHB already earned as this would undermine the policy. On that basis CSB income of £295,000 has now been added to 2011/12 and a further £420,000 to 2012/13.

c) Localisation of Council Tax Benefit

25. Members may recall that this too was the subject of a consultation earlier in the financial year. Council Tax Benefit (CTB) is a means tested benefit that is available to help those on low incomes meet their Council Tax bills. The current caseload for CTB at the Council is approximately 8,900, generating annual expenditure of £10.3m. This is currently fully funded by Government, with a system of payments on account and a year end grant claim. CTB is currently a national system with national regulations determining entitlement.
26. The Government is determined to reduce the overall cost of benefits to the country and is making numerous changes through the Welfare Reform Bill. As part of the Welfare Reform Bill the benefits system is meant to be streamlined and simplified through the introduction of Universal Credit. It is clearer now how Universal Credit will operate and the scope of the benefits included in it. The Government is pressing ahead with the abolition of CTB to save 10% (£490m) on the national cost of CTB by localising it from 2013/14. It will be for each local authority to determine their scheme of CTB but they will only receive 90% of the current cost.
27. At one extreme authorities could implement a scheme at 90% of the current scheme and those in receipt of CTB would have to pay more, for this Council this would have an average impact of £116 p/a on claimants. However, the Government requires pensioners to be protected and as they are half the caseload this doubles the impact to £232 p/a. It is also possible that the final scheme may require protection for vulnerable working age claimants which could leave working age non-passported claimants with bills of £720 p/a. At the other extreme authorities could top up the funding from their own resources, for this Council the impact would be £1.034m.
28. The problems with the proposed scheme include –
 - a) Lack of time to develop, test and implement the necessary software.
 - b) Difficulty in collecting many small debts and the possibility of a re-run of the Poll Tax.
 - c) Possible postcode lottery with neighbouring districts offering different schemes.
 - d) Difficulty in agreeing schemes in two tier areas as the interests of districts and counties may not align.
 - e) Authorities have a fixed amount of funding but are faced with unlimited potential demand.
 - f) Socially divisive as those not on CTB would not want to pay additional tax or receive poorer services to support extended schemes.
 - g) Difficulty in dovetailing many different local CTB schemes with Universal Credit to ensure no conflict or tapering issues that reduce the overall requirement to “make work pay”.
29. A number of suggestions were put forward as alternatives to make the required savings without this level of difficulty and complexity. However, the Government has decided to ignore the consultation responses and the alternative suggestions and continue with the localisation of CTB. This will make for an interesting time in 2012/13, particularly if the already challenging legislative timetable is obstructed by delays in the House of Lords, and regular reports will be made to keep Members informed as the regulations become available and discussions with the county council and other districts develop.
30. The MTFs has been based on the assumption that none of this Council’s own funds will be used to top up the Government grant and extend the scheme. Given the uncertainty around Local Government Resource Review, and the potentially unlimited demand for CTB it would be a brave authority that wrote a blank cheque to support CTB.

d) Self-financing for the Housing Revenue Account

31. A number of reports on this issue have already gone to Scrutiny Panels, Cabinet and Council. Currently the Council makes an annual payment of £11.3m into the national subsidy system. From 2012/13 annual payments into and out of the national subsidy pool will cease and instead authorities will either be required to take on debt or will have an amount of debt repaid for them. The Council was initially advised that the debt it would be required to finance would be approximately £180m. The final figure is still to be confirmed but is likely to be closer to £190m, due to the continuing high levels of inflation which feed into the subsidy calculations.
32. A structured approach has been followed to deal with each of the necessary steps. This has required the amendment of the Treasury Management Strategy, as the settlement date has been brought forward from April 2012 to late March 2012. Cabinet have considered the extent of the house building programme that is to be pursued and the appropriate level of maintenance for the existing stock. This has shaped the 30 year business plan and determined when cash will be available to repay borrowing.
33. Earlier in the process a number of different funding options were examined. However, somewhat belatedly the Government confirmed that funding for self-financing transactions would be made available at discounted rates through the Public Works Loans Board (PWLB). The Council's treasury management consultants, Arlingclose, are currently evaluating the various options to compile a portfolio of appropriate PWLB loans matched to the 30 year business plan.
34. Previously in the consultation process for self-financing concerns were raised about two possible impacts on the General Fund (GF). The first of these was the requirement to make Minimum Revenue Provision (MRP) on the nominal borrowing between the GF and the HRA. In the draft regulations the DCLG have now confirmed that changes due to self-financing do not have to be taken into account in determining any requirement to make MRP. The other area of concern was the interest to be charged between the HRA and GF. This issue is still to be determined but it currently appears that authorities will have the power to set their own rates of interest for borrowing between funds. So at this point in time both of the significant concerns have been addressed, although (as seen with the PWLB) a further policy shift cannot be ruled out.

e) Possible Double Dip Recession

35. Since September the economic outlook has worsened and this was reflected in a bleak Autumn Statement. There is little sign of a recovery in the domestic economy and the Euro Zone continues to stagger on through an unproductive series of last chance summits. It is a realistic possibility that one or more countries will leave the Euro Zone and the turbulence from this could impact severely on our exporters and lead to even higher unemployment, not to mention the inevitable banking crisis.
36. The changes discussed above, with future local authority financing coming from retained local NNDR and the localisation of CTB, transfer substantial financial risks to local authorities from Government. If once these reforms are in place a large employer or employers were to close this could have severe consequences for the Council. There could be a combination of reduced income because of the reduction in NNDR, increases in claims for CTB and increased demands on services. So whilst the devolution of genuine power and freedoms would be welcomed, Members also need to be aware of the increased risks.

f) Development Opportunities

37. Since September a lot of preparatory work has been done on the various schemes. There is the possibility of a retail park in Loughton and a mixed use redevelopment of the St Johns area in Epping amongst the developments. The Council has had the requirement for capital resources to be used for revenue generating schemes as part of the Capital Strategy for sometime. If schemes proceed it will only be after rigorous examination to ensure business cases make sense and a financial benefit is anticipated. The economic boost offered by such schemes could benefit the Council in several ways, mirroring the multiple threats of a double dip recession.
38. Given the lack of certainty at this time about which of the potential sites will progress, and indeed which of the schemes for a given site, the MTFs and capital projections do not include either any capital financing requirement or any revenue projections. The only budgets that are included for the developments are those that Members have already approved for preliminary consultancy and planning works.

g) Capitalisation of Pension Deficit Payments

39. There is nothing to update on this issue from September. The Government has made it increasingly difficult to obtain capitalisation directions. For 2011/12 the financial criteria were doubled so that the amounts applied for had to exceed both 10% of reserves and 0.5% of budgeted expenditure. On 27 July we received identical letters dated 22 July refusing our applications for both GF & HRA. The letters state that the department was not satisfied that meeting the expenditure from revenue would cause "an unacceptable adverse impact on services" or that "meeting the pension costs from revenue resources would cause exceptional financial difficulties for EFDC". These rejections confirm that all the other required criteria had been met.
40. The pre 2005/06 deficit payment has remained in the CSB, so although we apply for the full value of the deficit payments it is only the amount over the base that we have ever capitalised. The refusal of the applications for 2011/12 will mean charges to the GF of £564,000 and to the HRA of £264,000. Given the ongoing uncertainty about future capitalisations it is prudent to bring the balance of the deficit payments into the CSB. This does not prevent future capitalisation applications being made and the position will be reviewed again if applications in subsequent years prove successful.

h) Shared Services

41. A number of opportunities are being evaluated, both within the framework of the "West Essex Alliance" and the wider community of locals authorities. The need for shared working and joint solutions will increase in 2012/13, particularly with the changes to CTB and NNDR.

The ceiling for CSB net expenditure be no more than £14.88m including net growth

42. Annex 2 lists all the CSB changes for next year. The original budget for 2011/12 included CSB savings of £1.408m but the revised 2011/12 budget has an additional £0.3m of savings. The most significant changes in the revised estimates are savings on the waste contract and gate fees of £340,000, additional savings on underspent budgets of £150,000, a net improvement of £90,000 on non-directorate items and an off-setting loss of £120,000 on reduced parking penalty charge income. The non-directorate items include the pension costs no longer being capitalised, income from the NHB and adjustments to interest investment income.
43. The greater savings in 2011/12 mean that the opening CSB in 2012/13 is £196,000 lower than anticipated in the previous MTFs. This means that even though the CSB savings of £1.189m are below the target of £1.4m the closing CSB is still £75,000 lower than previously predicted.

44. The General Fund summary at Annex 1 shows that the CSB total is £75,000 below the CSB target of £14.88m and it is therefore proposed to reduce the CSB target to £14.81m.

The ceiling for DDF net expenditure be no more than £0.763m

45. The DDF net movement for 2012/13 is £0.851m, Annex 3 lists all the DDF items in detail. The largest cost item is £586,000 for work on the Local Plan. The Local Plan is a substantial and unavoidable project and in 2011/12 and the subsequent two years DDF funding of £0.851m is allocated to it. The Director of Planning and Economic Development has been asked to provide regular updates to Cabinet to monitor this project and the expenditure incurred on it. Other significant items of expenditure include £46,000 for regeneration projects in Waltham Abbey and £45,000 for the planned building maintenance programme.
46. Officers continue to work with an international firm of accountants to examine the possibility of recovering VAT. This is using a model that the firm has developed through working with a number of authorities which has led to some substantial repayments. It is too early yet to predict what further income may arise from this so no allowance has been made in the estimates. The work is being conducted on a "no win no fee basis" so any costs will be funded from the VAT refund arising.
47. At £0.851m the DDF programme is £88,000 above the target for 2012/13. However, this needs to be balanced with the reduction in 2011/12 as the predicted spend in the previous MTFS of £1.566m has been reduced by £999,000 to £567,000. Taking the two years together there is a net reduction in DDF spending of £911,000 and so it is proposed to increase the DDF ceiling for 2012/13 from £0.763m to £0.851m. The DDF is predicted to continue to have funds available through to the end of the period covered by the MTFS.

The District Council Tax be frozen

48. Members have indicated that, although the Council Tax freeze grant for 2012/13 is a one-off and will not be included in ongoing funding, the Council Tax will not be increased for 2012/13.

That longer term guidelines covering the period to March 2016 provide for

The level of General Fund revenue balances to be maintained within a range of approximately £4.0m to £4.5m but at no lower level than 25% of net budget requirement whichever is the higher;

49. Current projections show this rule will not be breached by 2015/16, by which time reserves will have reduced to £7.543m and 25% of net budget requirement will be £3.7m.

Future levels of CSB net expenditure being financed predominately from External Funding from Government and Council Tax and that support from revenue balances be gradually phased out.

50. The outturn for 2010/11 added £270,000 to reserves, whilst the revised estimates for 2011/12 anticipate a further increase of £63,000. This would leave the opening revenue reserve for 2012/13 at £8.6m and with the estimates for 2012/13 showing an increase of £19,000, reserves at the end of 2012/13 would be just over £8.65m. The Medium Term Financial Strategy at Annex 4 shows deficit budgets for the three years 2013/14 to 2015/16. The level of deficit peaks at £475,000 in 2014/15 and reduces to £164,000 in 2015/16, although this is achieved through CSB savings of £500,000 in both 2013/14 and 2014/15.

The Local Government Finance Settlement

51. The Government have confirmed that the draft figures previously advised for 2012/13 will not be amended. As mentioned above, it has also been confirmed that the freeze grant for 2011/12 will be payable in each year of the current CSR period. This gives an updated figure for formula grant for 2012/13 of £6.656m. Beyond 2012/13 the figures are subject to the Local Government Resource Review and cannot be predicted with any certainty.

The 2012/13 General Fund Budget

52. Whilst the position on some issues is clearer now than it was when the Financial Issues Paper was written there are still significant risks and uncertainties. Signs of improvement in the economy remain weak and speculation continues about the need for additional Quantitative Easing. It is still possible that the country may fall back into a severe recession that may last some years. This economic uncertainty is the key factor for 2012/13 as the areas below of Government policy will impact in 2013/14.
53. The key area of uncertainty is the Local Government Resource Review and what the exact financial implications will be. The Government's response to the consultation has answered some of the questions on policy options and implementation but we still await the numbers. Adjustments to funding in 2013/14 are meant to be limited to data updating and "minor" formula changes. However, we have seen in the past that what at the national level is described as a "minor" change can be much more significant for individual authorities.
54. The other area worth touching on again is the localising of Council Tax Benefit. The uncertainty has been removed in terms of Government policy but remains in terms of how this change can be implemented in the time available and the impact on those effected. So whilst this change will not take place in 2012/13 a lot of time and effort will be devoted to it.
55. The starting point for the budget is the attached Medium Term Financial Strategy, Annex 4. Annexes 4a and 4b are based on the current draft budget, no Council Tax increase (£148.77 Band D) for 2012/13 and subsequent increases of 2.5% per annum for each of the following three years.
56. Members are reminded that this strategy is based on a number of important assumptions, including the following:
- Future Government funding will reduce by 3% for 2013/14 and 7% for 2014/15.
 - CSB growth has been restricted and the CSB target for 2012/13 of £14.88 million has been achieved. Known growth beyond 2013/14 has been included but will be subject to a further review to help identify savings.
 - All known DDF items are budgeted for, and because of the size of the Local Plan programme the closing balance at the end of 2015/16 is anticipated to reduce to £1.36m.
 - Maintaining revenue balances of at least 25% of NBR. The forecast shows that the deficit budgets for three years of the period will reduce the closing balances at the end of 2015/16 to £7.5m or 51% of NBR for 2015/16, although this can only be done with further savings in 2013/14 and 2014/15.

The Housing Revenue Account

57. The balance on the HRA at 31 March 2013 is expected to be £8.523m, after a deficit of £971,000 in 2011/12 and a surplus of £3.607m in 2012/13. The estimates for 2012/13 have been compiled on the new self-financing basis and so the negative subsidy payments have been replaced with borrowing costs.

58. The rent increase is set with reference to an individual property's formula rent but subject to various constraints. This process of Rent Restructuring to bring Council rents and Housing Association rents more in line with each other still needs to be addressed. The rent increase for 2012/13 is likely to see a narrowing of this gap between Council and Housing Association rents, with an average rent increase of 6% for Council dwellings.
59. An update to the current five-year forecast is being prepared and will be presented to a subsequent Cabinet. The HRA has had substantial balances for some time and this position is expected to continue under self-financing.
60. Both the Housing Repairs Fund and the Major Repairs Reserve are expected to have positive balances throughout the medium term. Members are recommended to agree the budgets for 2012/13 and 2011/12 revised and to note that although a deficit budget is proposed for 2011/12 the HRA has substantial ongoing balances.

The Capital Programme

61. The Capital Programme at Annex 5 shows the expenditure previously agreed by Cabinet and included in the Capital Strategy which is going to Cabinet on 30 January. Members have stated that priority will be given to capital schemes that will generate revenue in subsequent periods. This position has been stated in previous Capital Strategies and has been reinforced by the increasing awareness that capital spending reduces investment balances and thus impacts on the general fund revenue balance through lower interest earnings.
62. Annex 5d sets out the estimated position on capital receipts for the next four years. Members will note that even with a substantial capital programme, which exceeds £46m over five years, it is anticipated that the Authority will still more than £8m of usable capital receipt balances at the end of the period. However, it should be noted that a number of sites are currently under review and that this could involve either receipts through disposals or additional expenditure to fund developments.

Risk Assessment and the Level of Balances

63. The Local Government Act 2003 (s 25) introduced a specific personal duty on the "Chief Financial Officer" (CFO) to report to the Authority on the robustness of the estimates for the purposes of the budget and the adequacy of reserves. The Act requires Members to have regard to the report when determining the Council's budget requirement for 2012/13. Where this advice is not accepted, this should be formally recorded within the minutes of the Council meeting. The Council at its meeting on the 14 February will consider the recommendations of the Cabinet on the budget for 2012/13 and will determine the planned level of the Council's balances. Members will consider the report of the CFO at that meeting.

The Prudential Indicators and Treasury Management Strategy 2012/13

64. Since 2004/05 it has been necessary to set affordable borrowing limits, limits for the prudential indicators and a Treasury Management Strategy. These elements of the budget requirements will be set out in a separate report to Cabinet on 30 January.
65. Due to the £190m of debt for the HRA self-financing the Council will no longer be debt free and the Prudential Indicators and Treasury Management Strategy have been amended for this. With the ongoing difficulties in financial markets and continued concern about some banks, Arlingclose have advised a very restricted counter party list and a shortening of investment periods.

Resource Implications:

The report details proposed growth items and potential savings, the implications are set out above and will vary depending on the course of action decided by Members.

Legal and Governance Implications:

None.

Safer, Cleaner, Greener Implications:

Items related to the Safer, Cleaner, Greener initiative are included in the report.

Consultation Undertaken:

None.

Background Papers:

Financial Issues Paper – see agenda of 26 September 2011

Draft Growth List – see agenda of 21 November 2011

Impact Assessments:

The Directorate proposing the growth or savings will have considered the equalities impacts for each budget proposal.

The report sets out some of the key areas of financial risk to the authority. At this time the Council is well placed to meet such challenges, although if the necessary savings highlighted are not actively pursued problems will arise in the medium term.

GENERAL FUND ESTIMATE SUMMARY

Annex 1

2010/11 Actual £000	2011/12			2012/13 Budget		
	Original Estimate £000	Revised Estimate £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,803	3,061	2,788	Chief Executive	3,773	835	2,939
(395)	(1,711)	(1,593)	Corporate Support Services	1,849	3,576	(1,727)
1,674	1,627	1,611	Deputy Chief Executive	1,860	260	1,600
9,876	10,073	9,681	Environment & Street Scene	14,887	5,527	9,360
2,584	1,643	1,973	Finance & ICT	50,989	49,241	1,748
1,221	1,886	1,373	Housing	3,378	1,125	2,253
2,734	3,103	2,676	Planning & Economic Development	4,448	1,117	3,331
(831)	(247)	(447)	Other Items	0	994	(994)
19,666	19,435	18,062	Net Cost of Services	81,185	62,675	18,510
(591)	(667)	(669)	Interest and Investment Income	0	561	(561)
523	786	615	Interest Payable (Inc. HRA)	582	0	582
406	0	0	Impairment of Investments	0	0	0
1,809	1,817	1,235	Pensions Interest/Return	4,836	3,601	1,235
47	22	65	Revenue Contributions to Capital	13	0	13
21,860	21,393	19,308	Net Operating Expenditure	86,616	66,837	19,779
(2,456)	(2,960)	(2,759)	Depreciation Reversals & Other adj	550	4,393	(3,843)
270	(171)	63	Contribution to/(from) Other Reserves	19	0	19
(772)	(1,104)	(567)	Contribution to/(from) DDF	(1,645)	794	(851)
176	0	0	Contribution to Pension Deficit Reserve	0	0	0
(1,574)	(1,647)	(331)	FRS 17 Adjustment	0	280	(280)
17,504	15,511	15,714	To be met from Government Grants and Local Taxpayers	85,540	72,304	14,824
17,459	17,090	17,396	Continuing Services Budget			15,994
852	486	1,105	CSB - Growth			233
(1,077)	(1,894)	(2,850)	CSB - Savings			(1,421)
(225)	(1,408)	(1,745)	Total Growth (Net)			(1,189)
17,234	15,682	15,651	Total Continuing Services Budget			14,805
2,707	1,698	1,783	DDF - Expenditure			1,645
(1,935)	(594)	(1,216)	DDF - One Off Savings			(794)
772	1,104	567	Total District Development Fund			851
(502)	(1,275)	(504)	Appropriations to/(from) other Reserves			(832)
17,504	15,511	15,714				14,824

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CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST			Original	Revised	Estimate	Estimate	Estimate	Estimate
Directorate	Service		2011/12 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's
Chief Executive	Internal Audit	Consultants Fees- Saving		(24)	(13)			
	Civic & Member	Courses & Conferences, Books, Publs & Postage- Savings			(3)			
	Democratic services	LGIU Information unit Subscription Saving			(3)			
	Directorate Savings	General		(12)				
	Total Chief Executive		0	(36)	(19)	0	0	0
Corporate Support Services	Local Land Charges	Removal of Personal Search chges (LLC Amendment Rules 2010)	35	35				
	Local Land Charges	ECC Charge for highways LLC search		6				
	Industrial Estates- Brooker Rd	Increased Rental Income	(10)	(8)	(7)			
	Estates & Valuation	Additional Fees from re-assignments etc		(8)				
	Industrial Estates- Oakwood Hill	Reduced/(Increased) Rental Income	4	(13)				
	Industrial Estates - O Hill Workshops	Reduced/(Increased) Rental Income	4		(5)			
	Industrial Ests- Lang Road Seed Bed	Reduced Rental Income			8			
	Fleet Operations	MOTs - Reduced Income		25	40			
	Civic Offices	Car Park Rental - Black Lion	(5)	(5)				
	Offices & Depots	Gas & Electricity		(42)	14			
	Offices & Depots	NNDR Re-assessment	63	63	36			
	Langston Road Depot	WRVS Termination of lease	32	32				
	Business Premises	Transfer to General Fund from HRA	(1,429)	(1,412)				
	Administration & Secretarial	Messenger -Member Despatch			(3)			
	Directorate Savings	General	(37)	(85)				
Total Corporate Support Services		(1,343)	(1,404)	75	0	0	0	
Deputy Chief Executive	All Weather Pitch	Townmead Project	(17)		(35)			
	DCE directorate	Savings	(100)	(136)	(23)			
	Total Deputy Chief Executive		(117)	(136)	(58)	0	0	0

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST			Original	Revised	Estimate	Estimate	Estimate	Estimate	
Directorate	Service		2011/12 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	
Environment & Street	Waste Management	Wheeled Bin Maintenance	8	8					
	Food Safety	Inspections		(5)					
	Grounds Maintenance	Fuel		11					
	Engineering, Drainage & Water	Deletion of Drainage Technician post		(12)	(12)				
	Safer Communities	Reduction in PCSO's	(29)	(29)	(63)				
	Safer Communities	Reduction in Contributions	1						
	Leisure Facilities	Loughton Leisure management fee reduction	(75)	(75)					
	Leisure Facilities	Epping Sports Centre management fee reduction	(11)	(6)	(17)				
	Leisure Facilities	Ongar Leisure Centre management fee reduction	(7)	(8)	(22)				
	North Weald Airfield	Increase in Events Income			(13)				
	North Weald Airfield	Increase in Market Income			(14)				
	North Weald Airfield	Loss of income Training Room				25			
	North Weald Airfield	Increase in Maintenance cost			19				
	North Weald Airfield	Increase in NNDR			18				
	Off Street Parking	Increase in NNDR	15	10					
	Off Street Parking	Loss of income through VAT increase	12	15					
	Off Street Parking	Contract allocations / Change of Service			(34)	(20)	(23)		
	Off Street Parking	Drop in PCN income			120				
	Directorate Savings	General	(18)	(56)	(17)				
	Naming and Numbering	Introduction of charging			(3)	(2)			
	Pest Control	Cessation of contract			(25)				
	Contaminated Land & Water Quality	Contaminated land investigations			(26)				
	Waste Management	Contract savings			(213)	(637)			
	Waste Management	Gate fees			(128)				
	Waste Management	Advertising			(3)				
	Waste Management	Publicity			(20)				
	Waste Management	Abandoned vehicles			(15)				
	Total Environment & Street Scene			(104)	(484)	(765)	(23)	0	0
	Finance & ICT	Finance Miscellaneous	Decrease in Employers Pension Conts (Act Val 2010)	(10)	(10)				
		Housing Benefits	Housing Benefit Admin Subsidy settlement reductions	25	25	41			
Revenues		Additional postage costs		5					
Council Tax Collection		Reduction in court cost income		30					
NNDR		Reduction in court cost income	2						
Housing Benefits		Limes Farm Area Office	7	0	7				
ICT		Equipment		(20)					
Mobile Telephones		Saving from New contract (T Mobile to O2)		(6)					
Directorate Savings		General	(24)	(32)					
Total Finance and ICT			0	(8)	48	0	0	0	

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Directorate	Service	Original	Revised	Estimate	Estimate	Estimate	Estimate
		2011/12 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's
Housing	Directorate Savings	(15)	(15)	(3)			
	Private Sector Housing			7	26		
	Total Housing	(15)	(15)	4	26		
Planning & Economic Development	Development Control	(100)		(100)			
	Countrycare	(7)	(7)				
	Planning Appeals		(5)	(6)			
	Development Control		(10)				
	Building Control Ring Fenced Accnt		(10)	(10)			
	Building Control Ring Fenced Accnt		10	10			
	Directorate Savings		(10)	0			
	Total Planning & Economic Development	(107)	(32)	(106)	0	0	0
Other Items	Investment Interest	278	101	2	60	109	45
	New Homes Bonus		(295)	(420)			
	Pensions		564	51	53		
	Total CSB	(1,408)	(1,745)	(1,189)	116	109	45

DISTRICT DEVELOPMENT FUND

Directorate	Description	Original	B/F from	Revised	Estimate	Estimate	Estimate	Estimate
		2011/12 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's
Chief Executive	Elections	160		148				
	Elections	(160)		(148)				
	Elections				148			
	Elections				(148)			
	Elections			(45)				
	Elections				18			
	Grants to Voluntary Orgs		20	20				
	Members		6					
	Corporate Management			(185)				
	Members			(3)				
Total Chief Executive		0	26	(213)	18	0	0	0
Corporate Support Services	Emergency Planning			(7)				
	Civic Offices	6		5				
	Estates & Valuation		25	25				
	Estates & Valuation	35	95	130				
	Estates & Valuation		(19)	(19)				
	Office Accommodation	65		65				
	Local Land Charges			(63)				
	Local Land Charges		100	100				
	Non HRA Building Maintenance	15	129	124	45	19	10	
	Greenyard Waltham Abbey			8	5			
Industrial Estates- O Hill Workshops			20					
Total Corporate Support Services	121	330	388	50	19	10	0	
Deputy Chief Executive	Public Relations	3		3				
	Public Relations & Information	25		14	11	11	11	3
	Deputy Chief Executive	75		53	38			
	Deputy Chief Executive	(75)		(53)	(38)			
	Youth Council	12		12	12			
	Limes Farm Hall	19	(4)	19				
	NWA Strategy Action Plan	2	(1)	1				
	NWA Strategy Action Plan	20			20			
Total Deputy Chief Executive	81	(5)	49	43	11	11	3	

DISTRICT DEVELOPMENT FUND

Directorate	Description	Original 2011/12 £000's	B/F from 2010/11 2011/12 £000's	Revised 2011/12 £000's	Estimate 2012/13 £000's	Estimate 2013/14 £000's	Estimate 2014/15 £000's	Estimate 2015/16 £000's	
Environment & Street Scene	Pollution Control			4	5				
	Food Safety				2		3		
	Waste Management				(184)				
	Abandoned Vehicles	(102)			(184)				
	Leisure Facilities	3							
	Leisure Facilities	10		10	5				
	Leisure Facilities				2				
	Leisure Facilities				3				
	Leisure Facilities			(17)					
	Parks & Grounds	3	(3)	10	10				
	Parks & Grounds	(3)	3	(10)	(10)				
	North Weald Airfield	(18)		(18)					
	North Weald Airfield			(5)					
	North Weald Airfield	34		34	24	14	4		
	North Weald Airfield		5	5					
	North Weald Airfield				3			3	
	Off Street Parking	(40)		(40)					
	Off Street Parking			22	21				
	Contaminated Land & Water Quality			24	25				
	Waste Management			5					
	Waste Management			10	10				
	Waste Management			10	10				
	Waste Management			3	3				
	Abandoned Vehicles			4	4				
	Total Environment & Street Scene		(113)	9	(132)	(72)	17	7	0
	Finance & ICT	Concessionary Fares	72		72	5			
		Concessionary Fares	(50)		(45)				
Insurance Services				(6)	(6)				
ICT				(5)	(2)				
Council Tax Collection			6	8	0				
Housing Benefits			3	3					
Housing Benefits			2	2					
Housing Benefits				(15)					
Housing Benefits				(3)					
Housing Benefits		15		15	20				
Housing Benefits				(1)	(3)				
Housing Benefits				1	3				
NNDR			9		9				
Procurement		(10)		(5)	(9)				
Total Finance & ICT			27	20	21	17	0	0	0
Housing		Homelessness	26		26	26			
		Homelessness	(26)		(26)	(26)			
	Homelessness	26		26	26				
	Homelessness	(26)		(26)	(26)				
	Private Sector Housing	52	4	28	28				
	Private Sector Housing	27			27				
	Private Sector Housing	15	(6)	19	0				
	Handy Person Scheme	10	10	5	15				
	Total Housing	104	8	52	70	0	0	0	

DISTRICT DEVELOPMENT FUND

Directorate	Description	Original	B/F from	Revised	Estimate	Estimate	Estimate	Estimate
		2011/12 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's
Planning & Economic Development	Building Control Group				(63)			
	Building Control Group				42			
	Conservation Policy							
	Countrycare	10						
	Countrycare			1	4	4	4	4
	Countrycare				9	9	9	
	Development Control	51		26	25			
	Development Control			(75)	0			
	Development Control				(10)			
	Development Control				5			
	Development Control				(10)			
	Economic Development	Chamber of Commerce/Loyalty card scheme		2	2			
	Economic Development	Economic Development Strategy	3	3	3	3		
	Economic Development	Enhanced Business Contacts	4		0			
	Economic Development	LABGI regeneration	12			12		
	Economic Development	Town Centre Manager	9	3	11			
	Forward Planning	Admin Assistant				21		
	Forward Planning	Local Development Framework	395		165	586	100	
	Forward Planning	Senior Planner	35		24	22		
	Planning Services	Planning Delivery Grant 4	7		0	17		
Tourism	Waltham Abbey Tourist Information Centre	5		5				
Town Centre Enhancements	Town Centre Support	12	0	0				
Town Centre Regeneration	Waltham Abbey Regeneration Projects				46			
Total Planning & Economic Development		543	8	147	724	113	13	4
Total Service Specific District Development Fund		763	396	312	850	160	41	7
Other Items	Capital Expenditure Funded from Revenue	22		65	13			
	LABGI Contribution	40		40				
	Local Services Support Grant			(117)				
	Lost Investment Interest	363		342	267	217	67	
	Second Homes Discount Allowance	(84)		(75)	(75)			
	Council Tax Freeze				(204)			
Total District Development Fund		1,104	396	567	851	377	108	7

Medium Term Financial Strategy

Introduction

1. For a number of years as part of the Council's sound financial planning arrangements a four-year financial strategy has been prepared. This document allows a considered view to be taken of spending and resources. Without a medium term financial strategy finances would be managed on an annual basis leading to sudden expansions and contractions in services. Clearly such volatility would lead to waste and be confusing for stakeholders.
2. Managing this Council's finances has been made easier by isolating one off fluctuations (District Development Fund or DDF) from the ongoing core services (Continuing Service Budgets or CSB). This distinction highlights the differing effects in the medium term of approving different types of initiative.
3. A key part of the strategy is future rises in Council Tax and the Council has a stated ambition to not only remain a low tax authority but to ultimately have the lowest Band D charge in Essex. This ambition is unlikely to be realised until 2013/14, as it is anticipated that most Councils will freeze their charges for 2012/13. The Council currently has the second lowest charge and the gap to the lowest Band D charge in Essex is only £1.35.
4. At its 26 September 2011 meeting the Finance and Performance Management Cabinet Committee decided that communication of the revised medium term financial strategy to staff, partners and other stakeholders be undertaken by way of publishing key bullet points in appropriate publications.

Previous Medium Term Financial Strategy

5. That meeting of the Finance and Performance Management Cabinet Committee considered the annual Financial Issues Paper and an updated medium term financial strategy. At that time Members attention was drawn to a number of areas of significant uncertainty. Key amongst those were the structural reforms to the financing of local authorities through the local retention of NNDR and the Government's programme of welfare reform. The general state of domestic and world economies remains a concern and the possibility of a double dip recession is still with us. There were also questions over the New Homes Bonus, self-financing for the HRA and the capitalisation of pension deficit payments.
6. Against this background of risk and uncertainty a forecast was constructed that set a target of £14.88m for CSB expenditure for 2012/13 and maintained the requirement for annual CSB savings over the forecast period. At this time deficit budgets were anticipated for each year of the forecast, although these were reducing at the end of the forecast.
7. At that time the predicted General Fund balance at 1 April 2016 of £7.1m represented over 47% of the anticipated Net Budget Requirement (NBR) for 2015/16 and was therefore somewhat higher than the guideline of 25%. It was also predicted at that time that there would be £888,000 left in the DDF at 1 April 2016.

Updated Medium Term Financial Strategy

8. In the period since the Financial Issues Paper the Government has responded to the consultations on localising Council Tax Benefit and the local retention of business rates. These responses have made the direction of policy clearer but have been little help in terms of hard numbers for inclusion over the medium term. In constructing the forecast it has been necessary to make certain assumptions, these are set out below:
 - a) CSB Growth – the net savings required for 2012/13 have been found, but budgets will be re-visited during the course of 2012/13 to seek further reductions. In common with the earlier version of the strategy, target CSB savings are included for the period 2013/14 to 2014/15. The extension of the waste contract, removal of under spent budgets and the ending of financial support for Police Community Support Officers have helped achieve the savings required for 2012/13. However, annual net savings targets of £0.5m for 2013/14 and 2014/15 are likely to prove challenging.
 - b) DDF – all of the known items for the four-year period have been included and at the end of the period a balance of £1.36m is still available. This is an improvement on the position in the current year's budget, where the MTFS adopted in February 2011 showed a closing balance at the end of the period of £216,000.
 - c) Grant Funding – beyond 2012/13 it has been assumed that there will be a 10% reduction in grant over the remaining two years of the CSR period. This exceeds the headline figures provided in October 2010 to make allowance for the poorer than expected recovery since then and the effects of the Government's re-working of the grant allocation model.
 - d) Inter-related Funding – because of the changes in funding structures beyond 2012/13 and the top slicing of New Homes Bonus funding from the NNDR pool, only NHB income relating to the first two years of the scheme has been built into the model.
 - e) Council Tax Increase – Members have confirmed they wish to freeze the charge for 2012/13. Increases of 2.5% have been allowed for subsequent years. These assumptions have been built into the strategy.
9. This revised medium term financial strategy has deficits in the final three years of the period, although these are reducing and the use of reserves in 2015/16 is £311,000 lower than in 2014/15. The predicted revenue balance at the end of the period is £7.543m, which represents 51% of the NBR for 2015/16 and thus comfortably exceeds the target of 25%.
10. It is worth repeating that savings are still necessary in the next two years of the strategy and in approving the medium term financial strategy Members are asked to note these targets. The strategy will be monitored during the year and updated for the September 2012 meeting of the Finance and Performance Management Cabinet Committee.

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2011/12 - 2015/16

ORIGINAL 2011/12	REVISED				
	FORECAST 2011/12	FORECAST 2012/13	FORECAST 2013/14	FORECAST 2014/15	FORECAST 2015/16
£'000 NET REVENUE EXPENDITURE	£'000	£'000	£'000	£'000	£'000
17,090 Continuing Services Budget	17,396	15,994	15,682	15,451	14,919
-1,408 CSB - Growth Items	-1,745	-1,189	116	109	45
0 Net saving	0	0	-500	-500	0
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
15,682 Total C.S.B	15,651	14,805	15,298	15,060	14,964
1,104 One - off Expenditure	567	851	377	108	7
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16,786 Total Net Operating Expenditure	16,218	15,656	15,675	15,168	14,971
-1,104 Contribution to/from (-) DDF Balances	-567	-851	-377	-108	-7
-171 Contribution to/from (-) Balances	63	19	-470	-475	-164
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
15,511 Net Budget Requirement	15,714	14,824	14,828	14,585	14,800
<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
FINANCING					
7,387 Government Support (NND+RSG)	7,590	6,656	6,456	6,004	6,004
8,124 District Precept	8,124	8,168	8,372	8,581	8,796
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To be met from Government 15,511 Grants and Local Tax Payers	15,714	14,824	14,828	14,585	14,800
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Band D Council Tax	148.77	148.77	152.49	156.30	160.21
Percentage Increase %		0.0	2.5	2.5	2.5

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2011/12 - 2015/16

	REVISED FORECAST 2011/12	FORECAST 2012/13	FORECAST 2013/14	FORECAST 2014/15	FORECAST 2015/16
REVENUE BALANCES	£'000	£'000	£'000	£'000	£'000
Balance B/forward	8,570	8,633	8,652	8,182	7,707
Surplus/Deficit(-) for year	63	19	-470	-475	-164
Balance C/Forward	8,633	8,652	8,182	7,707	7,543
DISTRICT DEVELOPMENT FUND					
Balance B/forward	3,269	2,702	1,851	1,474	1,366
Transfer Out	-567	-851	-377	-108	-7
Balance C/Forward	2,702	1,851	1,474	1,366	1,359
CAPITAL FUND (inc Cap Receipts)					
Balance B/forward	18,694	14,795	9,877	9,221	8,642
New Usable Receipts	155	174	234	294	294
Use of Capital Receipts	-4,054	-5,092	-890	-873	-768
Balance C/Forward	14,795	9,877	9,221	8,642	8,168
TOTAL BALANCES	26,130	20,380	18,877	17,715	17,070

**CAPITAL PROGRAMME
2011/12 to 2015/16 FORECAST**

	2011/12 Original £000	2011/12 Revised £000	2012/13 Forecast £000	2013/14 Forecast £000	2014/15 Forecast £000	2015/16 Forecast £000	5 Year Total £000
EXPENDITURE							
Finance & ICT	488	358	362	0	0	0	720
Corporate Support Service	307	536	677	310	333	227	2,083
Deputy Chief Executive	1,602	1,572	120	0	0	0	1,692
Environment & Street Scene	1,654	1,557	1,575	93	93	94	3,412
Planning & Economic Development	75	80	50	0	0	0	130
Total Non-Housing	4,126	4,103	2,784	403	426	321	8,037
Housing GF	2,305	1,175	2,851	790	750	750	6,316
HRA	6,919	7,026	7,434	5,981	5,781	5,730	31,952
Housing DLO	54	0	57	50	50	50	207
Total Housing	9,278	8,201	10,342	6,821	6,581	6,530	38,475
TOTAL	13,404	12,304	13,126	7,224	7,007	6,851	46,512
FUNDING							
DCLG Grant for DFG	240	313	334	240	240	240	1,367
DCLG Grant for Decent Homes	20	0	0	0	0	0	0
Housing Ass Growth Area Funding	0	70	90	0	0	0	160
HPDG/LABGI Capital Grants	0	8	43	0	0	0	51
ECC/Parish Contributions	260	260	0	0	0	0	260
Private Funding	138	378	313	113	113	113	1,030
Total Grants	658	1,029	780	353	353	353	2,868
Housing GF (Other Capital Receipts)	2,045	627	2,517	550	510	510	4,714
Non Housing (Other Capital Receipts)	3,756	3,627	2,375	340	363	258	6,963
Total Capital Receipts	5,801	4,254	4,892	890	873	768	11,677
GF - RCCO	22	65	13	0	0	0	78
HRA - RCCO	2,050	2,050	2,050	2,050	2,050	2,050	10,250
HRA - MRR	4,873	4,906	5,391	3,931	3,731	3,680	21,639
Total Revenue Contributions	6,945	7,021	7,454	5,981	5,781	5,730	31,967
TOTAL	13,404	12,304	13,126	7,224	7,007	6,851	46,512

**CAPITAL PROGRAMME
2011/12 to 2015/16 FORECAST**

	2011/12 Original £000	2011/12 Revised £000	2012/13 Forecast £000	2013/14 Forecast £000	2014/15 Forecast £000	2015/16 Forecast £000	5 Year Total £000
Finance & ICT							
General IT	438	321	362	0	0	0	683
Cash-Receipting & Income System	0	12	0	0	0	0	12
Atlas Benefit Software	0	25	0	0	0	0	25
General Capital Contingency	50	0	0	0	0	0	0
Total	488	358	362	0	0	0	720
Corporate Support Service							
Civic Office Works	191	304	253	218	121	150	1,046
Building Improvement Programme - Leisure	64	68	13	75	0	0	156
Environmental Improvements to Shops	30	30	75	7	24	0	136
Energy Efficiency Measures	22	35	13	0	0	0	48
Upgrade of Industrial Units	0	0	313	0	0	77	390
Solar Energy Panels	0	0	10	10	188	0	208
Langston Road Redevelopment	0	54	0	0	0	0	54
Pyrls Lane Redevelopment Purchases	0	21	0	0	0	0	21
Fleet Ops MOT vehicle lift	0	24	0	0	0	0	24
Total	307	536	677	310	333	227	2,083
Deputy Chief Executive							
Customer Services Trans Prog	0	14	0	0	0	0	14
Limes Farm Hall Development	952	1,000	0	0	0	0	1,000
Waltham Abbey All Weather Pitch	485	513	0	0	0	0	513
Waltham Abbey Regeneration Schemes	165	45	120	0	0	0	165
Total	1,602	1,572	120	0	0	0	1,692
Environment & Street Scene							
Waste Management Vehicles & Equip't	1,000	1,141	1,000	0	0	0	2,141
Fitness Equipment: Epping & Ongar	192	192	0	0	0	0	192
Loughton Leisure Centre:New Build	0	12	0	0	0	0	12
Bobbingworth Tip	38	39	30	0	0	0	69
Parking & Traffic Schemes	260	71	405	0	0	0	476
N W Airfield Market Improvements	88	73	63	63	63	64	326
Flood Alleviation Schemes	47	0	47	0	0	0	47
Grounds Maint Plant & Equipt	29	29	30	30	30	30	149
Total	1,654	1,557	1,575	93	93	94	3,412
Planning & Economic Development							
Loughton Broadway TCE	0	22	0	0	0	0	22
Loughton Broadway CCTV	75	49	50	0	0	0	99
Planning Services Capital Schemes	0	9	0	0	0	0	9
Total	75	80	50	0	0	0	130
TOTAL NON-HOUSING PROGRAMME	4,126	4,103	2,784	403	426	321	8,037

**CAPITAL PROGRAMME
2011/12 to 2015/16 FORECAST**

	2011/12 Original £000	2011/12 Revised £000	2012/13 Forecast £000	2013/14 Forecast £000	2014/15 Forecast £000	2015/16 Forecast £000	5 Year Total £000
Housing General Fund							
Affordable Housing Contrib to Hsg Assoc	188	0	372	0	0	0	372
Open Market Shared Ownership Scheme	350	235	550	0	0	0	785
Housing Ass Growth Area Funding	0	70	90	0	0	0	160
Home Ownership Grants Scheme	112	84	0	0	0	0	84
Disabled Facilities Grants	400	330	450	400	400	400	1,980
Other Private Sector Grants	350	290	409	350	350	350	1,749
CPO 8/8a Sun Street, W Abbey	378	0	0	0	0	0	0
Housing Estate Car Parking	527	166	980	40	0	0	1,186
TOTAL HOUSING GENERAL FUND	2,305	1,175	2,851	790	750	750	6,316
Housing Revenue Account							
Springfields, Waltham Abbey	0	28	0	0	0	0	28
Purchase of House in Pyrles Lane	0	239	0	0	0	0	239
Heating/Rewiring	1,708	1,557	1,726	1,685	1,685	1,685	8,338
Windows/Roofing/Asbestos/Water Tanks	951	746	1,059	859	859	859	4,382
Other Planned Maintenance	368	392	385	454	454	454	2,139
Total Planned Maintenance	3,027	2,962	3,170	2,998	2,998	2,998	15,126
Structural Schemes	400	471	610	600	400	400	2,481
Small Capital Repairs	632	896	464	493	493	493	2,839
Kitchen & Bathroom Replacements	1,672	1,837	1,520	1,204	1,204	1,204	6,969
Environmental Improvements	718	402	1,200	216	216	165	2,199
Disabled Adaptations	450	423	450	450	450	450	2,223
Other Repairs and Maintenance	20	35	20	20	20	20	115
TOTAL HRA	6,919	7,026	7,434	5,981	5,781	5,730	31,952
Housing DLO Vehicles	54	0	57	50	50	50	207
TOTAL DLO	54	0	57	50	50	50	207
TOTAL HOUSING PROGRAMME	9,278	8,201	10,342	6,821	6,581	6,530	38,475

CAPITAL RECEIPTS
2011/12 to 2015/16 FORECAST

	2011/12 Original £000	2011/12 Revised £000	2012/13 Forecast £000	2013/14 Forecast £000	2014/15 Forecast £000	2015/16 Forecast £000	5 Year Total £000
Receipts Generation							
Housing Revenue Account	930	586	690	928	1,166	1,165	4,535
General Fund	0	0	0	0	0	0	0
Total Receipts	930	586	690	928	1,166	1,165	4,535
Receipts Analysis							
Usable Receipts	235	155	174	234	294	294	1,151
Payment to Govt Pool	695	431	516	694	872	871	3,384
Total Receipts	930	586	690	928	1,166	1,165	4,535
Usable Capital Receipt Balances							
Opening Balance	17,661	18,694	14,595	9,877	9,221	8,642	18,694
Usable Receipts Arising	235	155	174	234	294	294	1,151
Use of Other Capital Receipts	(5,801)	(4,254)	(4,892)	(890)	(873)	(768)	(11,677)
Closing Balance	12,095	14,595	9,877	9,221	8,642	8,168	8,168

MAJOR REPAIRS RESERVE
2011/12 to 2015/16 FORECAST

	2011/12 Original £000	2011/12 Revised £000	2012/13 Forecast £000	2013/14 Forecast £000	2014/15 Forecast £000	2015/16 Forecast £000	5 Year Total £000
Opening Balance	5,791	6,540	6,612	8,153	11,176	14,359	6,540
Major Repairs Allowance	4,949	4,978	6,932	6,954	6,914	6,902	32,680
Use of MRR	(4,873)	(4,906)	(5,391)	(3,931)	(3,731)	(3,680)	(21,639)
Closing Balance	5,867	6,612	8,153	11,176	14,359	17,581	17,581