Supplementary Committee Agenda

Overview and Scrutiny Committee
Thursday, 29th January, 2009

Place:	Council Chamber, Civic Offices, High Street, Epping
Time:	7.30 pm
Committee Secretary:	Simon Hill, Senior Democratic Services Officer, The Office of the Chief Executive email: shill@eppingforestdc.gov.uk Tel: 01992 564249

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9. BUDGET REPORT (Pages 3 - 68)

(Director of Finance and ICT) to consider the draft Portfolio Holder Budgets report. The full draft budgets were considered in detail at the Finance and Performance Management Scrutiny Standing Panel on 13 January 2009 and at the Finance and Performance Management Cabinet Committee on 26 January 2009.

10. ANNUAL REVIEW OF CONTRACT STANDING ORDERS (Pages 69 - 74)

(Chairman of the Constitution and Member Services Standing Panel) To consider a report of the Constitution & Member Services SSP.

11. ANNUAL REVIEW OF FINANCIAL REGULATIONS (Pages 75 - 76)

(Chairman of the Constitution and Member Services Standing Panel) To consider the attached report of the Constitution & Member Services SSP .

13.a Essex County Council - Forest Transport Consultation (Pages 77 - 78)

(Chairman of the Safer Cleaner Greener Standing Panel) to consider the attached report of the Safer Cleaner Greener Standing Panel.

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Report to Overview & Scrutiny Committee

Date of meeting: 29 January 2009

Subject: Council Budgets 2009/10

Officer contact for further information: Bob Palmer (01992-564279)

Democratic Services Officer: Adrian Hendry (01992-564246)

Recommendation:

1. That Overview and Scrutiny Committee consider the recommendations of the Finance and Performance Management Cabinet Committee and the Finance and Performance Management Scrutiny Panel and recommend them, as amended if necessary, to the Cabinet.

Report:

1. This is the fourth set of budget proposals to be considered under the revised Overview and Scrutiny arrangements. Prior to 2006/07 the detailed proposals were taken to the relevant Overview and Scrutiny Committee and Overview and Scrutiny Committee 3 then considered the budget as a whole and made recommendations to Cabinet.

2. The timetable for the approval of the 2009/10 budgets is as follows:

Finance & Performance Management Scrutiny Panel	13 January 2009
Finance & Performance Management Cabinet Committee	26 January 2009
Overview & Scrutiny Committee	29 January 2009
Cabinet	2 February 2009
Full Council	17 February 2009

3. The Finance and Performance Management Scrutiny Panel are presented with the detailed Portfolio Holder budgets and have the opportunity to question Portfolio Holders. Therefore, this Committee has previously only received a report from the Chairman of that Panel and the Medium Term Financial Strategy. However at the meeting of this Committee last year additional information was requested and so the full reports going to the Finance and Performance Management Cabinet Committee are now appended to this report.

4. An oral update will be given on the recommendations of the 13 January meeting of the Finance and Performance Management Scrutiny Panel on the detailed draft budgets for each Portfolio. Any comments or amendments suggested will also be reported orally to this Committee, as will the views of the Finance and Performance Management Cabinet Committee being held on 26 January.

5. The Overview and Scrutiny Committee is now asked to consider the recommendations of the Finance and Performance Management Cabinet Committee and the Finance and Performance Management Scrutiny Panel.

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Report to the Finance and Performance Management Cabinet Committee
Report reference: F/   /2008-09
Date of meeting: 26 January 2009

Epping Forest District Council

Portfolio: Finance and Performance Management

Subject: Council Budgets 2009/10

Officer contacts for further information: Bob Palmer (01992 – 56 4279)

Democratic Services Officer: Gary Woodhall (01992 - 56 4470)

Recommendations/Decisions Required:

(1) That the Committee considers the Council's 2009/10 General Fund budgets and makes recommendations to the Cabinet meeting on the 2 February 2009 on adopting the following:

(a) the revised revenue estimates for 2008/09, which are anticipated to increase the General Fund balance by £525,000;

(b) an increase in the target for the 2009/10 CSB budget from £17.9m to £18.1m (including growth items);

(c) an increase in the target for the 2009/10 DDF net spend from £0.7m to £1.2m;

(d) an increase of 2.5% in the District Council Tax for a Band 'D' property to raise the charge from £143.01 to £146.61;

(e) the estimated reduction in General Fund balances in 2009/10 of £763,000;

(f) the four year capital programme 2009/10 – 12/13;

(g) the Medium Term Financial Strategy 2009/10 – 12/13;

(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 2009/10 HRA budget including the revised revenue estimates for 2008/09 be agreed;

(3) That the Cabinet be requested to note that rent increases and decreases for 2009/10 are to be applied in accordance with the Government's rent reforms and the Council's approved rent strategy;

(4) That the Committee recommends to the Cabinet that the established policy of capitalising deficiency payments to the pension fund is maintained, in accordance with the Capitalisation Direction request made to the Department for Communities and Local Government;

(5) That the Committee considers the Council's Prudential Indicators and Treasury Management Strategy for 2009/10 and makes recommendations to the Cabinet; and

(6) 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 2009/10 budgets and the adequacy of the reserves.

Executive Summary:

This report sets out the detailed recommendations for the Council's budget for 2009/10. The budget uses £0.8m of reserves but this is affordable and the Council's policy on the level of reserves can be maintained throughout the period of the Medium Term Financial Strategy. Over the course of the Medium Term Financial Strategy the budget will be brought back into balance.

The budget is based on the assumption that Council Tax will increase by 2.5% and that average Housing Revenue Account rents will increase by 4%.

Reasons for Proposed Decisions:

The decisions are necessary to assist Cabinet in determining the budget that will be placed before Council on 17 February 2009.

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 2 February 2009 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 17 February 2009.

2. The annual budget process commenced with the Financial Issues Paper being presented to this committee on 22 September 2008. The paper was prepared against a background of a worsening economic situation and highlighted the uncertainties associated with:

   a) The "Credit Crunch" and reduced housing market activity
   b) Taking forward Safer, Cleaner, Greener and Waste Management
   c) Future provision of leisure facilities in Epping and Waltham Abbey
   d) Pay disputes and utility costs
   e) Need to obtain annual approval for capitalisation of pension deficit payments
   f) Introduction of nationwide concessionary fares scheme
   g) Customer Services Transformation Programme

3. There is now greater clarity on most of these issues, although this has been achieved very recently for some of the items. The key areas are revisited in subsequent paragraphs.

4. In setting the budget for the current year Members had anticipated adding £218,000 to general fund reserves. Despite the general fund balance already being above the established guideline of 25% of the Net Budget Requirement, it was felt prudent to maintain tight control over costs and further strengthen the Council's financial position.

5. The revised four year forecast presented with the Financial Issues Paper took into

account all the additional costs known at that point but highlighted that in the areas of leisure and waste management it was clear that growth would be required but it was not possible at that time to calculate a meaningful figure. This projection showed a need to achieve savings of £100,000 on the 2009/10 estimates and £200,000 per annum in future years to keep revenue balances above the target level at the end of 2011/12.

6. Members adopted this measured approach to reduce expenditure in a progressive and controlled manner. It was felt that a reduction was needed in the budget figures for 2009/10 as the first step in this process, followed by further savings in 2010/11.

7. The budget guidelines for 2009/10 were therefore established as:

    i. The ceiling for CSB net expenditure be no more than £17.6m including net growth/savings.
    ii. The ceiling for DDF net expenditure be no more than £270,000.
    iii. The District Council Tax be increased by no more than 2.5%.

8. In view of the worsening economic climate and the clearer cost increases coming through on leisure and waste management and the slippage in the DDF programme, these guidelines were revised by the 8 December meeting of this committee. The target for the Council Tax increase was unchanged but the other guidelines were amended to:

    i. The ceiling for CSB net expenditure be no more than £17.9m including net growth/savings.
    ii. The ceiling for DDF net expenditure be no more than £700,000.

The Current Position

9. The draft General Fund budget summaries are attached as annexes 1 to 10. The main year on year resource movements are highlighted in the CSB Growth and DDF lists, which are attached as Annexes 11 and 12. In terms of the guidelines, the position is set out below.

The ceiling for CSB net expenditure be no more than £17.9m including net growth;

10. Annex 11 lists all the CSB changes for next year. Some of the growth items listed are for sums agreed as part of previous year's budgets but most are new for next year. The largest item for next year is £217,000 for the reduction in interest earnings resulting from the substantial reductions seen in interest rates.

i) The "Credit Crunch" and Reduced Housing Market Activity

The annual reduction in income from Land Charges still appears likely to be £250,000. However, the original 50/50 split between CSB and DDF has been revisited and the £125,000 that had been included as CSB growth has been increased to £175,000. Income for Development Control is in line with the original estimates for 2008/09 and this is expected to be maintained. The ring-fenced Building Control Account has seen a reduction in income but this is being addressed through a reduction in the use of consultants and a fee increase of 8% is proposed for 2009/10.

Interest income has benefited in 2008/09 from market volatility and £264,000 of additional income is being credited to the DDF. Unfortunately this position changes significantly for future periods. At the time of writing the Financial Issues Paper the base rate had been stable at 5% for 6 months, however October saw a reduction to 4.5% followed by moves to 4% in November, 2% in December and 1.5% in January. Further falls are anticipated, so although the Council has some protection through having £15million of the investment portfolio on long term deals it has still been necessary to allow for more than £200,000 of growth due to reduced interest earnings in 2009/10. Additional growth is also included in subsequent periods as the long-term deals expire and base rates are not anticipated to return to mid 2008/09 levels for some years.

ii) Safer, Cleaner, Greener and Waste Management

The Safer, Cleaner, Greener initiative has taken time to implement and so some of the full year growth allowed for in 2008/09 has now slipped to 2009/10. The main growth under this heading now is in respect of the Waste Management Service. An external inspection of Waste Management further highlighted the need to re-examine collection methodologies and in particular how green and food waste are dealt with. The public have responded well to the provision of a green waste service but the popularity of the service created problems in terms of the volume of the material and the cost of the biodegradable sacks.

Following a detailed public consultation earlier in the year, the Council has worked in partnership with the contractors and Essex County Council to develop a solution. The solution was agreed by Cabinet on 19 January and despite assistance from the County with both CSB and capital funding a combination of CSB, DDF and capital funding is also required from this Council. To implement the solution £150,000 of CSB growth has been included in 2009/10 with a further £150,000 in 2010/11.

iii) Leisure Facilities in Epping and Waltham Abbey

The Cabinet meeting on 15 December agreed the terms under which the contract with SLM for the management of the Epping sports centre could be extended. Overall the annual management charge made by SLM for operating the Council's leisure centres will increase by £140,000, with a quarter of the growth being in 2008/09 and the remainder in 2009/10.

It was also decided at that Cabinet meeting to withdraw from the joint use arrangement for the Waltham Abbey sports centre. A notice period of one year has to be observed and so only part of the saving from this will arise in 2009/10. The benefit of the full annual saving of £270,000 should be seen in 2010/11. A feasibility study is being commissioned to consider the possibility of expanding the facilities available at Waltham Abbey swimming pool.

iv) Pay Disputes and Utility Costs

Following the industrial action earlier in the year, the pay award for 2008/09 is now progressing through the arbitration process. The estimates for both 2008/09 and 2009/10 allow for pay awards of 2.475%. As the salary estimate for 2008/09 is £19.7 million the overall estimates are quite sensitive to changes in pay award assumptions. For every 1% the pay award is above 2.475% the Council's pay bill will increase by nearly £200,000. This is one key area where uncertainty persists but the assumptions made are believed to be prudent.

Significant growth has also been necessary for utility costs and an additional £112,000 is split between CSB and DDF over 2008/09 and 2009/10. The split between CSB and DDF reflects advice from the Office for Government Commerce that wholesale energy prices have reduced considerably from their peak.

v) Capitalisation of Pension Deficit Payments

Capitalisation applications for 2008/09 for both the general fund (£662,000) and the housing revenue account (£311,000) have been submitted to the DCLG. The DCLG are maintaining their policy of not confirming the amount of capitalisation directions until the end of January, so this too remains an area of uncertainty.

vi) Concessionary Fares

The new national scheme commenced on 1 April 2008 and there has been widespread coverage of the overall extent of the underfunding of this scheme. In

Essex the districts have negotiated with the bus operators to agree a reasonable settlement for 2008/09 and although there are appeals outstanding against the reimbursement for earlier years there are none for the current year. The Department for Transport have indicated that as part of the next Comprehensive Spending Review the responsibility for concessionary fares is likely to move to a county or regional basis. In anticipation of this change and to limit the financial risk to districts for the next two years, negotiations are underway to transfer responsibility for the scheme to Essex County Council.

vii) Customer Services Transformation Programme

During the year a scrutiny panel has re-considered the CSTP and their recommendations are being made to Cabinet on 2 February. It is anticipated that there will be some CSB growth for additional resource to support the website, but that a further detailed feasibility study will be conducted before a CSTP is implemented. On that basis the CSTP remains in the Capital Programme but no changes have been made to either CSB or DDF budgets.

11. The General Fund summary at Annex 1 shows the CSB total is £174,000 above the CSB target of £17.9m. Whilst the CSB growth is above the target, this is partly offset by the level of the general fund reserve being higher than anticipated. If Members require a total closer to the £17.9m target it will be necessary to reduce or remove some of the items listed on Annex 11. However, Members may feel that in the current economic slowdown there is an opportunity to display community leadership and assist in stimulating the local economy.

The ceiling for DDF net expenditure be no more than £700,000;

12. The DDF net movement for 2009/10 is £1.181m, Annex 12 lists all the DDF items in detail. The largest cost item is £432,000 for work on the Local Development Framework (LDF). The LDF is a substantial and unavoidable project and over the next four years DDF funding of £1.137m is currently 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.

13. Other significant items of expenditure include £215,000 for waste management expenditure that will be necessary as part of the transition to the new collection methods. Remedial works to watercourses has a DDF budget in 2009/10 of £148,000, although this represents works that have been re-phased from earlier periods.

14. At £1.181m the DDF programme exceeds the target by £481,000. All of the DDF items currently programmed to the end of 2012/13 can be funded from within existing DDF resources. However, if Members require a total closer to the £700,000 target some items could be re-programmed from 2009/10 to later years. Recent experience has shown that there is usually substantial slippage on the DDF and so even if £1.181m were programmed, the outturn would be unlikely to exceed £1m.

The District Council Tax be increased by no more than the rate of increase in the Retail Prices Index (RPI);

15. For a number of years now Members have had a policy of restricting increases in Council Tax to less than the increase in the RPI. At the meeting of this committee on 8 December 2008, Members amended this policy to one of increasing Council Tax by no more than 2.5%. The latest RPI figure is 3% so even if the policy had not been amended the proposed Council Tax increase of 2.5% would have been within that target.

That longer term guidelines covering the period to March 2013 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;

16. Current projections show this rule will not be breached by 2012/13, by which time reserves will have reduced to £6.475m and 25% of net budget requirement will be £4.53m.

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.

17. The outturn for 2007/08 added £701,000 to reserves, and the revised estimates for 2008/09 anticipate a further increase of £525,000. This would leave the opening revenue reserve for 2009/10 at just under £8 million and although the estimates for 2009/10 show a reduction of £763,000, reserves would still be above £7m. The Medium Term Financial Strategy at Annex 13 shows deficit budgets for the three years 2009/10 to 2011/12. The level of deficit peaks at £763,000 in 2009/10 and returns to break even in 2012/13, although this is achieved through CSB savings of £300,000 in each of the three years from 2010/11.

The Local Government Finance Settlement

18. The Government have indicated that the draft figures previously advised are unlikely to be amended. To remind Members of the three-year settlement and the background to it the information below has been repeated from the 2008/09 Council Tax setting report.

19. After one two-year settlement under the new four block system, the Department for Communities and Local Government (DCLG) announced a consultation to "update and fine tune" the model to produce a three-year settlement. Unfortunately the fine-tuning has resulted in some substantial movements in the Council's relative position. The table below sets out the Council's amounts in each of the four blocks for the five years of data now available. The Relative Needs Amount (what the Government believes the Council needs to spend) has fallen nearly £300,000 for 2008/09 whilst the Relative Resource Amount (a negative amount to reflect the ability to raise income from Council Tax) has increased by over £500,000. This worsening of £800,000 is offset by an increase in the Central Allocation of £460,000 and a change in the net Floor Damping position of £490,000.

	2006/07 £m	**2007/08 £m**	**2008/09 £m**	**2009/10 £m**	**2010/11 £m**
Relative Needs Amount	5.728	5.742	5.455	5.457	5.464
Relative Resource Amount	-4.465	-4.724	-5.228	-5.096	-4.956
Central Allocation	7.854	8.332	8.793	8.834	8.871
Floor Damping	-0.490	-0.189	0.302	0.173	0.036
Formula Grant	**8.627**	**9.161**	**9.322**	**9.368**	**9.415**

20. The draft figures shown above represent a poor settlement for the Council and give grant increases of only 1% (against the adjusted 07/08 figure) for 2008/09 and only 0.5% for 2009/10 and 2010/11. This seems odd given the sizeable grant increase seen under this system for 2006/07 and 2007/08.

	2006/07 £m	2007/08 £m	2008/09 £m	2009/10 £m	2010/11 £m
Formula Grant (adjusted)	8.627	9.161 (9.229)	9.322	9.368	9.415
Increase £	0.711	0.534	0.093	0.046	0.047
Increase %	9.0%	6.2%	1.0%	0.5%	0.5%

21. The introduction of the four block system saw the Council change from receiving floor support of £412,000 to loosing £490,000 to support the floor for others. It had been hoped that the move away from the floor would last longer than two years. However, the benefit of the previous large increase has not been lost, as this has provided the base that the floor increase of 1% has been added to.

The 2009/10 General Fund Budget

22. Whilst the position on many issues is clearer now than it was when the Financial Issues Paper was written there are still significant risks and uncertainties for 2009/10. The full effects of the recession have still to be seen and as well as impacting on many of the Council's revenue streams it is likely that additional demands will be placed on services such as benefits and homelessness. Despite the measures being taken at the national level many commentators are predicting a severe recession that may last some years. If this is the case then the allowances made for reductions in property related income and investment income might need to be increased.

23. The other major area of uncertainty still pending clarification is whether the DCLG will provide a capitalisation direction to cover the pension deficit payments for 2008/09, and subsequent years. A full capitalisation direction was obtained for 2005/06 and 2007/08 but a direction covering only 57% of the costs was given for 2006/07. It is necessary to apply for each year separately, and now as well as considering whether individual applications meet the criteria (Gate 1) the national economic impact of all applications (Gate 2) is also considered.

24. The starting point for the budget is the attached Medium Term Financial Strategy, Annex 13. Annexes 13a and 13b are based on the current draft budget, a Council Tax increase of 2.5% (£146.61 Band D) for 2009/10 and subsequent increases of 2.5% per annum for each of the following three years in accordance with the strategy of not increasing Council Tax by more than this amount.

25. Members are reminded that this strategy is based on a number of important assumptions, including the following:

- Future Government funding beyond the current CSR (for which the grant increases are known) will increase at a rate of 1% per annum.
- CSB growth has been restricted but still exceeds the CSB target for 2009/10 of £17.9 million. Known growth beyond 2009/10 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 LDF programme the closing balance at the end of 2012/13 is anticipated to reduce to £600,000.
- 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 2012/13 to £6.475m or 35% of NBR for 2012/13, although this can only be done with further savings of £300,000 per annum from 2010/11 to 2012/13.

The Capital Programme

26. The Capital Programme at Annex 15 shows the expenditure previously agreed by

Cabinet and approved as part of the Capital Strategy by Council on 16 December 2008. Cabinet agreed a significant late additional capital item on 19 January with £1.9 million being added to the programme. This is to fund the implementation of the revised collection arrangements and £0.5 million of the total is being funded by Essex County Council.

27. Members have stated that in future priority will be given to capital schemes that will generate revenue in subsequent periods. This position was stated in the previous Capital Strategy 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.

28. Annex 15d 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 £53m over five years, it is anticipated that the Authority will still have £11m of usable capital receipt balances at the end of the period. It is not anticipated that further disposals of surplus land will take place during 2009/10, or in the medium term until market conditions have improved.

The Housing Revenue Account

29. The balance on the HRA at 31 March 2010 is expected to be £5.8 million, as shown in Annex 14a, after deficits of £22,000 in 2008/09 and £388,000 in 2009/10. A significant factor in the worsening deficit has been the increase in subsidy payable to the Government, which has gone up £351,000 to £11.2 million for 2009/10.

30. 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 has been temporarily suspended. For 2009/10 greater discretion has been given to local authorities, although the Government has placed a limit of 7% on increases. The actual average rent increase for 2009/10 is expected to be 4%.

31. 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 not expected to change in the short term.

32. Annex 14b shows the estimated balances for the Housing Repairs Fund and Annex 14c the same for the Major Repairs Reserve. Members are recommended to agree the budgets for 2009/10 and 2008/09 revised and to note that although a deficit budget is proposed for 2009/10 the HRA has substantial ongoing balances.

Risk Assessment and the Level of Balances

33. 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 2009/10. <u>Where this advice is not accepted, this should be formally recorded within the minutes of the Council meeting.</u> The Council at its meeting on the 17 February will consider the recommendations of the Cabinet on the budget for 2009/10 and will determine the planned level of the Council's balances. Members will consider the report of the CFO as set out at Annex 16 at that meeting.

The Prudential Indicators and Treasury Management Strategy 2009/10

34. 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 are set out in a separate report as Annex 17.

35. Members approved a Treasury Management Strategy on 19 February 2004, which has been updated and amended on annual basis to give additional flexibility in dealing with increased investment balances, resulting from land sales. Investment balances have increased substantially and, as part of the 2007/08 budget, the limit on funds invested for over 364 days was raised from £15m to £30m and the maximum amount to be invested with higher rated counter parties was increased from £8m to £12m.

36. Given the current instability in money markets a more prudent approach is being taken to counter parties and some institutions are no longer being dealt with even though they satisfy the credit rating requirements. As part of this approach the maximum amount to be invested will be reduced to £10m and building societies without credit ratings will be removed from the counter party list. This may lead to some reduction in interest earnings but the first priority is to safeguard the Council's investment funds.

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 22 September 2008
Draft Growth List – see agenda of 17 November 2008
Draft General Fund Budget Summary – see agenda of 8 December 2008

Impact Assessments:
The Directorate proposing the growth will have considered the equalities impacts for each growth 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.

If the Council is seen to be adding further to reserves in 2008/09 and then not allowing some additional spending in subsequent periods, criticism may arise for accumulating excessive balances.

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Annex 1

GENERAL FUND ESTIMATE SUMMARY

2007/08 Actual £000	2008/09 Original Estimate £000	2008/09 Revised Estimate £000		Annex no.	2009/10 Budget Gross Expenditure £000	2009/10 Budget Gross Income £000	2009/10 Budget Net Expenditure £000
2,508	2,728	2,542	Leader's Portfolio	**2**	2,692	203	2,489
838	1,034	1,089	Community Wellbeing	**3**	1,243	62	1,181
1,217	1,969	1,515	Finance & Performance Management	**4**	40,205	38,596	1,609
(664)	(601)	(438)	Corporate Support Services & ICT	**5**	1,169	1,500	(331)
1,033	1,941	1,941	Housing	**6**	2,415	1,092	1,323
3,445	3,569	3,615	Leisure & Young People	**7**	5,636	1,840	3,796
1,638	1,792	1,331	Civil Engineering & Maintenance	**8**	3,666	2,038	1,628
2,542	2,744	2,502	Planning & Economic Development	**9**	4,228	1,288	2,940
7,832	6,465	6,600	Environmental Protection	**10**	8,353	1,234	7,119
(1,023)	(87)	(281)	Other Income		0	90	(90)
19,366	**21,554**	**20,416**	**Net Cost of Services**		**69,607**	**47,943**	**21,664**
(3,616)	(3,099)	(3,537)	Interest and Investment Income		0	2,142	(2,142)
2,213	2,050	2,224	Interest Payable (Inc. HRA)		1,310	0	1,310
1,696	416	404	Pensions Interest/Return		4,071	3,667	404
19,659	**20,921**	**19,507**	**Net Operating Expenditure**		**74,988**	**53,752**	**21,236**
(1,977)	(2,601)	(2,659)	Depreciation Reversals & Other adj		202	2,131	(1,929)
701	219	525	Contribution to/(from) Other Reserves		0	763	(763)
(265)	(1,078)	(217)	Contribution to/(from) DDF		0	1,181	(1,181)
(1,459)	(414)	(109)	FRS 17 Adjustment		0	52	(52)
16,659	**17,047**	**17,047**	**To be met from Government Grants and Local Taxpayers**		**75,190**	**57,879**	**17,311**
16,180	**17,172**	**16,909**	**Continuing Services Budget**				**17,433**
460	1,085	1,243	CSB - Growth				674
(682)	(1,429)	(1,630)	CSB - Savings				(33)
(222)	**(344)**	**(387)**	**Total Growth (Net)**	**11**			**641**
15,958	**16,828**	**16,522**	**Total Continuing Services Budget**				**18,074**
2,558	1,600	2,177	DDF - Expenditure				1,713
(2,293)	(522)	(1,960)	DDF - One Off Savings				(532)
265	**1,078**	**217**	**Total District Development Fund**	**12**			**1,181**
436	(859)	308	Appropriations to/(from) other Reserves				(1,944)
16,659	**17,047**	**17,047**					**17,311**

Annex 2

Leaders

General Fund Estimate Summary

2007/08 Actual £000	2008/09 Original Estimate £000	2008/09 Revised Estimate £000		2009/10 Gross Expend £000	2009/10 Gross Income £000	2009/10 Net Expend £000
			Direct Services			
265	*326*	*347*	Elections	494	203	291
1,393	*1,424*	*1,357*	Corporate Activities	1,381	0	1,381
810	*932*	*808*	Member Activities	786	0	786
40	*46*	*30*	Other Activities	31	0	31
2,508	***2,728***	***2,542***	**Total (Transferred to GF Summary)**	**2,692**	**203**	**2,489**
			Support and Trading Services			
326	*309*	*303*	Democratic Services	310	0	310
315	*485*	*435*	Public Relations and Information	514	0	514
(187)	*(232)*	*(461)*	Recharged to this Portfolio	(515)	0	(515)
(454)	*(562)*	*(277)*	Recharged to other Portfolio's	(309)	0	(309)
0	***0***	***0***	**Total**	**0**	**0**	**0**
2,508	***2,728***	***2,542***	**Portfolio Total**	**2,692**	**203**	**2,489**
2,504	*2,762*	*2,624*	Continuing Services Budget			2,545
0	*65*	*64*	Continuing Services Budget - Growth			25
0	*(134)*	*(152)*	Continuing Services Budget - Savings			(10)
2,504	***2,693***	***2,536***	**Total Continuing Services Budget**			**2,560**
4	*35*	*17*	District Development Fund - Expenditure			20
0	*0*	*(11)*	District Development Fund - Savings			(91)
4	***35***	***6***	**Total District Development Fund**			**(71)**
2,508	***2,728***	***2,542***	**Portfolio Total**			**2,489**

Annex 3

Community Wellbeing

General Fund Estimate Summary

2007/08 Actual £000	2008/09 Original Estimate £000	2008/09 Revised Estimate £000		2009/10 Gross Expend £000	2009/10 Gross Income £000	2009/10 Net Expend £000
			Direct Services			
151	*175*	*195*	Emergency Planning	202	0	202
386	*403*	*389*	Voluntary Sector	424	12	412
284	*438*	*487*	Safer Communities	599	50	549
17	*18*	*18*	Travel Schemes	18	0	18
838	***1,034***	***1,089***	**Total Direct**	**1,243**	**62**	**1,181**
838	***1,034***	***1,089***	**Total (Transferred to GF Summary)**	**1,243**	**62**	**1,181**

2007/08 Actual £000	2008/09 Original Estimate £000	2008/09 Revised Estimate £000		2009/10 Net Expend £000
838	*910*	*1,018*	Continuing Services Budget	1,118
0	*115*	*73*	Continuing Services Budget - Growth	55
0	*0*	*0*	Continuing Services Budget - Savings	(3)
838	***1,025***	***1,091***	**Total Continuing Services Budget**	**1,170**
0	*9*	*14*	District Development Fund - Expenditure	11
0	*0*	*(16)*	District Development Fund - Savings	0
0	***9***	***(2)***	**Total District Development Fund**	**11**
838	***1,034***	***1,089***	**Portfolio Total**	**1,181**

Finance & Performance Management

Annex 4

General Fund Estimate Summary

2007/08 Actual £000	2008/09 Original Estimate £000	2008/09 Revised Estimate £000		2009/10 Gross Expend £000	2009/10 Gross Income £000	2009/10 Net Expend £000
			Direct Services			
444	*760*	*828*	Housing Benefits	38,740	38,004	736
1,086	*1,143*	*1,225*	Local Taxation	1,761	544	1,217
(313)	*66*	*(538)*	Other Activities	(296)	48	(344)
1,217	***1,969***	***1,515***	**Total (Transferred to GF Summary)**	**40,205**	**38,596**	**1,609**
			Support and Trading Services			
1,495	*1,557*	*1,608*	Finance Support Services	1,780	111	1,669
229	*240*	*238*	Internal Audit	248	0	248
177	*222*	*145*	Performance Management Unit	155	0	155
(613)	*(651)*	*(848)*	Recharged to this Portfolio	(930)	(47)	(883)
(1,288)	*(1,368)*	*(1,143)*	Recharged to other Portfolios	(1,253)	(64)	(1,189)
0	***0***	***0***	**Total**	**0**	**0**	**0**
1,217	***1,969***	***1,515***	**Portfolio Total**	**40,205**	**38,596**	**1,609**

1,217	*1,883*	*1,883*	Continuing Services Budget	1,478
0	*325*	*155*	Continuing Services Budget - Growth	132
0	*(300)*	*(258)*	Continuing Services Budget - Savings	(10)
1,217	***1,908***	***1,780***	**Total Continuing Services Budget**	**1,600**
0	*61*	*383*	District Development Fund - Expenditure	56
0	*0*	*(648)*	District Development Fund - Savings	(47)
0	***61***	***(265)***	**Total District Development Fund**	**9**
1,217	***1,969***	***1,515***	**Portfolio Total**	**1,609**

Annex 5

Corporate Support & ICT Services

General Fund Estimate Summary

2007/08 Actual £000	2008/09 Original Estimate £000	2008/09 Revised Estimate £000		2009/10 Gross Expend £000	2009/10 Gross Income £000	2009/10 Net Expend £000
			Direct Services			
(824)	(780)	(730)	Land & Property	342	1,101	(759)
208	173	305	Other Activities	554	150	404
(616)	**(607)**	**(425)**	**Total Direct**	**896**	**1,251**	**(355)**
			Regulatory Services			
(4)	18	46	Licensing & Registrations	158	101	57
(44)	(12)	(59)	Hackney Carriages Licensing	115	148	(33)
(48)	**6**	**(13)**	**Total Regulatory**	**273**	**249**	**24**
(664)	**(601)**	**(438)**	**Total (Transferred to GF Summary)**	**1,169**	**1,500**	**(331)**
			Support and Trading Services			
1,363	1,453	1,344	Legal & Administration Services	1,501	51	1,450
1,590	1,920	1,910	Accommodation Services	1,798	19	1,779
3,210	3,804	3,101	Other Support Services	3,125	72	3,053
(1,987)	(2,314)	(2,402)	Recharged to this Portfolio	(2,428)	(54)	(2,374)
(4,176)	(4,863)	(3,953)	Recharged to other Portfolios	(3,996)	(88)	(3,908)
0	**0**	**0**	**Total**	**0**	**0**	**0**
(664)	**(601)**	**(438)**	**Portfolio Total**	**1,169**	**1,500**	**(331)**

(827)	(1,094)	(1,084)	Continuing Services Budget	(524)
48	24	279	Continuing Services Budget - Growth	0
(85)	(11)	(43)	Continuing Services Budget - Savings	(40)
(864)	**(1,081)**	**(848)**	**Total Continuing Services Budget**	**(564)**
226	480	523	District Development Fund - Expenditure	233
(26)	0	(113)	District Development Fund - Savings	0
200	**480**	**410**	**Total District Development Fund**	**233**
(664)	**(601)**	**(438)**	**Portfolio Total**	**(331)**

Housing

General Fund Estimate Summary

2007/08 Actual £000	2008/09 Original Estimate £000	2008/09 Revised Estimate £000		2009/10 Gross Expend £000	2009/10 Gross Income £000	2009/10 Net Expend £000
			Direct Services			
250	*956*	*654*	Private Sector Housing	1,334	592	742
220	*242*	*274*	Homeless	512	222	290
41	*47*	*43*	Housing Strategy	44	0	44
522	*696*	*970*	Affordable Housing Grants	247	0	247
0	*0*	*0*	Leasehold Services Administration	278	278	0
1,033	***1,941***	***1,941***	**Portfolio Total (Transferred to GF Summary)**	**2,415**	**1,092**	**1,323**

2007/08 Actual £000	2008/09 Original Estimate £000	2008/09 Revised Estimate £000		2009/10 Net Expend £000
873	*1,556*	*1,569*	Continuing Services Budget	1,291
143	*361*	*360*	Continuing Services Budget - Growth	12
0	*0*	*0*	Continuing Services Budget - Savings	0
1,016	***1,917***	***1,929***	**Total Continuing Services Budget**	**1,303**
17	*24*	*12*	District Development Fund - Expenditure	20
0	*0*	*0*	District Development Fund - Savings	0
17	***24***	***12***	**Total District Development Fund**	**20**
1,033	***1,941***	***1,941***	**Portfolio Total**	**1,323**

Leisure & Young People

General Fund Estimate Summary

2007/08 Actual £000	2008/09 Original Estimate £000	2008/09 Revised Estimate £000		2009/10 Gross Expend £000	2009/10 Gross Income £000	2009/10 Net Expend £000
			Direct Services			
1,886	*1,759*	*1,793*	Leisure Facilities	2,182	224	1,958
729	*791*	*735*	Arts & Museum	855	104	751
671	*757*	*784*	Parks & Grounds	795	4	791
(530)	*(447)*	*(365)*	North Weald Centre	920	1,361	(441)
689	*709*	*668*	Sports Development & Other Miscellaneous Amenities	884	147	737
3,445	***3,569***	***3,615***	**Total (Transferred to GF Summary)**	**5,636**	**1,840**	**3,796**
			Support and Trading Services			
130	*124*	*123*	Community & Culture Administration	116	0	116
(111)	*(107)*	*(106)*	Recharged to this Portfolio	(100)	0	(100)
(19)	*(17)*	*(17)*	Recharged to other Portfolio's	(16)	0	(16)
0	***0***	***0***	**Total**	**0**	**0**	**0**
3,445	***3,569***	***3,615***	**Portfolio Total**	**5,636**	**1,840**	**3,796**

2007/08 Actual £000	2008/09 Original Estimate £000	2008/09 Revised Estimate £000		2009/10 Net Expend £000
3,321	*3,600*	*3,466*	Continuing Services Budget	3,591
11	*0*	*67*	Continuing Services Budget - Growth	119
(11)	*(36)*	*0*	Continuing Services Budget - Savings	(68)
3,321	***3,564***	***3,533***	**Total Continuing Services Budget**	**3,642**
259	*5*	*209*	District Development Fund - Expenditure	217
(135)	*0*	*(127)*	District Development Fund - Savings	(63)
124	***5***	***82***	**Total District Development Fund**	**154**
3,445	***3,569***	***3,615***	**Portfolio Total**	**3,796**

Annex 8

Civil Engineering & Maintenance

General Fund Estimate Summary

2007/08 Actual £000's	2008/09 Original Estimate £000's	2008/09 Revised Estimate £000's		2009/10 Gross Expend £000's	2009/10 Gross Income £000's	2009/10 Net Expend £000's
			Direct Services			
436	*434*	*392*	Highways	562	155	407
(358)	*(339)*	*(417)*	Car Parking	1,213	1,607	(394)
634	*787*	*640*	Land Drainage & Sewerage	848	6	842
188	*227*	*198*	Countrycare	222	20	202
738	*683*	*518*	Concessionary Fares	821	250	571
1,638	***1,792***	***1,331***	**Total (Transferred to GF Summary)**	**3,666**	**2,038**	**1,628**
			Support and Trading Services			
429	*438*	*321*	Engineering, Drainage & Water	338	1	337
1,040	*1,120*	*1,064*	Grounds Maintenance	1,260	143	1,117
197	*232*	*186*	Fleet Management	426	256	170
(490)	*(527)*	*(509)*	Recharged To This Portfolio	(681)	(134)	(547)
(1,176)	*(1,263)*	*(1,062)*	Recharged To Other Portfolio's	(1,343)	(266)	(1,077)
0	***0***	***0***	**Total**	**0**	**0**	**0**
1,638	***1,792***	***1,331***	**Portfolio Total**	**3,666**	**2,038**	**1,628**
1,539	*1,833*	*1,577*	Continuing Services Budget			1,569
152	*32*	*45*	Continuing Services Budget - Growth			8
(106)	*(163)*	*(190)*	Continuing Services Budget - Savings			0
1,585	***1,702***	***1,432***	**Total Continuing Services Budget**			**1,577**
279	*325*	*179*	Development Fund - Expenditure			292
(226)	*(235)*	*(280)*	Development Fund - Savings			(241)
53	***90***	***(101)***	**Total District Development Fund**			**51**
1,638	***1,792***	***1,331***	**Portfolio Total**			**1,628**

Planning and Economic Development

Annex 9

General Fund Estimate Summary

2007/08 Actual £000	2008/09 Original Estimate £000	2008/09 Revised Estimate £000		2009/10 Gross Expend £000	2009/10 Gross Income £000	2009/10 Net Expend £000
			Direct Services			
122	*182*	*164*	Economic Development	218	0	218
21	*23*	*17*	Bus Shelters	19	0	19
70	*91*	*55*	Environmental Co-Ordination	55	0	55
172	*209*	*187*	Conservation Policy	214	0	214
451	*688*	*487*	Forward Planning	780	16	764
124	*131*	*183*	Town Centre Enhancements	181	4	177
960	***1,324***	***1,093***	**Total Direct Services**	**1,467**	**20**	**1,447**
			Regulatory Services			
237	*240*	*417*	Planning Appeals	454	3	451
583	*521*	*509*	Development Control Enforcement	520	0	520
598	*483*	*317*	Development Control	971	623	348
0	*0*	*0*	Building Control Fee Earning	642	642	0
164	*176*	*166*	Building Control Non Fee Earning	174	0	174
1,582	***1,420***	***1,409***	**Total Regulatory Services**	**2,761**	**1,268**	**1,493**
2,542	***2,744***	***2,502***	**Total (Transferred to GF Summary)**	**4,228**	**1,288**	**2,940**
			Support and Trading Services			
353	*438*	*367*	Planning Administration	443	12	431
320	*341*	*272*	Planning Policy	325	0	325
(634)	*(734)*	*(569)*	Recharged to this Portfolio	(684)	(11)	(673)
(39)	*(45)*	*(70)*	Recharged to other Portfolios	(84)	(1)	(83)
0	***0***	***0***	**Total**	**0**	**0**	**0**
2,542	***2,744***	***2,502***	**Portfolio Total**	**4,228**	**1,288**	**2,940**

2,542	*2,324*	*2,207*	Continuing Services Budget	2,296
0	*20*	*90*	Continuing Services Budget - Growth	0
0	*(27)*	*(97)*	Continuing Services Budget - Savings	0
2,542	***2,317***	***2,200***	**Total Continuing Services Budget**	**2,296**
0	*627*	*564*	District Development Fund - Expenditure	644
0	*(200)*	*(262)*	District Development Fund - Savings	0
0	***427***	***302***	**Total District Development Fund**	**644**
2,542	***2,744***	***2,502***	**Portfolio Total**	**2,940**

Environmental Protection

General Fund Estimate Summary

2007/08 Actual £000's	2008/09 Original Estimate £000's	2008/09 Revised Estimate £000's		2009/10 Gross Expend £000's	2009/10 Gross Income £000's	2009/10 Net Expend £000's
			Direct Services			
1,281	*1,453*	*1,526*	Environmental Health	1,776	58	1,718
6,551	*5,012*	*5,074*	Waste Management	6,577	1,176	5,401
7,832	***6,465***	***6,600***	**Total Direct**	**8,353**	**1,234**	**7,119**
			Support and Trading Services			
352	*361*	*341*	Environmental Policy Group	367	0	367
368	*378*	*369*	Environmental Administration	352	0	352
314	*321*	*293*	Environmental Finance	313	0	313
(414)	*(424)*	*(431)*	Recharged To This Portfolio	(414)	0	(414)
(620)	*(636)*	*(572)*	Recharged To Other Portfolio's	(618)		(618)
0	***0***	***0***	**Total**	**0**	**0**	**0**
7,832	***6,465***	***6,600***	**Portfolio Total**	**8,353**	**1,234**	**7,119**

6,816	*7,040*	*7,118*	Continuing Services Budget	6,695
2	*143*	*106*	Continuing Services Budget - Growth	214
0	*(752)*	*(880)*	Continuing Services Budget - Savings	(10)
6,818	***6,431***	***6,344***	**Total Continuing Services Budget**	**6,899**
1,070	*34*	*276*	Development Fund - Expenditure	220
(56)	*0*	*(20)*	Development Fund - Savings	0
1,014	***34***	***256***	**Total District Development Fund**	**220**
7,832	***6,465***	***6,600***	**Portfolio Total**	**7,119**

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Portfolio	Service		Original 2008/09 £000's	Revised 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's
Leaders Portfolio	Corporate Policy Making	Top Management Structure Salary Savings	(128)	(144)				
	Corporate Policy Making	Development of Community Strategy	10	10				
	Democratic Services	Committee Attendance Allowances		5				
	Democratic Services	Webcasting Project	25	7				
	Public Relations & Information	Consultation			(10)			
	Public Relations & Information	Website Officer			25			
	Subscriptions	Disbanding of the Essex Local Govt Association	(6)					
	Civic and Member	Members Allowances	30	42				
	Electoral Registration	Savings on postages		(8)				
	Total Leaders Portfolio		**(69)**	**(88)**	**15**	**0**	**0**	**0**
Community Wellbeing	Safer Communities	CCTV Operations Officer	28	21	12			
	Safer Communities	ASB Investigations Officer	47	30	25			
	Safer Communities	Equipment and maintenance	5	5				
	Safer Communities	CCTV replacement and maintenance	35	17	18			
	Grants to Voluntary Orgs	Furniture Exchange Scheme cost reduction			(3)			
	Total Community Wellbeing		**115**	**73**	**52**	**0**	**0**	**0**
Finance & Performance Management	Finance Miscellaneous	Increase in Employers Pension Conts (Act Val 2007)	92	92	93	92		
	External Audit	Increase in External Audit Fees	20	20				
	Finance Miscellaneous	Restructuring savings	(300)	(258)				
	Finance Miscellaneous	Finance contingency	175					
	Accountancy	Staff costs Post FAC/15			(10)			
	Housing Benefits/Local Taxation	Replacement Revenues & Benefits System	16	16	4			
	Housing Benefits	Housing Benefit Admin Subsidy settlement reductions	22	22	33	30		
	Housing Benefits	Systems Admin Officer - Excess cost of post				13		
	Performance Management Unit	Ten Performance Manager		5	2			
	Total Finance and Performance Management		**25**	**(103)**	**122**	**135**	**0**	**0**

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Portfolio	Service		Original 2008/09 £000's	Revised 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's
Corporate Support Services & ICT	Industrial Estates	Langston Road Industrial Estate - Temporary Car Parking	24	24				
	Industrial Estates	Langston Road Industrial Estate - Commission		(5)				
	Local Land Charges	Reduced Income from fees & Charges		175				
	Local Land Charges	Reduction in search costs to Essex County Council		(31)				
	All Services	New Mobile Phone Contract	(5)	(7)				
	ICT	Webcasting Project		18				
	ICT	Network maintenance			(20)			
	Human Resources	Recruitment & Retention savings			(20)			
	Hackney Carriage Licensing	Increased Income from Fees	(6)					
	Energy Sites	Energy Costs Offices		45				
	Energy Sites	Energy Costs Depots		17				
	Total Corporate Support Services & ICT		**13**	**236**	**(40)**	**0**	**0**	**0**
Housing	Private Sector Housing	Environmental Health Practitioner	30	18	12			
	Private Sector Housing	Finders Fee Scheme		10				
	Reinstatement Grants	End of Subsidy	331	332				
	Total Housing		**361**	**360**	**12**	**0**	**0**	**0**
Leisure & Young People	Leisure Management	Leisure Centre Income Share	(36)					
	Leisure Services	Increased Energy Costs		10				
	Leisure Facilities	Epping Sports centre new contract		33	107			
	Waltham Abbet Sports Centre	Cessation of joint use agreement			(68)	(202)		
	Youth Council	Youth Council			12			
	North Weald Airfield	Additional Overtime		6				
	North Weald Airfield	Casual Staffing		5				
	North Weald Airfield	NNDR Increase		13				
	Total Leisure		**(36)**	**67**	**51**	**(202)**	**0**	**0**
Environmental Protection	Contaminated Land	Bobbingworth Tip Maintenance			7			
	Pest Control	Reduced cost of contract		(4)	(10)			
	Waste Management	New Contract	(604)	(604)				
	Waste Management	Changes to Service			150	150		
	Waste Management	Weed Spraying & Tipping Away	(148)	(148)				
	Waste Management	Recycling Credits		(124)				
	Waste Management	Safer, Cleaner and Greener	59	59				
	Abandoned Vehicles	Fees and Charges		20				
	Neighbourhoods / Rapid Response	Safer, Cleaner and Greener	76	19	57			
	Animal Welfare	Stray Dogs	8	8				
	Total Environmental Protection		**(609)**	**(774)**	**204**	**150**	**0**	**0**

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Portfolio	Service		Original 2008/09 £000's	Revised 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's
Planning & Economic Development	Building Control	Reduced Income		80				
	Building Control	Building Control Ring Fence		(80)				
	Development Control	Pre-Application Fee Consultancy	20	(10)				
	Development Control	Pre-application Advice Fee Income	(20)	10				
	Forward Planning	Strategic Environmental Assesment	(7)	(7)				
	Total Planning & Economic Development		**(7)**	**(7)**	**0**	**0**	**0**	**0**
Civil Engineering & Maintenance	Off Street Car Parking	Additional staffing costs	6	7				
	On Street Car Parking	Additional staffing costs	6	8				
	On Street Car Parking	Additional staffing costs	(6)	(8)				
	Off Street Car Parking	Additional costs of new contract	10	15				
	On Street Car Parking	Additional costs of new contract	10	15				
	On Street Car Parking	Additional costs of new contract	(10)	(15)				
	Off Street Car Parking	Reduced Maintenance	(14)	(14)				
	Concessionary Fares	Bus pass savings	(133)	(133)				
	Fleet Operations	Increased MOT income		(20)				
	Land Drainage	Out of hours standby			8			
	Total Civil Engineering & Maintenance		**(131)**	**(145)**	**8**	**0**	**0**	**0**
Other Items	Car Leasing	Amendments to Scheme	(6)	(6)				
	Investment Interest	Reduction due to lower interest rates			217	19	33	
	Total CSB		**(344)**	**(387)**	**641**	**102**	**33**	**0**

DISTRICT DEVELOPMENT FUND

Portfolio	Service		Original 2008/09 £000's	B/F from 2007/08 2008/09 £000's	Revised 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's
Leaders	Democratic Services	Webcasting Project	4		6				
	Elections	No District Elections (May 2009)				(90)			
	Electoral Registration	Cost savings on printing			(6)				
	Electoral Registration	Grant on-line Register of Electors			(5)	(1)			
	Public Relations	Improvements to Main Reception Area	31		11	20			
	Total Leaders		**35**	**0**	**6**	**(71)**	**0**	**0**	**0**
Community Wellbeing	Safer Communities	ASB Investigator training	2		2				
	Safer Communities	Protective clothing	5		5				
	Safer Communities	Police community safety accreditation	2		2				
	Safer Communities	Safer Communities Project HO Funded		16	5	11			
	Grants to Voluntary Orgs	Furniture Exchange Scheme Suspended			(16)				
	Total Community Wellbeing		**9**	**16**	**(2)**	**11**	**0**	**0**	**0**
Finance & Performance Management	Finance Miscellaneous	Asset Register		20	20				
	Finance Miscellaneous	Asset Register - HRA contribution			(10)				
	Finance Miscellaneous	Finance System Outstanding Commitments	14	5	19				
	Finance Miscellaneous	Transfer of excess Reserves on Insurance Fund			(460)	(25)			
	Finance Miscellaneous	Area Based Grant			(22)	(22)	(22)		
	Finance Miscellaneous	Area Based Grant Expenditure				44	22		
	Finance Miscellaneous	Restructuring savings			(110)				
	Housing Benefits	Cover for Maternity leave		40	40				
	Housing Benefits	Hit squad to improve performance			23	12			
	Housing Benefits	DWP residual grant aided admin costs		8	8				
	Housing Benefits	Electronic Document management	7		0				
	Housing Benefits	Local Housing Allowance Implementation Costs		65	65				
	Housing Benefits	HBSD/IAD Scan Funding Grant		(14)	(14)				
	Housing Benefits	HBSD/IAD Scan Funding Costs		14	14				
	Housing Benefits	Employment Support Allowance			(30)				
	Housing Benefits	Employment Support Allowance Inplementation Cost			30				
	Housing Benefits	Customer Account Management			(2)				
	Housing Benefits	Customer Account Management Inplementation Costs			2				
	Housing Benefits/Local Taxation	Replacement Revenues & Benefits system	40	82	122				
	External Audit	Increase in External Audit Fees			37				
	Insurance/Risk Management	Implementation of Risk Management Strategy		3	3				
	Total Finance & Performance Management		**61**	**223**	**(265)**	**9**	**0**	**0**	**0**

DISTRICT DEVELOPMENT FUND

Portfolio	Service		Original 2008/09 £000's	B/F from 2007/08 2008/09 £000's	Revised 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's
Corporate Support Services & ICT	NWA Strategy Action Plan	North Weald Airfield action plan.				50			
	Legal Services	Data capture re Land Terrier	11			11			
	Legal Services	Computerisation of Land Terrier records	17			17			
	Legal Services	Registration of Unregistered Titles	42	(1)		31			
	Legal Services	Office Equipment	3	(1)	0				
	Local Land Charges	New IT system			10				
	Land Charges	Reduced Income			75				
	Human Resources	Recruitment & Retention			(74)				
	Office Accommodation	Essential Work to Civic Offices	77	(1)	62	45	74	40	
	Office Accommodation	Potential Accommodation Changes	100		100				
	Office Accommodation	Civic Offices Environmental Imps Comfort Cooling	100	8	108				
	Facilities Management	Quality Assurance & Accreditation BS EN ISO 9001				19			
	Unappropriated Land	Consultant`s Fees - Dev Potential of Council Car Parks		13	13				
	Unappropriated Land	Consultant`s Fees & site surveys Langston Rd Depot		13	13				
	Non HRA Building Maintenance	Planned Building Maintenance Programme	130	204	142	10	38	52	
	Energy Sites	Energy Costs Offices				40			
	Energy Sites	Energy Costs Depots				10			
	Hackney Carriage Licensing	Increased Income from Fees			(29)				
	Licensing & Registration	Increased Income from Fees			(10)				
	Total Corporate Support Services & ICT		**480**	**235**	**410**	**233**	**112**	**92**	**0**
Housing	Homelessness	Homelessness Prevention Officers		8	8				
	Homelessness	Rental loan scheme				20			
	Private Sector Housing	Housing strategy and empty homes surveys	8						
	Private Sector Housing	House Condition Survey					55		
	Private Sector Housing	Consultancy Private Sector Assistance Policy	15	(1)	2				
	Private Sector Housing	Handyperson Scheme	1	1	2				
	Total Housing		**24**	**8**	**12**	**20**	**55**	**0**	**0**

DISTRICT DEVELOPMENT FUND

Portfolio	Service		Original 2008/09 £000's	B/F from 2007/08 2008/09 £000's	Revised 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's
Leisure	Loughton Leisure Centre	Mediation		15		15			
	Community Development	Provision of Portakabin		4	4				
	North Weald Airfield	High Voltage Distribution Network 5 yr Programme	5	(2)	3				
	North Weald Airfield	Maintenance		2	2				
	North Weald Airfield	Loss of income Hangar 1 (3Qtrs)			64				
	North Weald Airfield	Empty Property NNDR re Hangar 1 (3 Qtrs)			18				
	North Weald Airfield	Increased Overtime			15				
	North Weald Airfield	Casual Staffing				6			
	North Weald Airfield	Aviation Consultant				20			
	North Weald Airfield	Increased Energy Costs				10			
	Community Development	Additional Projects			32	12			
	Community Development	Additional Projects			(32)	(12)			
	Community Development	Youth Council		1	1				
	Sports Development	Additional Projects			60	12			
	Sports Development	Additional Projects			(60)	(12)			
	Leisure Facilities	Free Swimming Programme - Over 60's				39			
	Leisure Facilities	Free Swimming Programme - Over 60's				(39)			
	Leisure Facilities	Possible redundancies			10	55			
	Leisure Management	Leisure Centre Income Share			(35)				
	Limes Farm Hall	Costs of Management/Admin/Mtc/Repairs				48			
	Total Leisure		**5**	**20**	**82**	**154**	**0**	**0**	**0**
Environmental Protection	Waste Management	Subscription to procurement hub	7		7				
	Waste Management	Safer, Cleaner and Greener	5		5				
	Waste Management	Refuse Vehicle Maintenance			60				
	Waste Management	Changes to Service				215			
	Waste Management	Additional recycling sacks			162				
	Neighbourhoods / Rapid Response	Safer, Cleaner and Greener	18		18				
	Pollution Control	Air Quality Management Area	4		4				
	Pollution Control	Air Quality Modelling			20				
	Pollution Control	Air Quality Modelling Grant			(20)				
	Contaminated Land	Bobbingworth Tip Maintenance				5			
	Total Environmental Protection		**34**	**0**	**256**	**220**	**0**	**0**	**0**

DISTRICT DEVELOPMENT FUND

Portfolio	Service		Original 2008/09 £000's	B/F from 2007/08 2008/09 £000's	Revised 2008/09 £000's	Estimate 2009/10 £000's		Estimate 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's
Planning & Economic Development	Economic Development	Developing Business Networks	5		3	2				
	Economic Development	Enhanced Business Contacts		4	2	2				
	Economic Development	Town Centre Manager	35		15	20				
	Forward Planning	High Hedges Legislation - Staffing	4		4					
	Forward Planning	Technical Planning Officer -Tree Preservation	14		14					
	Forward Planning	Local Development Framework	288	5	77	432		475	153	
	Forward Planning	Costs - 1 Connaught Avenue.			43					
	Forward Planning	Contingency for Appeals				100				
	Forward Planning	Costs - Wansfell College			42					
	Forward Planning	Gypsy & Travellers Accommodation - Consultants fees			19					
	Forward Planning	Loughton Broadway/Epping Design Brief			66					
	Planning Services	Planning Delivery Grant 2	27		17	10				
	Planning Services	Planning Delivery Grant 3	14		14					
	Planning Services	Planning Delivery Grant 4	38		27	13				
	Planning Services	Planning Delivery Grant 4	(40)		(40)					
	Planning Services	Planning Delivery Grant 5	160		139	21				
	Planning Services	Planning Delivery Grant 5	(160)		(160)					
	Planning Services	Housing and Planning Delivery Grant			62					
	Planning Services	Housing and Planning Delivery Grant			(62)					
	Tourism	Rural Projects and Tourism Officer	30		8	22				
	Tourism	Tourism Summit		2	2					
	Town Centre Enhancements	Improvements Grant Waltham Abbey TC		20	10	10				
	Town Centre Enhancements	Town Centre Support	12			12		12		
	Total Planning & Economic Development		**427**	**31**	**302**	**644**		**487**	**153**	**0**
Civil Engineering & Maintenance	Land Drainage	Remedial Works Principal Ordinary Watercourses	90	85	27	148				
	Land Drainage	Senior Engineer (2 Years)		32	45					
	Land Drainage	Reimbursement from Environment Agency		(32)	(45)					
	Countrycare	Veteran Tree Project		3	3					
	Highways	replacement vandalised name plates			8	3				
	Grounds Maintenance	Increased petrol costs			13					
	Concessionary Fares	New National Scheme - Costs	235	52	83	141		247		
	Concessionary Fares	New National Scheme - Grant	(235)		(235)	(241)		(247)		
	Total Civil Engineering & Maintenance		**90**	**140**	**(101)**	**51**		**0**	**0**	**0**
	Total Portfolio District Development Fund		**1,165**	**673**	**700**	**1,271**	**0**	**654**	**245**	**0**
Other Items	Increased Investment Interest				(264)					
	Second Homes Discount Allowance		(87)		(87)	(90)				
	Backdated Housing Grant				(12)					
	Lost Investment Interest									
	Transfer from Debenture Reserve				(120)					
	Total District Development Fund		**1,078**	**673**	**217**	**1,181**		**654**	**245**	**0**

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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 2010/11, although it is anticipated that the gap will narrow considerably in 2009/10. The Council currently has the second lowest charge and last year set the lowest increase in Essex.

4. At its 22 September 2008 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. The effects of the "Credit Crunch" were starting to be seen, but month-by-month the overall economic picture has worsened and the impact on the Council's property related and investment income has become more serious. There were also questions over developments in the waste and leisure services and the impact of the new national concessionary fares scheme.

6. Against this background of risk and uncertainty a forecast was constructed that set a target of £17.6m for CSB expenditure for 2009/10 and maintained the requirement for annual CSB savings until the end of the forecast period. At this time deficit budgets were anticipated for each year of the forecast, although these were reducing throughout the period of the forecast.

7. At that time the predicted General Fund balance at 1 April 2012 of £7.1m represented nearly 40% of the anticipated Net Budget Requirement (NBR) for 2011/12 and was therefore somewhat higher than the guideline of 25%. It was also predicted at that time that there would be only £124,000 left in the DDF at 1 April 2012.

Updated Medium Term Financial Strategy

8. As the effects of the "Credit Crunch" and the changes in the waste and leisure services became clearer it has been necessary to keep the CSB target for 2009/10 under review. The meeting of the Finance and Performance Management Cabinet Committee on 8 December considered a draft General Fund summary together with growth lists of both CSB and DDF items. This meeting decided to revise the CSB target upwards by £0.3m to £17.9m. However, the worsening economic position has necessitated a re-examination of some estimates and the CSB total for 2009/10 is now £18.1m. To reflect these budget increases a revised medium term financial strategy has been prepared and is attached as Annexes 13 a and b. In constructing the forecast it has been necessary to make certain assumptions, these are set out below:

    a) CSB Growth – net growth for 2009/10 has been included at a total of £641,000. For 2010/11 growth items of £102,000 have currently been identified. In common with the earlier version of the strategy, target CSB savings are included for the period 2010/11 to 2012/13. Given the decision to provide a stimulus to the local economy with the 2009/10 budget, greater savings are needed in subsequent periods. Consequently annual savings targets of £300,000 have been included from 2010/11.

    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 £619,000 is still available. The improved position has arisen due to some substantial income items in 2008/09, including a transfer from the Insurance Fund of £460,000 and investment income of £264,000. The Local Development Framework (LDF) is still the largest project, using up £1.14m of DDF resource over the forecast period. It is hoped that the new Housing and Planning Delivery Grant will provide funds that can be used for the LDF and £62,000 of income has been included in the revised 2008/09 figures.

    c) Grant Funding – the provisional settlement figures have been included for the CSR period of 2008/09 to 2010/11. Once provisional figures have been announced it is unusual for them to change significantly. For 2011/12 and 2012/13 it has been assumed that there will be a 1% increase in the base grant but that there will be no floor support.

    d) Council Tax Increase – Members have confirmed they wish to limit rises to 2.5% and this constraint has been applied to all years.

9. This revised medium term financial strategy has deficits in the next three years of the period, although these are reducing and break even is achieved in the final year of the period. The predicted revenue balance at the end of the period is £6.475m, which represents 35% of the NBR for 2012/13 and thus comfortably exceeds the target of 25%.

10. It is worth repeating that target savings of £300,000 are necessary in each of the final three 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 2009 meeting of the Finance and Performance Management Cabinet Committee.

Annex 13 a

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2008/09 - 2012/13

ORIGINAL 2008/09		REVISED FORECAST 2008/09	FORECAST 2009/10	FORECAST 2010/11	FORECAST 2011/12	FORECAST 2012/13
£'000	**NET REVENUE EXPENDITURE**	£'000	£'000	£'000	£'000	£'000
17,173	Continuing Services Budget	16,909	17,433	18,361	18,316	18,341
-344	CSB - Growth Items	-387	641	102	33	0
0	Net saving	0	0	-300	-300	-300
16,829	Total C.S.B	16,522	18,074	18,163	18,049	18,041
1,078	One - off Expenditure	217	1,181	654	245	0
17,907	Total Net Operating Expenditure	16,739	19,255	18,817	18,294	18,041
-1,078	Contribution to/from (-) DDF Balances	-217	-1,181	-654	-245	0
218	Contribution to/from (-) Balances	525	-763	-605	-228	84
17,047	Net Budget Requirement	17,047	17,311	17,558	17,821	18,125
	FINANCING					
9,020	Government Support (NNDR+RSG)	9,020	9,195	9,379	9,473	9,567
302	RSG Floor Gains/(-Losses)	302	173	36	0	0
9,322	Total External Funding	9,322	9,368	9,415	9,473	9,567
7,725	District Precept	7,725	7,943	8,143	8,348	8,558
0	Collection Fund Adjustment	0	0	0	0	0
17,047	To be met from Government Grants and Local Tax Payers	17,047	17,311	17,558	17,821	18,125
	Band D Council Tax	143.01	146.61	150.30	154.08	157.95
	Percentage Increase %		2.5	2.5	2.5	2.5

Annex 13 b

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2008/09 - 2011/12

	REVISED FORECAST 2008/09	FORECAST 2009/10	FORECAST 2010/11	FORECAST 2011/12	FORECAST 2012/13
REVENUE BALANCES	£'000	£'000	£'000	£'000	£'000
Balance B/forward	7,462	7,987	7,224	6,619	6,391
Surplus/Deficit(-) for year	525	-763	-605	-228	84
Balance C/Forward	7,987	7,224	6,619	6,391	6,475
DISTRICT DEVELOPMENT FUND					
Balance B/forward	2,916	2,699	1,518	864	619
Transfer Out	-217	-1,181	-654	-245	0
Balance C/Forward	2,699	1,518	864	619	619
CAPITAL FUND (inc Cap Receipts)					
Balance B/forward	26,823	23,329	16,126	13,168	11,937
New Usable Receipts	227	273	273	273	273
CR Used to Fund Capital Expenditure					
- Transistional Relief Receipts	-500	0	0	0	0
- Other Capital Receipts	-3,221	-7,476	-3,231	-1,504	-914
Balance C/Forward	23,329	16,126	13,168	11,937	11,296
TOTAL BALANCES	34,015	24,868	20,651	18,947	18,390

HOUSING PORTFOLIO
HOUSING REVENUE ACCOUNT SUMMARY

2007/08	2008/09			2009/10
Actual	*Original Estimate*	*Revised Estimate*		**Original Estimate**
£000's	*£000's*	*£000's*		**£000's**
			EXPENDITURE	
3,996	*4,312*	*4,145*	Supervision & Management General	4,251
3,148	*3,367*	*3,586*	Supervision & Management Special	3,741
343	*369*	*371*	Rents,Rates Taxes & Insurances	378
5,700	*6,000*	*6,000*	Contribution to Repairs Fund	5,600
13,187	***14,048***	***14,102***	**MANAGEMENT & MAINTENANCE**	**13,970**
8,528	*8,654*	*9,175*	Depreciation	9,246
53	*50*	*49*	Debt Management Expenses	49
8,842	*10,842*	*10,842*	HRA Subsidy Payable	11,193
82	*110*	*104*	Provision for Bad/Doubtful Debts	104
30,692	***33,704***	***34,272***		**34,562**
			INCOME	
23,396	*24,430*	*24,506*	Gross Rent of Dwellings	25,454
2,494	*2,501*	*2,511*	Non Dwellings Rent	2,552
1,732	*1,512*	*1,661*	Charges for Services & Facilities	1,790
273	*323*	*317*	Contribution from General Fund	305
27,895	***28,766***	***28,995***		**30,101**
2,797	***4,938***	***5,277***	**NET COST OF SERVICES**	**4,461**

HOUSING PORTFOLIO
HOUSING REVENUE ACCOUNT SUMMARY

2007/08	2008/09			2009/10
Actual £000's	*Original Estimate £000's*	*Revised Estimate £000's*		**Original Estimate £000's**
2,797	*4,938*	*5,277*	NET COST OF SERVICES	4,461
(2,165)	*(2,020)*	*(2,290)*	Interest on Receipts and Balances	(1,326)
(3,954)	*(4,051)*	*(4,557)*	Depreciation	(4,468)
461	*195*	*189*	Pensions Interest Payable/Return on Assets	189
(2,861)	*(938)*	*(1,381)*	**NET OPERATING INCOME**	(1,144)
			APPROPRIATIONS	
2,628	*1,135*	*1,439*	Capital Exp. Charged to Revenue	1,525
(351)	*(194)*	*(51)*	FRS 17 Adjustment	(24)
15	*15*	*15*	Transfer to Capital Reserves	31
2,292	*956*	*1,403*		1,532
(569)	*18*	*22*	**(SURPLUS)/DEFICIT FOR YEAR**	388
5,632	*6,201*	*6,201*	BALANCE BROUGHT FORWARD	6,179
(569)	*18*	*22*	(SURPLUS)/DEFICIT FOR YEAR	388
6,201	***6,183***	***6,179***	**BALANCE CARRIED FORWARD**	**5,791**

Annex 14 b

HOUSING PORTFOLIO
HOUSING REPAIRS FUND SUMMARY

2007/08	2008/09			2009/10
Actual	*Original Estimate*	*Revised Estimate*		**Original Estimate**
£000's	*£000's*	*£000's*		**£000's**
			EXPENDITURE	
3,397	*3,668*	*3,563*	Responsive and Void Repairs	3,602
1,902	*2,131*	*2,131*	Planned & Cyclical Maintenance	2,131
(59)	*166*	*186*	Other items	214
5,240	***5,965***	***5,880***	**TOTAL EXPENDITURE**	**5,947**
(5,700)	***(6,000)***	***(6,000)***	**CONTRIBUTION FROM HRA**	**(5,600)**
(460)	***(35)***	***(120)***	**(SURPLUS)/DEFICIT FOR YEAR**	**347**
3,248	*3,708*	*3,708*	BALANCE BROUGHT FORWARD	3,828
(460)	*(35)*	*(120)*	(SURPLUS)/DEFICIT FOR YEAR	347
3,708	***3,743***	***3,828***	**BALANCE CARRIED FORWARD**	**3,481**

Annex 14 c

HOUSING PORTFOLIO
MAJOR REPAIRS RESERVE SUMMARY

2007/08	*2008/09*			2009/10
Actual	*Original Estimate*	*Revised Estimate*		**Original Estimate**
£000's	*£000's*	*£000's*		**£000's**
			EXPENDITURE	
3,611	*7,650*	*6,713*	CAPITAL EXPENDITURE	5,301
3,954	*4,036*	*4,557*	TRANSFERRED TO HRA	4,468
7,565	***11,686***	***11,270***	**TOTAL EXPENDITURE**	**9,769**
(8,528)	***(8,654)***	***(9,175)***	**DEPRECIATION**	**(9,246)**
(963)	***3,032***	***2,095***	**(SURPLUS)/DEFICIT FOR YEAR**	**523**
5,655	*6,618*	*6,618*	BALANCE BROUGHT FORWARD	4,523
(963)	*3,032*	*2,095*	(SURPLUS)/DEFICIT FOR YEAR	523
6,618	***3,586***	***4,523***	**BALANCE CARRIED FORWARD**	**4,000**

Annex 15 a

CAPITAL PROGRAMME
2008/09 to 2012/13 FORECAST

	2008/09 Original £000	2008/09 Revised £000	2009/10 Forecast £000	2010/11 Forecast £000	2011/12 Forecast £000	2012/13 Forecast £000	5 Year Total £000
EXPENDITURE							
Finance & Performance Management	0	241	90	0	0	0	331
Corporate Support and ICT Services	1,298	678	1,394	2,107	380	300	4,859
Leisure & Young People	230	320	1,898	62	63	63	2,406
Environmental Protection	704	607	1,875	0	0	0	2,482
Planning & Economic Development	2,000	872	1,630	0	0	0	2,502
Civil Engineering & Maintenance	700	254	789	557	557	357	2,514
Total Non-Housing	**4,932**	**2,972**	**7,676**	**2,726**	**1,000**	**720**	**15,094**
Housing GF	2,027	1,721	2,011	1,060	1,060	750	6,602
HRA	8,815	8,153	6,790	5,371	5,371	5,371	31,056
Housing DLO	50	54	50	50	50	50	254
Total Housing	**10,892**	**9,928**	**8,851**	**6,481**	**6,481**	**6,171**	**37,912**
TOTAL	**15,824**	**12,900**	**16,527**	**9,207**	**7,481**	**6,891**	**53,006**
FUNDING							
DCLG Grant for DFG	232	289	290	290	290	290	1,449
DCLG Grant for Other Housing Gts	285	204	203	203	203	203	1,016
IEG Grant	0	51	0	0	0	0	51
PDG/HPDG Capital Grant	0	72	0	0	0	0	72
Big Lottery Grant	0	160	60	0	0	0	220
ECC Contributions	0	45	500	0	0	0	545
Private Funding	290	201	1,208	112	113	113	1,747
Total Grants	**807**	**1,022**	**2,261**	**605**	**606**	**606**	**5,100**
Housing GF (Use of Trans. Relief)	0	500	0	0	0	0	500
Housing GF (Other Capital Receipts)	1,510	728	1,518	567	567	257	3,637
Non Housing (Other Capital Receipts	4,722	2,493	5,958	2,664	937	657	12,709
Total Capital Receipts	**6,232**	**3,721**	**7,476**	**3,231**	**1,504**	**914**	**16,846**
HRA - RCCO	1,135	1,439	1,525	1,763	1,750	1,750	8,227
HRA - MRR	7,650	6,718	5,265	3,608	3,621	3,621	22,833
Total Revenue Contributions	**8,785**	**8,157**	**6,790**	**5,371**	**5,371**	**5,371**	**31,060**
TOTAL	**15,824**	**12,900**	**16,527**	**9,207**	**7,481**	**6,891**	**53,006**

Annex 15 b

CAPITAL PROGRAMME
2008/09 to 2012/13 FORECAST

	2008/09 Original £000	2008/09 Revised £000	2009/10 Forecast £000	2010/11 Forecast £000	2011/12 Forecast £000	2012/13 Forecast £000	5 Year Total £000
Finance & Performance Management							
Youth Sports Facilities	0	64	0	0	0	0	64
Cash-Receipting & Income System	0	0	90	0	0	0	90
General Capital Contingency	0	177	0	0	0	0	177
Total	**0**	**241**	**90**	**0**	**0**	**0**	**331**
Corporate Support and ICT Services							
Civic Office Works	398	170	444	158	80	0	852
Planning Service Acommodation Works	0	15	0	0	0	0	15
General IT	400	285	450	300	300	300	1,635
Revenues & Benefits System	0	189	0	0	0	0	189
Land Charges System	0	19	0	0	0	0	19
Customer Services Trans Prog	500	0	500	1,649	0	0	2,149
Total	**1,298**	**678**	**1,394**	**2,107**	**380**	**300**	**4,859**
Leisure & Young People							
Loughton Leisure Centre	0	58	0	0	0	0	58
Ongar Leisure Centre : Extension	20	20	1,434	0	0	0	1,454
W Abbey Sports Provision Feasibility	0	6	0	0	0	0	6
Fitness Equipment - Loughton LC	0	0	150	0	0	0	150
Building Improvement Programme	0	0	23	0	0	0	23
N W Airfield Market Improvements	210	66	231	62	63	63	485
N W Airfield Fire Cover Vehicle	0	10	0	0	0	0	10
Children's Play Schemes	0	160	60	0	0	0	220
Total	**230**	**320**	**1,898**	**62**	**63**	**63**	**2,406**
Environmental Protection							
Bobbingworth Tip	681	539	0	0	0	0	539
Environ. Protection Equipment	0	45	0	0	0	0	45
Waste Management Vehicles & Equip't	0	0	1,875	0	0	0	1,875
Safer Cleaner Greener	23	23	0	0	0	0	23
Total	**704**	**607**	**1,875**	**0**	**0**	**0**	**2,482**
Planning & Economic Development							
Loughton Broadway TCE	2,000	800	1,580	0	0	0	2,380
Upgrade of Industrial Units	0	0	50	0	0	0	50
PDG/HPDG Capital Schemes	0	72	0	0	0	0	72
Total	**2,000**	**872**	**1,630**	**0**	**0**	**0**	**2,502**
Civil Engineering & Maintenance							
Parking & Traffic Schemes	421	142	200	200	200	0	742
Housing Estate Car Parking	127	28	439	327	327	327	1,448
Bakers Lane Car Park	0	0	120	0	0	0	120
Flood Alleviation Schemes	130	62	0	0	0	0	62
Grounds Maint Plant & Equipt	22	22	30	30	30	30	142
Total	**700**	**254**	**789**	**557**	**557**	**357**	**2,514**
TOTAL NON-HOUSING PROGRAMME	**4,932**	**2,972**	**7,676**	**2,726**	**1,000**	**720**	**15,094**

Annex 15 c

CAPITAL PROGRAMME
2008/09 to 2012/13 FORECAST

	2008/09 Original £000		2008/09 Revised £000	2009/10 Forecast £000	2010/11 Forecast £000	2011/12 Forecast £000	2012/13 Forecast £000	5 Year Total £000
Housing General Fund								
Contribution to Affordable Housing								
Estuary H.A.schemes	500		845	155	0	0	0	1,000
The Quarter, Ongar (L&Q)	0		85	0	0	0	0	85
Total Affordable Housing Conrtibutions	500		930	155	0			1,085
Disabled Facilities Grants	632		400	400	400	400	400	2,000
Other Private Sector Grants	375		280	350	350	350	350	1,680
Private Sector Capital Contingency	0		0	310	310	310	0	930
Home Ownership Grants Scheme	170		102	68	0	0	0	170
Open Market Shared Ownership Scheme	350		0	350	0	0	0	350
Alfred Road Drainage Works	0		9	0	0	0	0	9
CPO 8/8A Sun Street, W. Abbey	0		0	378	0	0	0	378
TOTAL HOUSING GENERAL FUND	**2,027**		**1,721**	**2,011**	**1,060**	**1,060**	**750**	**6,602**
Housing Revenue Account								
Springfields, Waltham Abbey	3,237	*	3,113	0	0	0	0	3,113
Norway House Improvements	50	*	62	50	50	50	50	262
Hemnall House Conversion	0		0	0	0	0	0	0
Communal TV Upgrade	236		243	0	0	0	0	243
Heating/Rewiring	1,070	*	1,070	1,100	1,040	1,040	1,040	5,290
Windows/Roofing/Asbestos/Water Tanks	890	*	810	930	940	940	940	4,560
Other Planned Maintenance	468		382	493	380	380	380	2,015
Total Planned Maintenance	5,951		5,680	2,573	2,410	2,410	2,410	15,483
Structural Schemes	478	*	367	285	635	635	635	2,557
Cyclical Maintenance	15	*	10	23	5	5	5	48
Small Capital Repairs	400	*	417	400	350	350	350	1,867
Cost Reflective Repairs	948	*	1,000	2,067	878	878	878	5,701
Non-Cost Reflective Repairs	438		230	939	628	628	628	3,053
Disabled Adaptations	410		394	430	450	450	450	2,174
Other Repairs and Maintenance	160	*	24	58	0	0	0	82
Feasibilities	15		31	15	15	15	15	91
TOTAL HRA	**8,815**		**8,153**	**6,790**	**5,371**	**5,371**	**5,371**	**31,056**
Housing DLO Vehicles	50		54	50	50	50	50	254
TOTAL DLO	**50**		**54**	**50**	**50**	**50**	**50**	**254**
TOTAL HOUSING PROGRAMME	**10,892**		**9,928**	**8,851**	**6,481**	**6,481**	**6,171**	**37,912**

Annex 15 d

CAPITAL RECEIPTS
2008/09 to 2012/13 FORECAST

	2008/09 Original £000	2008/09 Revised £000	2009/10 Forecast £000	2010/11 Forecast £000	2011/12 Forecast £000	2012/13 Forecast £000	5 Year Total £000
Receipts Generation							
Housing Revenue Account	2,900	900	1,080	1,080	1,080	1,080	5,220
General Fund	0	0	0	0	0	0	0
Total Receipts	**2,900**	**900**	**1,080**	**1,080**	**1,080**	**1,080**	**5,220**
Receipts Analysis							
Usable Receipts	831	227	273	273	273	273	1,319
Payment to Govt Pool	2,069	673	807	807	807	807	3,901
Total Receipts	**2,900**	**900**	**1,080**	**1,080**	**1,080**	**1,080**	**5,220**
Usable Capital Receipt Balances							
Opening Balance	25,877	26,823	23,329	16,126	13,168	11,937	26,823
Usable Receipts Arising	831	227	273	273	273	273	1,319
Use of Transitional Relief Receipts	0	(500)	0	0	0	0	(500)
Use of Other Capital Receipts	(6,232)	(3,221)	(7,476)	(3,231)	(1,504)	(914)	(16,346)
Closing Balance	**20,476**	**23,329**	**16,126**	**13,168**	**11,937**	**11,296**	**11,296**

MAJOR REPAIRS RESERVE
2008/09 to 2012/13 FORECAST

	2008/09 Original £000	2008/09 Revised £000	2009/10 Forecast £000	2010/11 Forecast £000	2011/12 Forecast £000	2012/13 Forecast £000	5 Year Total £000
Opening Balance	3,010	7,290	5,190	4,703	5,895	7,074	7,290
Major Repairs Allowance	4,605	4,618	4,778	4,800	4,800	4,800	23,796
Use of MRR	(4,239)	(6,718)	(5,265)	(3,608)	(3,621)	(3,621)	(22,833)
Closing Balance	**3,376**	**5,190**	**4,703**	**5,895**	**7,074**	**8,253**	**8,253**

Annex 16

The Chief Financial Officer's report to the Council on the robustness of the estimates for the purposes of the Council's 2009/10 budgets and the adequacy of the reserves.

Introduction

1. The Local Government Act 2003 section 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 2009/10. Where this advice is not accepted, this should be formally recorded within the minutes of the Council meeting. The Council will consider the recommendations of the Cabinet on the budget for 2009/10 and will determine the planned level of the Council's balances.

2. Sections 32 and 43 of the Local Government Finance Act 1992 also require billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the net budget requirement.

3. There is also a range of safeguards, which are in place to ensure local authorities do not over-commit themselves financially. These include:

   - The CFO's s.114 powers, which require a report to the Cabinet and to all members of the local authority if there is or is likely to be unlawful expenditure or an unbalanced budget
   - The Prudential Code, which applied to capital financing from 2004/05.

The Robustness of the Recommended Budget

4. A number of reports to the Cabinet in recent years have highlighted the difficulties inherent in setting budgets, not least because of significant changes in the level and complexity of Government funding and continuing pressure to protect and develop services. At the same time major changes have been introduced to the way the Council is structured and managed and the next year is likely to see significant changes to the waste and leisure services. These changes and the "Credit Crunch" are still ongoing and represent significant risks to the Council's ability to assess properly all the financial pressures it faces.

5. However the Council's budget process, developed over a number of years, has many features that promote an assurance in its reliability:

   - The rolling four year forecast provides a yardstick against which annual budgets can be measured
   - The early commencement of the budget process and the clear annual timetable for both Members and officers including full integration with the business planning process promotes considered and reasoned decision making
   - The establishment of budget parameters in the summer is designed to create a clear focus before the budget process commences

- The analysis of the budget between the continuing services and one off District Development Fund items smoothes out peaks and troughs and enables CSB trends to be monitored
- The adoption of a prudent view on the recognition of revenue income and capital receipts
- The annual bid process whereby new or increased budgets should be reported to Cabinet before inclusion in the draft budget
- Clear and reasoned assumptions made about unknowns, uncertainties or anticipated or forecast changes

6. Changes to the process have also created the facility for far greater consultation, particularly with the development of the Overview and Scrutiny Panel which deals with finance and performance management issues. With a Cabinet system the onus is on Portfolio Holders to deliver acceptable and accurate budgets. This role has been taken seriously and has helped enhance the detailed knowledge of the Cabinet.

7. The budget is therefore based on strong and well-developed procedures and an integrated and systematic approach to the preparation of soundly based capital and revenue plans and accurate income and expenditure estimates. The risks or uncertainties inherent in the budget have been identified and managed, as far as is practicable, and assumptions about their impact have been made.

8. **The conclusion is that the estimates as presented to the Council are sufficiently robust for the purposes of the Council's overall budget for 2009/10.**

Factors to be taken into account when undertaking a Risk Assessment into the overall Level of Reserves and Balances

9. Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) states that the following factors should be taken into account when the CFO considers the overall level of reserves and balances:

- Assumptions regarding inflation;
- Estimates of the level and timing of capital receipts;
- Treatment of demand led pressures;
- Treatment of savings;
- Risks inherent in any new partnerships etc;
- Financial standing of the authority i.e. level of borrowing, debt outstanding etc;
- The authority's track record in budget management;
- The authority's capacity to manage in-year budget pressures;
- The authority's virements and year-end procedures in relation to under and overspends;
- The adequacy of insurance arrangements.

10. These issues have formed the basis for budget reports in the past and they remain relevant for the current budget.

Factor Assessment

a. Inflationary pressures

11. Every year base budget estimates are produced and then different inflation factors are applied to the resultant figures to take budgets to out-turn prices. It is inevitable that there will be either over or under provision for the full cost of inflation, as prices will inevitably vary against the estimates made. This is particularly relevant in the current unstable economic climate. Efforts have been made to predict the level of inflation in the coming year, but it should be noted that there are two specific items where there could be additional costs:

12. The Council procures energy through consortiums and has recently moved to the Office of Government Commerce (OGC) framework agreement, in accordance with advice from the Essex Procurement Hub. Substantial price increases have been seen for both electricity and gas, but the OGC view is that wholesale prices have reduced from their peak. On this basis the additional budgets for energy are split between CSB and DDF. However, there is a risk that this split may not prove correct.

13. Current and future pay awards are in doubt, as agreement has still not been reached on an increase for 2008/09. The divergence in views between the Unions and the Employers resulted in industrial action earlier in the year. This dispute is now in arbitration and it is hoped the 2008/09 award can be resolved before we enter 2009/10. The Medium term Financial Strategy (MTFS) includes an allowance of 2.475% in both 2008/09 and 2009/10, which is believed to be prudent. Recruitment and retention is less of a concern, but some difficulty is still being experienced in certain areas. In the budgets the centrally held vacancy allowance has been maintained at 2%. This reflects the ongoing underspends, which will again lead to a greater increase in reserves than had been originally estimated. It is unlikely that the Authority will have a full establishment throughout 2009/10 and so this allowance is reasonable.

b. Estimates on the level and timing of capital receipts

14. The Council has always adopted a prudent view on the level and timing of capital receipts, a position justified by past experience. Capital receipts are not recognised for budgetary purposes unless they have been received or their receipt is contractually confirmed prior to the budget being ratified. Cabinet has adopted a policy of not entering into further disposals until the property market has improved and so no significant disposals are likely in 2009/10.

15. The exception to this relates to receipts from council house sales. In this instance because sales occur throughout the year assumptions are made about their generation. Sales completed in 2008/09 are likely to be less than the 28 in 2007/08, and the original estimate of 30 has now been reduced to 8. It is anticipated that sales will now stabilise at 10 for the following three years.

16. Clearly if the forecasts contained in this report are not realised in full, there could be a financial impact on the General Fund because investment income to that account has been based on that level of sales. However, this is relatively unlikely given the low numbers involved.

17. Even with the Authority's substantial capital programme, which exceeds £53m over five years, it is anticipated that the balance of usable capital receipts at 31 March 2013 will be £11.3m. The Capital Strategy continues to emphasise that priority will be given to capital schemes that will create future revenue benefit, either through increased income or reduced costs. This has been the case with the recent decisions to invest in waste and leisure services.

c. Treatment of demand led pressures and savings

18. The largest demand led pressure facing the Council is for the green waste service. Members previously decided to boost recycling rates by removing the charge for sacks and providing an all year service. The public responded positively to the service and vast quantities of green waste are now being collected. However, the biodegradeable sacks currently used for this service are expensive and the numbers of sacks being put out for collection by residents has caused problems for the contractor. A revised service utilising a second wheeled bin will be introduced during 2009/10. This requires considerably investment in terms of CSB, DDF and capital. However, this is a key service and by moving forward in this way it has been possible to secure significant ongoing revenue support from Essex County Council and one-off capital assistance to help purchase the necessary equipment.

19. Demand has also increased dramatically for bus passes, following the introduction of the new national scheme. The number of passes in issue has increased by more than 50% and over 16,000 passes have been issued. Negotiations are ongoing with Essex County Council, as they are keen to take over responsibility for this service from district councils. This would greatly reduce the financial risk to the districts and the Department for Transport has already indicated that responsibility for the scheme is likely to change as part of the next Comprehensive Spending Review.

20. The "Credit Crunch" has seen new benefit claims increase by more than 25% and is also likely to increase demand for the Council's homelessness service. These will not be the only Council services to face extra demands in the current economic climate. Against this background, it is clear that in order to avoid breaching the guideline on reserves it will be necessary to seek savings in the last three years of the period covered by the medium term financial strategy. However, the current strength of reserves means that it should be possible to do this in a structured and progressive way.

d. Risks inherent in partnership arrangements etc

21. There are several partnership arrangements, some of which carry risks of varying degrees in monetary terms. The risks have not been specifically identified in the budget but are underwritten through the Authority's balances.

e. Financial standing of the authority (i.e. level of borrowing, debt outstanding etc)

22. The Authority is currently debt free and intends to remain so in the medium term. Revenue reserves for both the General Fund and the Housing Revenue Account are in a healthy state.

f. The authority's track record in budget management, including its ability to manage in-year budget pressures

23. The Authority has a proven track record in financial management as borne out by the Use of Resources assessments from the Authority's external auditors. A comparison of actual net expenditure with estimates over a number of years shows that the Council rarely experiences under or over spends of any significance.

24. However, the discipline of Financial Regulations - not incurring spending without a clear budget - must be rigidly observed, and the monitoring of the riskier budgets, particularly income budgets, needs to be maintained. The quarterly budget monitoring reports on key budgets to both the Finance and Performance Management Cabinet Committee and the Finance and Performance Management Scrutiny Panel will continue throughout 2009/10. The production of these reports during the year is essential in identifying emerging problems at the earliest opportunity. This allows maximum benefit to be accrued from any corrective action taken.

g. The authority's virement and year-end procedures in relation to under and overspends

25. The Authority has recognised and embedded virement procedures that allow funds to be moved to areas of pressure. Although underspends and overspends are not automatically carried forward, the Authority does have an approved carry forward scheme for capital and DDF which is actioned through the formal provisional outturn report to Cabinet in the summer of each year.

h. The adequacy of insurance arrangements

26. The Council is now in the fourth year of a five-year agreement, which was subject to a competitive tendering process. As part of this exercise different levels of excess and policy cover were considered. The Council made a decision to undertake a greater degree of self-insurance and accept higher excess levels to reduce insurance premiums. Savings on premiums resulting from this exercise are likely to be in the order of £1m over the life of the agreement, and some of this saving is being paid into the Council's insurance fund. However, as part of the 2007/08 external audit the need for such a large insurance fund was questioned. Following a review of the annual transactions through the fund, the meeting of the Finance and Performance Management Cabinet Committee on 8 December decided to cap the fund at £500,000 and take the surplus of £460,000 to the DDF.

i. Pension liabilities

27. Last year Members decided to take the option to phase in the increase required in employer's contributions, following receipt of the latest triennial valuation of the Pension Fund. The previous ongoing employers contribution was 10.1%, which has to increase to 13.1% over the three-year life of the valuation. Members decided to introduce the increases by 1% per annum and consequently make higher deficit payments, although total payments over the three years are lower with this option.

28. Despite taking the higher deficit payment option, the deficit payments to the fund will reduce from £1.822m in 2007/08 to £1.796m in 2008/09. Council agreed in December 2007, as part of approving the Capital Strategy, that the

policy of capitalising deficit payments would continue and a further £2.5m of capital receipts will be moved to the Pension Deficit Reserve to fund this.

29. An annual application is made to Department for Communities and Local Government (DCLG) for a capitalisation direction. Authority was given to capitalise the full additional deficit payment in 2005/06 although for 2006/07 the capitalisation was limited to 57.19% of the value of the application. This followed concerns at the Treasury about excessive capitalisations creating pressure on the Chancellor's "Golden Rule". Despite the overall level of applications being higher in 2007/08 concern about the "Golden Rule" appeared to have eased as full directions were obtained.

30. The regulations for issuing capitalisation directions were changed for 2006/07, with a "Two Gate" system being introduced. Applications must satisfy the previous criteria to clear Gate 1 but applications will not pass Gate 2 until the national economic impact has been considered in total. Confirmation of whether the applications have been successful or not will not be provided until the end of January. If capitalisation directions are not provided then the additional charges to revenue for 2008/09 will be £662,000 General Fund and £311,000 HRA. As the deficit payments have not changed significantly the amounts at risk in future years are broadly similar.

Statement on the adequacy of the reserves and balances

31. The Use of Resources assessment now conducted by the external auditors has moved on from the formulaic approach of CPA to achieve the 'good' ranking for reserves. The old formula had suggested that the Council should maintain a General Fund balance of at least £0.89m but no more than £17.86m. The Council's current best estimate of the General Fund balance at 31 March 2010 is £7.9m as shown in the Annex 13.This is clearly within the range specified but as a benchmark is not particularly useful. Therefore a risk assessment related to the Authority's individual circumstances is provided as a more meaningful benchmark against which the adequacy of the balances can be determined.

32. The following table lists those developments and cost pressures within the four-year forecast that offer the greatest risk to financial stability.

Item of risk	Estimated level of financial risk £000	Level of risk %	Adjusted level of risk £000
Basic 5% of Net Operating Expenditure			1,100
Pay award being settled 1% in excess of 2.475% est. for 08/09 and future years	600	20	120
Inflationary pressures between 1-4% higher than budget	600+	20	120+
Loss of North Weald Market Income	4,000+	20	800+
General Income between 1-4% less than budget	600+	10	60+
Interest Rates 1% less than budget	500+	10	50+
Emergency Contingency	800+	20	160+
Capitalisation applications refused for 08/09 and 09/10	1,300	40	520
Renegotiating External contracts and partnership arrangements	Say 1,000+	10	100+
Total	9,400+		3,030+

33. The presentation in this table is not a scientific approach, but a crude attempt to put a broad order of scale on the main financial risks potentially facing the Council. It is meant to be thought provoking rather than definitive. It is certainly not a complete list of all the financial risks the Council faces but it shows the potential scale of some of the risks and uncertainties and the impact they may have on the Council's balances if they were to come to fruition.

34. Based on the CPA formula there is an expectation that an authority should carry a level of balance that equates to at least 5% of the net operating expenditure (NOE) of the Authority. During the period of the four-year plan NOE is expected to average out at £18.6m, which suggests a figure of £930,000.

35. The income generated from the market at North Weald airfield is significant to the ongoing financial well being of the Authority. Uncertainties surrounding the future of the airfield create a risk to the Authority that needs to be recognised and quantified hence its inclusion in the list above. A number of contracts have been granted to outside bodies for the provision of Council services. The failure of any of these contracts would inevitably lead to the Council incurring costs, which may not be reimbursed. Other than certain bond arrangements there is no specific provision made in the estimates for this type of expenditure, which therefore would have to be covered by revenue balances.

36. The Council has always been conscious of its balances position as can be demonstrated by budget reports over many years. Fortunately for the Authority the question had not been whether it had a sufficient level of balance but rather that it had too much. Balances have been increasing since 2003/04 and are predicted to peak at £7.99m as at 31 March 2010.

37. A number of policies have been determined previously to bring about reductions and the current policy reflects that deficit budgets are now necessary for the balances to fall. That is to say that the current policy allows for balances to fall to no lower than 25% of Net Budget Requirement (NBR). This is slightly different from the NOE stated above, the average NBR figure for the next four years is expected to be £17.70m therefore 25% of that figure equates to £4.43m. The current four-year forecast shows balances still at £6.475m at the end of 2012/13.

38. The risk assessment undertaken above suggests that 20-25% of NBR is about the range that this authority should be maintaining its balances within. By 31 March 2013 balances will represent 35% of NBR, which is perfectly adequate. However, Members are aware that this situation can only be achieved with CSB savings and have stated a clear target of reducing expenditure throughout the period of the medium term financial strategy.

39. It has already been stated that the capital fund is expected to remain in a surplus position beyond 2012/13 and the capital programme can be fully funded.

40. The Council has a few earmarked reserves (e.g. DDF), which are intended to be used for specific purposes over a period of time of more than a single financial year. These earmarked reserves have been excluded from the assessment for this reason.

41. HRA revenue balances are expected to decrease slightly from £6.2m as at 31 March 2009 to £5.79m as at 31 March 2010. The balance on the Housing Repairs Fund is expected to reduce over the next year, from £3.83m to £3.48m. Similarly the Housing Major Repairs Reserve is predicted to reduce from £4.52m to £4m. Even though reductions in reserves are budgeted the overall financial standing of the HRA and its reserves going into 2009/10 remain healthy.

42. The conclusion is that the reserves of the Council are adequate to cope with the financial risks the Council faces in 2009/10 but that savings will be needed in subsequent years to bring the budget back into balance in the medium term.

Report on the Council's Prudential Indicators for 2009/10 to 2011/12 and the Treasury Management Strategy for 2009/10

This report outlines the Council's prudential indicators for 2009/10 – 2011/12 and sets out the expected treasury operations for this period. It fulfils four key legislative requirements:

- The reporting of the **prudential indicators** setting out the expected capital activities;
- The Council's **Minimum Revenue Provision (MRP) Policy**, which sets out how the Council will pay for capital assets through revenue each year;
- The **treasury management strategy statement** which sets out how the Council's treasury service will support the capital decisions taken above;
- The **investment strategy** which sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss.

Recommendations;

1. **The Council is recommended to adopt the prudential indicators and limits for 2009/10 to 2011/12 contained within the report. The main indicators are summarised in the table below:**

	2007/08 Actual	2008/09 Revised	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate
Capital Expenditure (Indicators 2 & 3)	£10.597 m	£12.900m	£16.527 m	£9.207 m	£7.481 m
Capital financing requirement (Indicators 4 & 5)	-£0.784 m	-£0.784 m	-£0.784 m	-£0.784 m	-£0.784 m
Authorised limit for external debt (Indicator 6)	£5.0 m	£5.0 m	£5.0 m	£5.0 m	£5.0 m
Operational boundary for external debt (Indicator 7)	£0.5 m	£0.5 m	£0.5 m	£0.5 m	£0.5 m
Ratio of financing costs to net revenue stream – General Fund (Indicators 9 & 10)	-10.73 %	-10.15 %	-6.04 %	-4.91 %	-4.86 %
Ratio of financing costs to net revenue stream – HRA (Indicators 9 & 10)	-11.11 %	-10.51 %	-6.26 %	-5.09 %	-5.03 %
Incremental impact of capital investment decisions on the Band D Council Tax (Indicator 11)	N/a	-£1.17	£0.59	£3.11	£4.09
Incremental impact of capital investment decisions on weekly housing rents levels (Indicator 12)	N/a	£0.82	£0.03	£1.02	£1.08

2. **Members are recommended to approve the treasury management strategy for 2009/10. The treasury prudential indicators are set out in the tables below;**

Exposure to fixed/variable interest rates (Indicators)	**2009/10 Upper**	**2010/11 Upper**	**2011/12 Upper**
Limits on fixed interest rates (14)	100%	100%	100%
Limits on variable interest rates (15)	30%	30%	30%

Maturity Structure of fixed interest rate borrowing						
(Indicator 16)	**2009/10**		**2010/11**		**2011/12**	
	Lower	**Upper**	**Lower**	**Upper**	**Lower**	**Upper**
Under 12 months	0%	100%	0%	100%	0%	100%
12 months to 2 years	0%	0%	0%	0%	0%	0%
2 years to 5 years	0%	0%	0%	0%	0%	0%
5 years to 10 years	0%	0%	0%	0%	0%	0%
10 years and above	0%	0%	0%	0%	0%	0%
Maximum principal sums invested for 1 year or more	£30 m		£30 m		£30 m	
Investment returns to exceed the 7 day LIBID rate by;	0.10 %		0.10%		0.10%	

3. **Members are recommended to approve the Council's Statement on the Minimum Revenue Provision.**
4. **Members are recommended to approve the investment strategy for 2009/10 contained in the treasury management strategy, and the detailed criteria included within it, specifically approving:**
    - **The criteria for specified investments**
    - **The criteria for non-specified investments**

The Prudential Indicators 2009/10 – 2011/12

1. The Local Government Act 2003 required the Council to adopt the CIPFA Prudential Code and to produce prudential indicators. This report revises the indicators for 2008/09, 2009/10 and 2010/11, and introduces new indicators for 2011/12. Each indicator either summarises the expected activity or introduces limits upon the activity, and reflects the outcome of the Council's underlying capital appraisal systems.
2. Within this overall prudential framework there is a clear impact on the Council's treasury management activity, either through borrowing or investment activity. As a consequence, the treasury management strategy for 2009/10 and the treasury indicators form part of this report.

Capital Expenditure Plans

3. The first prudential indicators govern the Council's capital expenditure plans, its net borrowing position and its Capital Financing Requirement (CFR). The Council's capital expenditure plans are summarised below. Capital expenditure can be financed immediately (by resources such as contributions from revenue, capital receipts and capital grants), so that with no unfinanced expenditure there is no need to borrow.
4. A certain level of capital expenditure will be grant supported by the Government; anything above this level will be unsupported and will need to be paid for from the Council's own resources. The Government has the power to restrict the level of external debt undertaken by either all councils as a whole or of a specific council, although these powers have not yet been exercised.
5. The key risk to the plans is that the level of Government support has been estimated and is therefore subject to change. Similarly some of the estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale.
6. **The Council is recommended to approve the capital expenditure estimates presented in Table 1 as Prudential Indicators 2 and 3.**

Table 1: Estimated Capital Expenditure 2008/09 to 2011/12

Portfolio	2007/08 Actual £'000	2008/09 Revised Estimate £'000	2009/10 Original Estimate £'000	2010/11 Original Estimate £'000	2011/12 Original Estimate £'000
Finance & Performance Management	0	241	90	0	0
Corporate Support & ICT Services	589	678	1,394	2,107	380
Leisure & Young People	97	320	1,898	62	63
Environmental Protection	2,074	607	1,875	0	0
Planning & Economic Development	285	872	1,630	0	0
Civil Engineering & Maintenance	724	254	789	557	557
Housing General Fund	1,180	1,721	2,011	1,060	1,060
Total General Fund	**4,949**	**4,693**	**9,687**	**3,786**	**2,060**
HRA	5,601	8,153	6,790	5,371	5,371
Housing DLO	47	54	50	50	50
Total Housing Revenue Account	**5,648**	**8,207**	**6,840**	**5,421**	**5,421**
TOTAL	**10,597**	**12,900**	**16,527**	**9,207**	**7,481**

The Council's Capital Financing Requirement

7. The Council's Capital Financing Requirement (CFR) is the total capital expenditure which has not yet been financed from either revenue contributions or capital income. It is essentially a measure of the Council's underlying borrowing need; any unfinanced capital expenditure will increase the Council's CFR. Table 2 demonstrates that all projected capital expenditure over the current and the next three financial years is expected to be financed, and that the Council's CFR is expected to remain unchanged.

8. **Members are asked to agree that the Council has complied with the requirement of Prudential Indicator 1 by keeping net borrowing below the appropriate CFR in 2007/08, and that no difficulties are envisaged for the financial years 2008/09 to 2011/12.**

9. **Members are further asked to approve Prudential Indicators 4 and 5, the Capital Financing Requirement from 2007/08 to 2011/12, contained within Table 2**

Table 2: Capital Expenditure Financing and its effect on the CFR

	2007/08 Actual £'000	2008/09 Revised £'000	2009/10 Estimate £'000	2010/11 Estimate £'000	2011/12 Estimate £'000
General Fund					
Capital Expenditure	**4,949**	**4,693**	**9,687**	**3,786**	**2,060**
Financed by:					
Capital receipts	4,053	3,721	7,476	3,231	1,504
Capital grants	896	972	2,211	555	556
Revenue Contributions	0	0	0	0	0
Total Financed Expenditure	**4,949**	**4,693**	**9,687**	**3,786**	**2,060**
Net financing need for the year	**0**	**0**	**0**	**0**	**0**
Opening CFR	**22,019**	**22,019**	**22,019**	**22,019**	**22,019**
CFR arising during the year	**0**	**0**	**0**	**0**	**0**
Closing CFR	**22,019**	**22,019**	**22,019**	**22,019**	**22,019**
HRA					
Capital Expenditure	**5,648**	**8,207**	**6,840**	**5,421**	**5,421**
Financed by:					
Capital receipts	11	0	0	0	0
Capital grants	41	50	50	50	50
Revenue Contributions	5,596	8,157	6,790	5,371	5,371
Total Financed Expenditure	**5,648**	**8,207**	**6,840**	**5,421**	**5,421**
Net financing need for the year	**0**	**0**	**0**	**0**	**0**
Opening CFR	**-22,803**	**-22,803**	**-22,803**	**-22,803**	**-22,803**
CFR arising during the year	**0**	**0**	**0**	**0**	**0**
Closing CFR	**-22,803**	**-22,803**	**-22,803**	**-22,803**	**-22,803**
General Fund CFR	22,019	22,019	22,019	22,019	22,019
HRA CFR	-22,803	-22,803	-22,803	-22,803	-22,803
Total CFR	**-0.784**	**-0.784**	**-0.784**	**-0.784**	**-0.784**

10. Local authorities are required to repay an element of the accumulated General Fund capital spend – represented by the CFR - through an annual revenue charge (the Minimum Revenue Provision, or MRP).

11. CLG Regulations will require full Council to approve an MRP Statement. This will need to be approved in advance of each financial year. As the timetable for consultation is very tight, members are asked to approve the following MRP statement:

As the Council is currently debt-free and intends to remain so for the foreseeable future, there is no requirement to make a provision for external debt repayment. If the Council identifies a need to borrow externally, the Council will draw up a minimum revenue policy in accordance with proper accounting practice, and will present this to members for approval.

12. **Members are asked to approve the Council's Minimum Revenue Provision Statement, set out in paragraph 11 above.**

Limits to Borrowing Activity

13. Prudential Indicators 6, 7 and 8 are intended to ensure that the Council operates its external borrowing activities within well defined limits. The first two of these are:

- The Authorised Limit for External Debt. This represents a limit beyond which external debt is prohibited, and needs to be approved by full Council. It reflects the level of external debt which could be afforded in the short term, but is not sustainable in the longer term. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

- The Operational Boundary for External Debt. This indicator is based on the expected maximum external debt during the course of the year; it is not a limit.

14. The Council became debt-free on 29th March 2004, and intends to remain debt-free for the foreseeable future, meaning that the Authorised Limit is unlikely to be breached. The Director of Finance & ICT confirms that the Council has remained within these two limits during the current year, and does not foresee any difficulty in continuing to do so.

15. **The Council is recommended to approve the Authorised Limit and Operational Boundary set out in Table 3 as Prudential Indicators 6 and 7.**

Table 3: The Authorised and Operational Limits of External Debt

	2007/08 Revised £ m	2008/09 Estimate £ m	2009/10 Estimate £ m	2010/11 Estimate £ m
Authorised limit	5.0	5.0	5.0	5.0
Operational boundary	0.5	0.5	0.5	0.5

16. In order to comply with Prudential Indicator 8 the Council must ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2009/10 and next two financial years. This allows flexibility for limited early borrowing for future years.

17. The Director of Finance & ICT confirms that the Council has complied with this prudential indicator throughout the current year and does not envisage difficulties for the foreseeable future. This view takes into account current commitments, existing plans, and proposals contained within this budget report. The Council's net debt position as at 31 March 2008 and its estimated position as at 31 March 2009 is shown for information in Table 4.

Table 4: Net external debt on the final day of the financial year				
	31 March 2008 Actual £'000	**Rate %**	**31 March 2009 Estimate £'000**	**Rate %**
External debt	0		0	
Less transferred debt	- 559	5.97	- 534	2.88
Total Debt	**- 559**		**- 534**	
Fixed Investments	-57,250	5.88	-61,000	5.70
Variable Investments	-2,055	5.25	-1,500	2.74
Total Investments	**-59,305**		**-62,500**	
Net Investments	**-59,864**		**-63,034**	

Affordability Prudential Indicators

18. The previous sections cover prudential indicators designed to examine capital expenditure and control of borrowing: prudential indicators in this section are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's financial affairs, and identify the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

19. The estimates of financing costs include current commitments and the proposals in this budget report.

20. Prudential Indicators 9 and 10 are the actual and estimated ratios of financing costs to net revenue stream for the General Fund and Housing Revenue Accounts, and are shown in Table 5. As the Council is debt-free, these are based on investment income and are therefore negative.

Table 5: Actual and estimated ratios of financing Costs to net revenue stream					
	2007/08 Actual %	**2008/09 Revised Estimate** %	**2009/10 Estimated Forecast** %	**2010/11 Estimated Forecast** %	**2011/12 Estimated Forecast** %
General Fund	- 10.73	- 10.15	- 6.04	- 4.91	- 4.86
HRA	- 11.11	- 10.51	- 6.26	- 5.09	- 5.03

21. Prudential Indicator 11 concerns an estimate of the incremental impact of capital investment decisions on the Band D Council Tax over the next three financial years, and is shown in Table 6. This indicator identifies the revenue costs associated with new schemes introduced to the capital programme considered as Appendix 15 to this report, compared to the capital programme examined for the 2008/09 Prudential Indicators. The assumptions are based on the budget, but will invariably include some estimates, such as the level of government support in future years.

22. Prudential Indicator 12 examines estimates of the incremental impact of capital investment decisions on housing rent levels over the next three financial years. Similar to the Council Tax calculation, this indicator identifies the trend in the cost of proposed changes in the part of the capital programme relating to the Housing Revenue Account. It compares the most recent programme to that examined for the 2008/09 Prudential Indicators, and is expressed as a discrete impact on weekly rent levels.

Table 6: Incremental impact of capital investment decisions on Council tax and rents				
	2008/09 Revised £	**2009/10 Estimate £**	**2010/11 Estimate £**	**2011/12 Estimate £**
Band D Council Tax	-1.17	0.59	3.11	4.09
Housing rents levels	0.82	0.03	1.02	1.08

23. It should be emphasised that these are theoretical, and do not imply an actual requirement to raise either Council Tax or housing rent levels. Any move to raise housing rent levels will be constrained by the rent restructuring controls.

Treasury Management Strategy 2009/10 – 2011/12

24. The treasury management service is an important part of the overall financial management of the Council's affairs. The prudential indicators considered so far relate to the affordability and impact of capital expenditure decisions and govern the Council's overall capital framework. The treasury service considers the effective funding of these decisions. Together they form part of the process which ensures that the Council meets the "balanced budget" requirement under the Local Government Finance Act 1992. There are specific treasury prudential indicators included within this strategy which require approval.

25. The Council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). This Council adopted the Code of Practice on Treasury Management on 22 April 2002, and as a result formulated a Treasury Management Policy Statement (approved by Cabinet on 18 October 2004). This adoption meets the requirements of the first of the treasury prudential indicators (Prudential Indicator 13).

26. The Council's Treasury Management policy requires an annual strategy to be reported to Council in advance of the first financial year to which it relates, outlining the expected treasury activity for the following three financial years. A key requirement of this report is to explain both the risks and the management of the risks associated with the treasury service. A further treasury report is produced within six months of the year-end to report on actual activity for the year.

27. This strategy covers:

- The Council's debt and investment projections;
- The expected movement in interest rates;
- The Council's borrowing and investment strategies;
- Treasury performance indicators;
- Specific limits on treasury activities;

Debt and Investment Projections 2009/10 – 2011/12

28. The borrowing requirement comprises the expected movement in the CFR and any maturing debt which will need to be re-financed. Table 7 shows this effect on the treasury position over the next three years. It also highlights the expected change in investment balances, although as a matter of prudence it does not include an estimate for capital receipts from proposed land sales.

29. Although the Council is debt-free and expects to remain so for the foreseeable future, there is a reducing element of debt taken out on behalf of other local authorities. Epping Council has repaid the underlying external debt in full from its own resources; the authorities concerned are paying the Council their share of the debt plus interest in instalments. This is shown as negative debt, as it represents income to the Council.

Table 7: Estimated Treasury position as at 31 March, 2009 to 2012				
	2009 Revised £'000	**2010 Estimate £'000**	**2011 Estimate £'000**	**2012 Estimate £'000**
External Debt				
External debt	0	0	0	0
Less transferred debt	- 534	- 508	- 481	- 452
Total debt	**- 534**	**- 508**	**- 481**	**- 452**
Investments				
Investment portfolio	61,000	57,000	54,000	52,000
Funds held in short notice accounts	1,500	1,500	1,500	1,500
Total investments	**62,500**	**58,500**	**53,500**	**52,500**
Change from previous year	+3,195	- 4,000	-3,000	-1,000
Annual net interest income	3,521	2,126	1,753	1,761

Economic Forecast

Table 8: Expected movements in interest rates		**(Source: Butlers, January 2009)**		
		Market investment rates		
As at end of:	**Base Rate %**	**3 month %**	**6 month %**	**12 month %**
December 2008	2.00	3.0	3.2	3.3
March 2009	1.00	2.0	2.2	2.4
June 2009	0.75	1.5	1.6	1.8
September 2009	0.50	1.5	1.6	1.7
December 2009	1.00	1.6	1.7	1.8
March 2010	1.25	1.7	1.9	2.0

30. The UK economy has entered a profound recession, worsened by a dangerous combination of negative growth and dislocation in the domestic and world financial markets. The situation in the economy is considered critical by the policy setters who are concerned that the testing financial environment, the sharp decline in house prices and persistently tight credit conditions could trigger a collapse in consumer confidence. At best this could deliver a short, sharp downturn, at worst a prolonged Japanese-style recession.

31. The sharp downturn in world commodity, food and oil prices, the lack of domestic wage pressures and weak retail demand promises a very steep decline in inflation in the year ahead. In the recent pre-Budget Report, the Treasury suggested RPI inflation could fall to minus 2.25% by September 2009. Inflation considerations will not be a constraint upon Bank of England policy action. Indeed, the threat of deflation strengthens the case for more aggressive policy easing.

32. The Government's November pre-Budget Report did feature some fiscal relaxation but it also highlighted the very poor health of public sector finances. The size of the package is considered insufficient to kick-start the economy. The onus for economic stimulation will fall upon monetary policy and the Bank of England.

33. The Bank will continue to ease policy and the need to drive commercial interest rates, currently underpinned by the illiquidity of the money market, to much lower levels suggests the approach will be more aggressive than might otherwise have been the case. A Bank Rate of 1% now seems a distinct possibility and short-term LIBOR rates of below 2% may result. Only when the markets return to some semblance of normality will official rates be edged higher.

34. Long-term interest rates will be the victim of conflicting forces. The threat of deep global recession should drive bond yields to yet lower levels and this will be a favourable influence upon the sterling bond markets. But the prospect of exceptionally heavy gilt-edged issuance in the next three years (totalling in excess of £100bn per annum), as the Government seeks to finance its enormous deficit, could severely limit the downside potential for yields.

Sensitivity to Interest Rate Movements

35. Future Council accounts will be required to disclose the impact of risks on the Council's treasury management activity. Whilst most of the risks facing the treasury management service are addressed elsewhere in this report (credit risk, liquidity risk, market risk, maturity profile risk), the impact of interest rate risk is discussed but not quantified. The table below highlights the estimated impact of a 1% increase/decrease in all interest rates to treasury management income for next year. That element of the investment portfolio which is of a longer term, fixed interest rate nature will not be affected by interest rate changes.

Table 9: Sensitivity to Interest Rate Movements

Revenue Budgets	**2009/10 Estimated + 1% £'000**	**2009/10 Estimated - 1% £'000**
Investment income	419	-470

Treasury Strategy 2009/10 – 2011/12

36. The uncertainty over the UK economy and the level of confidence in individual banks increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy and leave the target for investment returns unchanged at 0.1% over the 7 day LIBID rate for 2009/10, 2010/11 and 2011/12.

37. Long-term fixed interest rates are at risk of being higher over the medium term. The Director of Finance & ICT, under delegated powers, will take the most appropriate form of borrowing depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above. It is likely that shorter term fixed rates may provide better opportunities.

Investment Counterparty and Liquidity Framework

38. The primary principle governing the Council's investment criteria is the security of its investments, although the yield or return on the investment is also a key consideration. After this main principle the Council will ensure:

- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.

39. The Director of Finance & ICT will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criteria is separate to that which chooses Specified and Non-Specified investments as it selects which counterparties the Council will invest with rather than defining what form its investments will take. The rating criteria (see explanation of the credit ratings in Appendix 17a) use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria.

- **Banks and Building Societies** – the Council will invest in banks and building societies which have the following Fitch or equivalent ratings as a minimum:
  - **Short Term** – F1 (minimum of F1+ for total investments between £5m to £10m)
  - **Long Term** – A (minimum of AA- for total investments between £5m and £10m)
  - **Individual / Financial Strength** – C (Fitch / Moody's only)
  - **Support** – 3 (Fitch only)
- **Building Societies with credit ratings** – the Council will invest in building societies based in either the United Kingdom or the Republic of Ireland, provided that these have a credit rating as specified above.

  The Council will no longer invest with unrated societies.
- **Money Market Funds** – AAA
- **UK Government** including gilts and the Debt Management Account Activity Deposit Facility (DMADF – a Government body which accepts local authority deposits)
- **Local Authorities, Parish Councils etc**

40. The time limits for institutions on the Council's counterparty list are five years, unless shorter time limits are specified above (these will cover both specified and non-specified Investments). Investments for terms of one year or more are subject to prior approval by the Director of Finance & ICT. The proposed criteria for specified and non-specified investments are shown in paragraphs 52 to 58 for approval.

41. The use of longer term instruments (one year or greater from inception to repayment) will fall into the category of non-specified investments. These instruments will be used only where the Council's liquidity requirements are safeguarded. This usage is limited by Prudential Indicator 17 at paragraph 43 below.

Investment Strategy 2009/10 – 2011/12

Treasury Management Prudential Indicators and Limits on Activity

42. There are four more treasury prudential indicators. The purpose of these prudential indicators is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However if these are set to be too restrictive they will impair the opportunities to reduce costs. The indicators are:

    - Upper limits on fixed interest rate exposure (Prudential Indicator 14). This indicator identifies a maximum limit for fixed interest rates based upon the debt position net of investments
    - Upper limits on variable interest rate exposure (Prudential Indicator 15). Similar to the previous indicator, this covers a maximum limit on variable interest rates.
    - Maturity structures of borrowing (Prudential Indicator 16). These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing; upper and lower limits of each category are required.
    - Total principal funds invested for one year or more (Prudential Indicator 17). These limits are set to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

43. **Members are recommended to approve the contents of Tables 10 and 11 as Prudential Indicators 14, 15, 16 and 17.**

Table 10: Exposure to fixed/variable interest rates (Prudential Indicators 14 and 15)

	2009/10 Upper	2010/11 Upper	2011/12 Upper
Limits on fixed interest rates	100%	100%	100%
Limits on variable interest rates	30%	30%	30%

Table 11: Maturity structure of fixed interest rate borrowing and limits on longer term investments (Prudential Indicators 16 and 17)

	2009/10		2010/11		2011/12	
Borrowing	**Lower**	**Upper**	**Lower**	**Upper**	**Lower**	**Upper**
Under 12 months	0%	100%	0%	100%	0%	100%
12 months to 2 years	0%	0%	0%	0%	0%	0%
2 years to 5 years	0%	0%	0%	0%	0%	0%
5 years to 10 years	0%	0%	0%	0%	0%	0%
10 years and above	0%	0%	0%	0%	0%	0%
Maximum principal sums invested > 364 days	£30 m		£30 m		£30 m	

Performance Indicators

44. The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. As a debt free council with no externally managed funds, the only effective performance indicator that can be set is an achievement margin in excess of the 7 day LIBID rate, the London Interbank Bid rate, which is the generally accepted benchmark for local authority treasury operations. The results of these indicators will be reported in the Treasury Annual Report for 2008/09.

45. **Members are recommended to approve the local performance indicators set out in Table 12.**

Table 12: Performance indicator for the Council's Treasury operations			
	2009/10 %	**2010/11 %**	**2011/12 %**
Returns to exceed the 7 Day LIBID rate by:	0.10	0.10	0.10

Treasury Management Practice (TMP) 1 (5) – Credit and Counterparty Risk Management

46. The Office of the Deputy Prime Minister (now the CLG) issued Investment Guidance on 12th March 2004, and this forms the structure of the Council's policy below.

47. The key intention of the Guidance was to maintain the current requirement for Councils to invest prudently, giving priority to security before liquidity, before yield. In order to facilitate this objective, the guidance requires this Council to have regard to the CIPFA publication "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes". This Council adopted the Code on 18 April 2002 and will continue to apply its principles to all investment activity. In accordance with the Code, the Director of Finance & ICT has produced treasury management practices. This part, TMP 1(5), covering investment counterparty policy requires approval each year.

48. The key requirements of both the Code and the investment guidance are to set an annual investment strategy as part of its annual treasury strategy for the following year, to be approved by full Council and covering the identification and approval of:

- The strategy guidelines for decision making on investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

49. Expectations on shorter-term interest rates, on which investment decisions are based, show a likelihood of the current 1.5% Bank Rate reducing throughout 2009 and into 2010. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts.

50. There is a clear operational difficulty arising from the current banking crisis. Ideally investments would be invested longer to secure better returns, however uncertainty over counterparty creditworthiness suggests shorter dated investments would provide better security.

51. The criteria for choosing counterparties set out above provide a sound approach to investment in “normal” market circumstances. Whilst Members are asked to approve this base criteria above, under the exceptional current market conditions the Director of Finance & ICT will temporarily restrict further investment activity to those counterparties with a credit rating from Fitch of AA- or above and limit investment to a maximum of 3 months. These restrictions will remain in place until the banking system returns to “normal” conditions.

Specified and Non-Specified Investments

52. Specified investments are sterling investments with original investment terms of not more than one year, or those which are agreed for a longer period where the Council has the right to be repaid within 12 months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is small. These include investments with:

I The UK Government (such as the DMADF, UK Treasury Bills or a Gilt with less than one year to maturity).

II A local authority, parish council or community council.

III Pooled investment vehicles (such as money market funds) that have been awarded a high credit rating by a credit rating agency.

IV A financial body such as a bank or building society that has been awarded a high credit rating by a credit rating agency.

V A financial body which has been provided with a government issued guarantee for wholesale deposits within specific timeframes.

53. The Council proposes to invest in specified investments, with further restrictions related to credit ratings.

54. **Members are requested to confirm their approval of the following specified investments for this council:**

- **All Category I, II and V investments;**
- **For Category III - money market funds rated AAA by Standard and Poor’s, Moody’s or Fitch rating agencies.**
- **For Category IV - bodies with a minimum short term rating of A-1, P-1 and F1 as rated by Standard and Poor’s, Moody’s or Fitch rating agencies respectively.**

55 Non-specified investments are any other type of investment (i.e. not defined as specified above). These would include sterling investments with:

I. Securities which are guaranteed by the UK Government (such as supranational bonds). These are fixed income bonds although the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.

II. Gilt edged securities with a maturity of greater than one year.

III. Institutions not meeting the basic security requirements under the specified investments.

IV. A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society), for deposits with a maturity of greater than one year.

56 Proposals approved at Cabinet in December 2004 added the thirty largest building societies by capital asset base to the counterparty listing. A review of the counterparty criteria in August 2007 introduced limits on investments in unrated societies determined by their asset base. In the current climate it is no longer felt prudent to invest with unrated societies. The Council will now only deal with building societies that satisfy the minimum rating requirements set out above.

57 Proposals approved at Cabinet in December 2004 also allow a limited proportion of funds to be invested for terms of between one and five years. On the advice of Butlers, any investment of a term of one year or more would be made only with a counterparty possessing a minimum long term credit rating of A- (Fitch), A3 (Moody's) and A (Standard & Poors).

58 **Members are requested to confirm that, for the time being, it is intended that non-specified investments will not form part of the Council's investment portfolio, with the exception of;**

- **A maximum of £30,000,000 invested for terms of one year or more, subject to the credit rating criteria in Paragraph 57 and a maximum term of five years.**

59 The credit rating of counterparties will be monitored regularly. The Council receives credit rating emails from its Treasury advisers as and when ratings change, and counterparties are checked promptly on receipt of these emails. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Finance & ICT and new counterparties which meet the criteria will be added to the list.

60 The Council is aware that a counterparty may hold investments from the Council at the time that it is removed from the approved list due to a downgraded rating. The criteria used are high enough that a minor downgrading should not affect the full receipt of the principal and interest at maturity. Existing investments with the downgraded counterparty will therefore be allowed to run to maturity, unless there is reason to believe that an attempt should be made to retrieve the funds beforehand.

61 It should be noted that credit ratings are subject to change without prior warning, and that a high credit rating is an indication, not a guarantee, of a financial body's stability and creditworthiness.

62 The Council is aware that external fund managers are potentially able to achieve higher returns on an investment portfolio than in-house staff. However, these potential high returns are offset by the managers' fees. The Council has considered the net returns available through the use of external managers, and has decided to retain its policy of retaining the entire portfolio in-house. This policy will be kept under review each year.

Table 13: Returns achieved by the in-house Treasury team compared to the industry average net returns for external fund management teams

	2005/06 %	**2006/07 %**	**2007/08 %**
In-house team	4.73%	4.92%	5.85%
External management (net of charges)	4.60%	4.29%	5.86%
Average 7 Day LIBID	4.53%	4.82%	5.59%

Credit Ratings

Long-Term Credit Ratings

Long-term credit ratings are set up along a scale from 'AAA' to 'D', and adopted and licensed by Standard and Poor (S&P). Moody's also uses a similar scale, but names the categories differently. Like S&P, Fitch also uses intermediate modifiers for each category between AA and CCC (i.e., AA+, AA, AA-, BBB+, BBB, BBB- etc.). Moodys intermediate modifers for each category between Aa to Caa are Aa1, Aa2, Aa3, A1, A2 etc.

Definitions	**Fitch**	**Moody**	**Standard & Poor**
The best quality institutions, reliable & stable	AAA	Aaa	AAA
Quality institutions, slightly higher risk than AAA	AA	Aa	AA
Economic situation can affect finance	A	A	A
Medium class institutions, which are satisfactory at the moment	BBB	Baa	BBB

Short-Term Credit Ratings

Short-term ratings indicate the potential level of default within a 12-month period.

Definitions	**Fitch**	**Moody**	**Standard & Poor**
Best quality grade, indicating exceptionally strong capacity of obligor to meet its financial commitment	F1+	P-1	A-1+
Best quality grade, indicating strong capacity of obligor to meet its financial commitment	F1	P-2	A-1
Good quality grade with satisfactory capacity of obligor to meet its financial commitment	F2	P-3	A-2
Fair quality grade with adequate capacity of obligor to meet its financial commitment, but near term adverse conditions could impact the obligor’s commitments	F3		A-3

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Report to Overview and Scrutiny Committee

Date of meeting: 29 January 2009

SCRUTINY

Epping Forest District Council

Portfolio: Leader

Report of: Constitution and Member Services SSP

Subject: Review of Contract Standing Orders

Responsible Officer: I Willett (01992 564243)

Democratic Services Officer: A Hendry (01992 564246)

Recommendations:

(1) That Contract Standing Order CSO C1 be amended by the addition of a new sub-paragraph (13) as follows:

"(13) Chief Officers are required to ensure that, whichever procurement method is selected, they obtain the appropriate approval from a Portfolio Holder or the Cabinet in accordance with the value thresholds for contracts as set out in these Contract Standing Orders."

(2) That CSO C1 be amended by the addition of a new sub-paragraph (14) as follows:

"(14) The provisions of Contract Standing Orders relating to competitive quotations or tenders and use of the Essex Procurement Hub shall not apply to the procurement of goods or services from its own works organisations or equivalent unless in the opinion of the relevant Head of Service there are clear value for money reasons for doing otherwise."

and that the subsequent paragraphs of this Standing Order be re-numbered accordingly;

(3) That CSO C15 be amended by the addition of the following new sub-paragraphs to be numbered (1) and (7):

"(1) All specifications for the provision of goods and services by tender or quotation shall include a statement advising potential bidders that details of their tender may be published in the public agenda or minutes of the Council or may become available as a background paper or by means of Freedom of Information Act (FOI) request in response to which the Council would provide any information which is not covered by any of the Statutory Exemptions."

"(7) Specifications for tenders and quotations shall include a statement regarding the Council's policy of paying invoices within 14 days of receipt and a requirement for the following:

(a) the submission of a statement of the policies of tenderers regarding payment of sub contractors and suppliers and the timescales which apply to such payments; and

(b) a statement by the Council that the statement under (a) above will be taken into in the Council's assessment of all tenders and quotations."

and that the other paragraphs of this Standing Order be renumbered accordingly.

(4) That CSO C34 be amended by the addition of a new sub-paragraph (1) as follows:

"(1) Chief Officers are required to obtain, where possible, at least one quotation or tender from a business located in the Epping Forest District (including those with headquarters elsewhere) for any contract or official order being placed by the Authority, provided that in awarding the contract to a local business, the Council's duty to achieve value for money and to comply with legal duties and any other requirements of Contract Standing Orders is not compromised."

(5) That Contract Standing Order C32 be amended by paragraph (2) being substituted with the following revised wording:

"(2) The Director of Corporate Support Services may negotiate, agree terms and complete any lease, assignment, underletting, change of use or alterations to premises leased (irrespective of term) with a rental or premium not exceeding £25,000 per annum, subject to the exercise of this delegated authority being exercised:

(a) only up to a limit of £250,000 (or ten years) for any single transaction;

(b) after consultation with the relevant Portfolio Holder in the case of any transaction which involves a material change of use or conflicts with any other Council policy in order to determine whether a decision is to be made by the Director of Corporate Support Services, by the Portfolio Holder or by the Cabinet."

and that the effectiveness of these arrangements be reviewed after one year.

Report:

1.1 Each year the Council reviews its Contract Standing Orders with a view to reflecting changes in the law or operational matters regarding interpretation and good governance. We have received details of officer proposals for review in 2008/9.

1.2 Each of the Contract Standing Orders which have been reviewed this year are dealt with in turn below:

(a) CSO C1 (Authority for Contracts) (Recommendation (1))

1.3 In carrying out an audit of contract systems, there was at least one occasion when officers using the Essex Marketplace Procurement System had not obtained the relevant member authority for the acceptance of quotations or tenders. It is felt that Contract Standing Order C1 could usefully be amended by adding a new paragraph (as set out in the recommendation) stipulating that Chief Officers must ensure that whichever procurement method is selected, there is suitable authority from a Portfolio Holder or the Cabinet in accordance with value thresholds for contracts.

1.4 The results of the audit review suggested that officers may have thought that by using the Essex Marketplace System, it was not necessary to gain member approval for the acceptance of a quotation or a tender. This is not the case because the value thresholds set out in Contract Standing Orders still apply.

(b) CSO C1 - (District Council Works Organisations) (Recommendation (2))

1.5 We support a new sub-paragraph being added to Standing Order C1 to emphasise that where Chief Officers are using the Council's own works organisations or equivalent, it is not necessary to obtain competitive quotations and tenders. However, we agree that the relevant Chief Officer must consider whether procuring the service in another way is preferable if there is a value for money reason for doing so.

(c) CSO C15 - (Publication of Tender Information and Local Businesses) (Recommendation (3))

1.6 It is proposed to include in Standing Order C15 two new sub-paragraphs dealing with quotations and tenders.

1.7 The first of these is the new sub-paragraph (1) which provides for tender and quotation specifications to include a statement that tender details may be published in a public agenda or the minutes of the Council or become available as a background paper or by means of a Freedom of Information Act request. There have been occasions where tenderers do not fully appreciate that by submitting tender documents they are potentially placing the information in the public domain. The Standing Order also requires that the tender specification will say that the Council, if requested, will be obliged to provide any information but only on those matters which are not covered by any of the statutory exemptions (in particular commercially sensitive information).

1.8 The second addition is to reflect the decisions of the Council in October 2008 to assist, wherever possible, local businesses. One of the points raised relates to contracts let to national or international companies where the services of local suppliers and sub-contractors are utilised. The new Contract Standing Order was reviewed to include a statement designed to encourage main contractors to do everything possible to pay those invoices promptly. If invoices from sub-contractors and suppliers are paid quickly, the cash flow for those local companies would be very greatly assisted, particularly in times of economic difficulty.

1.9 We asked for the new standing order to go further than just “encouragement”. We have asked that the following should be included:

(a) reference to the Council’s own policy (14 day payments);

(b) a requirement for tenderers to give details of their own policies for paying suppliers and sub contractors;

(c) a statement that (b) will be part of assessments by the Council of tenders and quotations now and in future tendering exercises.

We feel that this makes a stronger statement of the Council’s expectations.

(d) Recommendation (4) - Local Businesses

1.9 A new Contract Standing Order C34 is proposed to deal with support for local businesses. As mentioned above, this derives from a motion passed at the Council meeting in October 2008.

1.10 The sentiment expressed in the motion was quite clear: that the Council should be doing as much as possible to support local businesses particularly in times of economic difficulty. However, in recording that view in Contract Standing Orders, care has to be taken that the Council is not seeking to avoid its responsibilities to achieve value for money in the procurement of goods and services or to avoid compliance with legal duties and Contract Standing Orders in the use of public funds.

1.11 The Officer Working Party which has reviewed the motion has received advice about the various statutory restrictions on the procurement of goods and services by local authorities. The proposal set out in recommendation (4), is considered to be as far as the Authority can go in furthering the spirit of the motion without conflicting with its legal and other responsibilities. The proposal is that Chief Officers should obtain, where possible, at least one tender or quote from a business located in the Epping Forest District. The proviso is that if a contract is awarded to a local concern, the Council's duty to achieve value for money, to comply with its legal duties and comply with Contract Standing Orders is not compromised.

1.12 The reason for this proviso is that the Council is open to challenge if it is perceived to be procuring services in an anti-competitive manner. We have asked that the term "local businesses" should be defined as those operating from premises in the District (including those with headquarters elsewhere).

(e) CSO 34 (New) - (Land and Property Transactions) (Recommendation (5))

1.13 Contract Standing Order C32 deals with land and property transactions. Currently, it states that the Director of Corporate Support Services is authorised to negotiate, agree terms and complete any lease, assignment, underletting, change of use or alternations to premises (irrespective of the term) provided that it represents a rental or premium not exceeding £25,000. In actual practice, this has proved very difficult to operate as the majority of such transactions which are dealt with by the Director of Corporate Support Services are considerably greater than the £25,000 limit. This is because the value of a leased contract has to be calculated over its full term.

1.14 With this in mind, it is proposed to amend the Contract Standing Order by making the limit of the delegated authority £25,000 per annum but subject to conditions:

(a) an overall limit of £250,000 (or 10 years) for a single transaction, this being calculated over the length of the term; and

(b) consultation between the Director of Corporate Support Services and the relevant Portfolio Holder as to who should make the decision if the transaction involves a material change of use or conflicts with any other Council policy.

1.15 The Director of Corporate Support Services has commented that the current Contract Standing Order results in only a small number of relatively minor transactions being dealt with under delegation being less than the present limit of £25,000. The result is that routine Estates transactions have to be referred to the Portfolio Holder.

1.16 It is suggested that the effectiveness of these charges be reviewed after one year.

Reasons for Proposed Decision:

To respond to the Council motion adopted in October 2008 and to submit proposals for changes to Contract Standing Orders for consideration by the SSP, the Overview and Scrutiny Committee and the Council.

Other Options for Action: None

Resource Implications: Nil

Budget Provision: Nil

Personnel: Nil

Land: Nil

Community Plan/BVPP Reference: Nil

Relevant Statutory Powers: Local Government Act 2000

Background Papers: Nil

G:\C\CONSTITUTION AND MEMBERS SERVICES\2008\REPORT - REVIEW OF CONTRACT STANDING ORDERS

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Report to Overview and Scrutiny Committee

Date of meeting: 29 January 2009

Portfolio Holder: Leader

Report of: Constitution and Member Services Standing Scrutiny Panel

Subject: Review of Financial Regulations

Officer contact for further information: I Willett (01992 564243)

Democratic Services Officer: A Hendry (01992 564246)

Recommendation:

(1) That the limit for writing-off arrears and debts in respect of Housing Benefit, National Non Domestic Rates (NNDR), Council Tax and Sundry Debtors under delegated authority by the Director of Finance and ICT be retained at £2,500 on a permanent basis; and

(2) That the limit for writing-off arrears and debts in respect of housing rents by the Director of Housing be retained at £2,500 on a permanent basis.

1. Introduction

1.1 Over the past few years, the Council has resolved to carry an annual review of its financial regulations to ensure that these comply with current legal requirements and to ensure good governance of the Council's financial operations.

1.2 This year's review has identified only one matter which requires attention from the Panel, namely the decision, made last year, to increase the limit for the Directors of Finance and ICT and Housing delegated authority to write-off debts below £2,500 without referring to the Portfolio Holder.

1.3 This report provides data on how the revised delegation arrangements have operated in practice and recommends that this change in delegation become permanent.

2. Writing-off of Debts and Arrears

2.1 Last year the financial limit for the two Directors to write-off debts without approval was increased to £2,500, subject to a review after one year. There was also discussion about whether the limit of £2,500 was still too low, comparisons with the practice of other local authorities having been submitted. These comparisons show that some other Councils operated a higher limit for officer delegation.

2.2 The Officer Working Party has reviewed the operation of this revised delegation. One of the main reasons for making the change was to avoid large numbers of small debts being submitted on a regular basis to the Portfolio Holder for writing-off. The effect of the change is set out in the table below which shows the value of write-offs approved by the Portfolio Holder and those approved by the Director of Finance and ICT:

Arrears Type	2007/8		2008/9 (Part Year)	
	Written-off Director of Finance and ICT	Written-off Portfolio Holder	Written-off Director of Finance and ICT	Written-off Portfolio Holder
	£	£	£	£
Housing Benefit	**2,732 ( )**	**38,753 ( )**	**33,438 ( )**	**30,571 ( )**
NNDR	**10,359 ( )**	**41,389 ( )**	**14,450 ( )**	**7,805 ( )**
Council Tax	**267,559 ( )**	**65,389 ( )**	**173,967 ( )**	**Nil ( )**
Sundry Debtors	**46,887 ( )**	**18,652 ( )**	**4,077 ( )**	**2,586 ( )**
Housing Rents	**40,666 ( )**	**68,428 ( )**	**33,154 ( )**	**12,771 ( )**

Figures in brackets are the number of individual cases giving rise to the totals and will be reported at the Overview and Scrutiny meeting.

2.3 It will be seen from the table that, with Housing Benefit, NNDR, Sundry Debtors and Housing Rents the proportion of write-offs by the Directors of Finance and ICT and Housing has increased over the two years. The exception is Council Tax arrears where, to date in 2008/9, no write-offs have needed to be submitted to the Portfolio Holder primarily because only Council Tax arrears in the “H” banding are greater than £2,500.

2.4 The Directors of Finance and ICT and Housing report that there have been no problems in operating under the new delegation arrangements.

2.5 It is therefore recommended that the delegation limit of £2,500 should be retained on a permanent basis. No case is seen for seeking a higher delegation limit.

Reasons for Proposed Decision

To respond to the decision of the Council as a result of last year’s review of financial regulations to review the operation of the £2,500 limit for writing-off of arrears.

Other Options for Action

Revert to the previous delegation limit of £1,000).

Resource Implications: Nil

Budget Provision: Not applicable.

Personnel: Nil

Land: Nil

Community Plan/BVPP Reference: Nil

Relevant Statutory Powers: Local Government Act 2000.

Background Papers: Nil

Report to Overview and Scrutiny Committee

Date of meeting: 29 January 2009

Report of: Safer Cleaner Greener Standing Scrutiny Panel

Subject: Essex County Council – Forest Transport Consultation

Officer contact for further information: J Gilbert (01992 564062)

Democratic Services Officer: A Hendry (01992 564246)

Recommendation:

To note, comment on and endorse the comments (at paragraph 9) of the Safer Cleaner Greener Standing Scrutiny Panel on the document produced by Essex County Council on the Epping Forest Transport Strategy.

Introduction

1. Essex County Council wished to improve the transport network in and around the Forest to help improve the Forest environment. Users would need to be made aware that Epping Forest is a special and unique place, and they hoped to encourage more and more people to consider both sustainable transport alternatives as well as providing a safer and more accessible environment.

2. The Epping Forest Transport Survey contains a series of measures to reduce the impact of traffic and to begin to address the better protection of the Forest landscape. It offers a package of inter-related measures that aims to restore some of the rural character to the roads in and around the Forest and make roads more Forest Centric.

3. The consultation strategy document and the questionnaire were put in the 9 January 2009 edition of the Members Bulletin for information and to enable individual members to respond to the consultation.

Background

4. Epping Forest is owned and managed by 'The City of London Corporation' as The Conservators of Epping Forest. It is London and Essex's largest public open space stretching 13 miles from Manor Park in East London to near Harlow in Essex and covers more than 2,450 hectares (6,000 acres). The parks and the Forest are visited by hundreds of thousands of people each year and provide a unique experience for thousands of school children using its field centres.

5. Epping Forest, large though it is, is fragmented by roads and some of these are amongst the busiest roads in Essex. In the region of 45,000 vehicles pass through the Wake Arms roundabout in the heart of the Forest each weekday, with tens of thousands of vehicles travelling up and down the other roads.

6. The traffic volumes threaten the air quality for people and plants. The speed of traffic can reduce the enjoyment of an outing in the Forest on foot, bicycle or horse, especially with children, due to difficulties crossing busy roads.

7. The Safer Cleaner Greener Scrutiny Standing Panel had been asked to respond to this questionnaire and considered this at a special meeting called just to discuss this topic. The meeting was held on Tuesday, 20 January 2009. Replies had to be in by mid February 2009, so had to come to this meeting of the Overview and Scrutiny Committee for endorsement.

Conclusion

9. The Panel came to the following conclusions:

A. Document is local in context and at some point a more strategic overview would be required, to include matters such as:

(i) review of M11 north facing slip roads at Loughton;
(ii) re-opening of Ongar – Epping line; and
(iii) the ability to transport bicycles on the tube at weekends

B. There was general acceptance of the principles behind the strategy in endeavouring to:

(i) protect the Forest and its environs;
(ii) improve access to all who wished to enjoy the Forest; and
(iii) control as far as practical, vehicles and vehicle speeds etc

C. However, the Panel did raise the following issues:

(i) the Panel was sceptical about the need to reduce speeds on the main roads e.g. Epping New Road, considering that accidents were more likely due to poor driving rather than speed generally;
(ii) any steps to control traffic should be achieved without the use of "hard" landscaping such as central refuges, street lighting, excessive signage etc;
(iii) the Panel wished to see the exploration of "softer", less intrusive controls such as differential road surfaces, road markings to signify the need for lower speed;
(iv) the Panel were generally supportive of cattle grids provided that they were restricted to main road junctions and that consideration was given to the effects of grids upon other animals in the Forest;
(v) the Panel was concerned about the introduction of grazing cattle etc and wished to be assured that adequate steps would be taken to keep animals and traffic separated;
(vi) the Panel were concerned about the introduction of additional crossing points. The Panel recognised the principle of proving more crossings to change the balance between people and cars in the Forest, but were of the view that, for example, on Epping New Road, this was and would likely remain a very busy road, and therefore it was inherently dangerous to encourage further interaction between people and traffic. However, the Panel did consider that existing crossing points should be enhanced to facilitate their use and to make them more obvious to drivers, through for example, raised tables of other "soft" features;
(vii) the Panel was broadly supportive of proposals to close 2 roads in the district, namely Fairmeads and Wake Road, enabling them to revert to bridleway status; and
(viii) the Panel had mixed views on the issue of speed cameras, but if their use was introduced, then there was some preference for average speed cameras, since, if sensitively located, these reduce the need for additional street furniture.