

Supplementary Council Agenda



**Epping Forest
District Council**

Council Tuesday, 17th February, 2009

Place: Civic Offices, High Street, Epping
Room: Council Chamber
Time: 7.30 pm
Committee Secretary: Council Secretary: Ian Willett
Tel: 01992 564243 Email: iwillett@eppingforestdc.gov.uk

7. REPORTS FROM THE LEADER, CHAIRMAN OF THE OVERVIEW AND SCRUTINY COMMITTEE AND MEMBERS OF THE CABINET (Pages 5 - 14)

To receive the attached reports from the Chairman of the Overview and Scrutiny Committee, the Civil Engineering and Maintenance Portfolio Holder, the Community Wellbeing Portfolio Holder and the Leisure and Young People Portfolio Holder (addendum) on matters falling within their area of responsibility.

10. QUESTIONS BY MEMBERS UNDER NOTICE (Pages 15 - 16)

To answer the attached questions to the Environment Portfolio Holder asked after notice in accordance with the provisions contained in paragraph 10.3 of the Council Procedure Rules of the Constitution on matters in relation to which the Council has powers or duties or which affects the District.

Council Procedure rule 10.4 provides that answers to questions under notice may take the form of:

- (a) direct oral answer;
- (b) where the desired information is in a publication of the Council or other published work, a reference to that publication; or
- (c) where the reply cannot conveniently be given orally, a written answer circulated later to the questioner.

Answers to questions falling within (a) and (b) above will be made available to the member asking the question one hour before the meeting. Answers to questions falling within (c) above will be circulated to all councillors.

11. REPORT OF THE CABINET - BUDGETS AND COUNCIL TAX DECLARATION 2009/10 (Pages 17 - 82)

To consider the attached report.

**12. REPORT OF THE CABINET - CALENDAR OF COUNCIL MEETINGS 2009/10
(Pages 83 - 86)**

To consider the attached report.

**19 .1 CALL-IN AND URGENCY – GYPSIES AND TRAVELLERS CONSULTATION ON
OPTIONS**

Recommendation:

To note that the Chairman of the Council agreed that the decision of the Cabinet to extend the consultation period until 5.00 pm on 20 February 2009 was reasonable in all the circumstances, should be treated as a matter of urgency and should not be subject to call-in.

(Chief Executive) The Options consultation, which identified potentially suitable sites, commenced on 4 November 2008. It was originally intended to finish on 20 January 2009, but was extended to 6 February 2009 to allow for delays caused by early printing problems and consequent lack of documents.

It was intended to hold a training session for members, local councils, local societies and other organisations before the end of 2008 to explain the new planning system (the Local Development Framework) and to advise on how best to respond to the Options consultation under the new system. Tenders for this were sent out in early December, but there were no replies the first time round. Three replies were received for a second request for tenders and Andrew Wright, of Planning Officers Society Enterprises, was appointed. His timetable meant that the earliest date he could make for the training sessions was 21 January 2009. The two sessions (the first concentrating on explaining the intentions, content and procedures of the Local Development Framework, and the second on making effective representations) were quite well attended by members, local councils and a number of local organisations.

In view of the closeness of the training sessions to the end of the consultation period, the Cabinet felt that a short extension was justified to allow respondents to take on board the information made available and discussed at the sessions. It took this decision in the knowledge that this extension should not interfere with the timetable to meet the September deadline for submission of the final version of the document.

The Cabinet also considered the decision to be an urgent matter and therefore not subject to call-in. The Chairman of the Council agreed that the decision was reasonable in all the circumstances, should be treated as a matter of urgency and should not be subject to call-in.



SCRUTINY

 Epping Forest District Council

Report to Council

Date of meeting: 17 February 2009

Subject: OS report to Council – February 2009

Chairman: Councillor Richard Morgan

Recommendation:

That the Overview and Scrutiny progress report from Mid December 2008 to the present be noted.

Report

The main Overview and Scrutiny Committee

December 2008 Meeting:

1. The meeting received a presentation from some of the Epping Forest Youth Councillors giving an overview of their first year as councillors. They reported on their recent activities and successes and on the external funding they had received in their first year. They outlined their need for a similar amount of funding for their next year now that their start-up funding had or was about to finish. This was to support their training, transport and general revenue needs for the coming year.
2. The meeting also welcomed Peter Sadler, the new Principal of Epping Forest College. He gave the Committee a presentation on the strategic direction of the college, its vision for the future and its relationship with the community. After giving his presentation, Mr Sadler then answered various questions from the committee and other members present.
3. The Committee received a report from the Constitution and Member Services Standing Panel on the use of consultants, which it endorsed and recommended to Council.
4. The Committee received the final report of the Customer Transformation Task and Finish Panel who looked at the Council's reception and other customer contact areas, the Council's internal communications and telephone operators, the Council's website and the Council's magazine 'The Forester'. The Committee endorsed the report's recommendations and recommended it to the Cabinet.
5. The Committee finally considered the proposed joint PCT scrutiny in West Essex, in which Harlow and Uttlesford Councils were interested in joining with Epping to carry out joint health scrutiny on certain selected areas. The Committee were agreeable, in principle, to consider a joint scrutiny with the other two authorities and put forward some subjects that could be reviewed.
6. The Committee agreed to amend the terms of reference for the Safer Cleaner Greener Standing Panel to include "Highway accidents within the District to include specifically, data on accidents resulting in death or serious injuries".

January 2009 meeting:

7. The January meeting welcomed Councillor Norman Hume, the County Portfolio Holder on Transport and Highway issues; Nick Roberts, the County Passenger Transport Co-ordination Centre Manager, accompanied him. They answered pre submitted questions from councillors and from the Youth Council and then went on to undertake a question and answer session from the members attending the meeting.

8. It was reported that Iain Wright, MP was invited to address the Committee on the provision for Gypsies and Travellers in the Epping Forest District. He wrote back saying that it would be inappropriate for him to attend whilst the Secretary of State was considering the independent Panel's recommendations on the Regional Spatial Strategy (RSS) review of Planning for Gypsy and Traveller Accommodation in the East of England. The letter of the Parliamentary Under Secretary of State was referred to the Planning Services Portfolio Holders Advisory Group for any further appropriate action.

9. The Committee then considered the draft Portfolio Holders Budgets Report that had recently gone to the Finance and Performance Management Scrutiny Standing Panel. The Panel and the Committee agreed the budget as recommended.

10. The Committee went on to consider reports on Civic Ceremonial arrangements, the review of Contract Standing Orders and of Financial Regulations. They also considered a government consultation paper on Public Relations, which had to be submitted to the Department for Communities and Local Government by 12 March 2009 and a report on changes to the Executive Constitution resulting from the Local Government Act 2007. They also considered the Essex County Council Forest Transport consultation document. This document was considered by the Safer Cleaner Greener Scrutiny Standing Panel who made their comments and recommendations to the O&S Committee who endorsed them.

11. The Committee were also asked by the Full Council on 16 December 2008 to look into how the Council could work with relevant local public and voluntary sector bodies to undertake a review of current debt and the money advice service provision. The Committee decided that the best way was to set up a sub-group of members to research the item and report back to the full committee with their recommendations.

Standing Panels

12. Five Standing Panels have been constituted this year, each have a rolling programme that consider ongoing cyclical issues and are comprised of:

- i) The Housing Standing Panel under the Chairmanship of Councillor S Murray;
- ii) The Constitution and Members Services Standing Panel chaired by Councillor Mrs McEwen;
- iii) The Finance and Performance Management Standing Panel chaired by Councillor D Jacobs;
- iv) The Safer Cleaner Greener Standing Panel chaired by Councillor M Colling; and
- v) The Planning Services Standing Panel chaired by Councillor Mrs Wagland.

13. The Housing Standing Panel had met in January 2009 when they considered and agreed the Tenants Satisfaction survey, the Housing Service Strategy on Home ownership and Rent Collection and the Draft Housing Strategy for 2009/12 which set out the district's housing plan for the medium term.

14. The Constitution and Members Services Standing Panel met on 4th December 2008 and on 12 January 2009. In December they reviewed the Civil Ceremonial Arrangements for the Chairman of the District this report went on to the main Overview and Scrutiny Committee

in January 2009 for endorsement. They also reviewed a consultation report on Standing for Office: Time of Entitlements, the Government White Paper "Communities in Control: Real People, Real Power".

15. The January 09 meeting considered the Member Training Programme for 2009/10. They also considered the Annual Review of Contract Standing Orders, the Annual Review of Financial Regulations; these went to the January 09 Overview and Scrutiny Committee for comment and endorsement. They also carried out a review of Overview and Scrutiny (still ongoing) and considered a government consultation paper on lowering the voting age to 16.

16. The Finance and Performance Management Standing Panel met on 13th January 2009 when they considered the Data Quality Strategy Review. The rest of the meeting was taken up by the detailed draft budget report, which the Panel commented on and referred on to the main January Overview and Scrutiny Committee for their comments and endorsement.

17. The Safer Cleaner Greener Standing Panel met on 9 December 2008 and had a special meeting on 20th January 2009. The December meeting considered the first draft of the Safer Cleaner Greener Strategy and decided to hold a special meeting to consider the "Essex County Council – Forest Transportation Consultation" document. They also received an update on the Dobbs Weir and Nazeing Traffic update from Councillor Mrs Smith and reviewed a Cabinet report on the Inter Authority Agreement on the Waste Service Development Plan. At their January '09 meeting they considered in detail the Essex County Council's – Forest Transport Consultation when they received a presentation from David Sprunt, the Principal Transportation Co-ordinator on the consultation about plans for a transport strategy for the Forest.

18. The Planning Services Standing Panel scheduled for 6th January 09 was cancelled.

Task and Finish Panels

19. The two new Task and Finish Panels (Customer Transformation and the Leisure Task and Finish Panels) also met to agree their terms of References and their draft work programme for the year ahead and are continuing to meet to further their work programme.

20. The Customer Transformation Task and Finish Panel submitted its final report to the December meeting of the Overview and Scrutiny Committee in December 08 where it was agreed. It then went to the 2nd February 09 Cabinet meeting.

21. The Leisure T&F Panel had not met in the period covered in this report.

This page is intentionally left blank

Report to the Council

Committee: Cabinet

Date: 17 February 2009

Subject: Civil Engineering and Maintenance Portfolio

Portfolio Holder: Councillor Richard Bassett

Item: 7(c)

Recommendation:

That the report of the Civil Engineering and Maintenance Portfolio Holder be noted.

I am pleased to report that the revised parking review documentation will be available starting this month with the Council now being in possession of a copy of the Epping parking review with Buckhurst Hill and Broadway being available early February. We also have received a draft timetable for the Epping review with an outline plan which means we should be in a position to start public consultation at the end of March with plans to implement agreed proposals following the public consultation by the end of October.

I previously mentioned we now have been informed that the Council will be in the next group to participate in the Highways localism project and this will be with effect from the financial year 2009/10 highway budgets. As such I have already started discussions to look at how we can implement this. I also have been to Brentwood to meet their Highways Panel and observe their meeting and I have held a discussion with their officers and chairman on some of the practicalities. I will continue to work on this and then prepare a proposal on how it will be set up. As previously stated like last year we will be asking for the biggest highways issues in your area so we can start to provide a collated list of items for the new highways panel to consider.

Whilst we are still waiting for Essex Traffic Management and Freight Management Strategies we have seen the publication of a Draft Speed Management Strategy. This can be accessed online at http://www.essexcc.gov.uk/vip8/ecc/ECCWebsite/content/binaries/documents/Draft_Speed_Management_Strategy.pdf and I will put a copy in the Members' Room for comment as we have until 13 February to comment. This is a really useful document that attempts to lay out the strategies for what speed limits should apply where and also information on signage and line markings.

I have also asked that the regular update meetings with highways produce a document with progress and project plan status for works which will be provided for members to check on work in their area.

During January I have been meeting with several resident groups and councilors to discuss local issues and this has proved very informative and productive I have met with Ongar Town Council to look at their parking issues, Residents in Loughton and Hazelwood on local problems. I also have received many emails from residents on issues and I try to answer all of these as soon as possible. Should you wish me to meet with people in your area on an issue I am only too willing to see what I can do to help.

This page is intentionally left blank

Report to the Council

Committee: Cabinet

Date: 17 February 2009

Subject: Community Wellbeing Portfolio

Portfolio Holder: Councillor Syd Stavrou

Item: 7(d)

Recommendation:

That the report of the Community Wellbeing Portfolio Holder be noted.

Safer Communities

Automatic Number Plate Recognition devices – Chigwell Road Policing Unit have reported seizing a significant number of vehicles for no insurance/licence. This reflects the success of the funding awarded by the Strategic Partnership towards purchasing the devices. The devices have also been successful in gathering intelligence on the vehicle movements of known criminals

Crime Reduction – year to date figures (up to the end of January) are 225 under profile. To date, we are on track to achieve our overall 5% crime reduction target for the District.

EFDC Safer Communities team are leading cross border initiatives with our neighbouring authorities in an attempt to reduce cross border crime. Other proactive schemes are also being promoted to tackle local crime hot spots as and when they occur.

Joint Area Action Groups – minutes are now available for viewing on the Council's website.

District Commander – Our new District Commander is Chief Inspector Alan Wray.

Furniture Exchange Scheme

Members may remember the Lighthouse Furniture Exchange Scheme that closed because of Health and Safety issues at its Town Mead Depot premises. This scheme had operated successfully between February 2007 and July 2008 as an outreach project under Brentwood's Lighthouse Scheme.

As it was obvious there was a need for such a service in the District, and especially so in the present economic situation, exploratory talks were entered into with various interested parties. Voluntary Action Epping Forest (VAEF) offered to start up the scheme under their auspices and on 5 February 2009 the Cabinet agreed to seek £20,000 from the District Development Fund for 2009/10. towards the project. Suitable premises have been identified in Waltham Abbey and VAEF are actively looking at other funding sources to advance the scheme.

Grant Aid Policy Review

The last major review of Grant Aid Scheme policy was carried out in 2003/4. Members are advised that a further review of grant aid policy is being undertaken during the current Council year. Draft proposals are being circulated to Group Leaders and independent members for discussion and comments. It is hoped that the final document will be ready for submission to Cabinet on 20 April 2009.

Severe Weather – 2 and 3 February 2009

Although Council Services were disrupted during the week commencing Monday 2 February as a result of the severe weather conditions, contingency arrangements were put into place to lessen the effects.

Emergency arrangements were put into place to cover telephone operators who could not get to work on Monday 2 February.

Whilst the Civic Offices had to close early on 2 February to enable staff who did get into work to return home safely I am pleased to say that the Council was able to maintain its out of hours emergency service on an extended basis from early afternoon and throughout the night.

The Civic Offices opened as normal from Tuesday 3 February onwards.

North Weald Airfield was able to provide assistance to the WRVS by supplying a 4-wheel drive vehicle and driver to help with the delivery of meals on wheels on Monday 2 and Tuesday 3 February when the weather conditions were at their worst.

Report to the Council

Committee: Cabinet

Date: 17 February 2009

Subject: Leisure and Young People Portfolio

Portfolio Holder: Councillor Heather Harding

Item: 7(i)

Recommendation

That this addendum to the report of the Leisure and Young People Portfolio Holder be noted.

Leisure Centres and SLM

Waltham Abbey Sports Centre.

The Council has served notice on the Management of the Kind Harold School, Waltham Abbey. It will take effect on midnight, 13 January 2010. Staff members at WASC have been fully briefed. Officers have stressed that this does not mean the demise of the facility or the building, The school has every opportunity to manage it beyond the notice period if they so wish.

Epping Sports Centre

Sports Leisure Management (SLM) is currently contracted to manage four of the Council's sports centres/pools. At the time of letting the contract in 2006 there were doubts about the future of Epping Sports Centre and therefore the contract period with SLM was limited to January 2009 rather than the 2013 end date for Loughton and Ongar Leisure Centres and Waltham Abbey Swimming Pool.

SLM required an additional £220,000 per annum to operate the Epping Sports Centre beyond 2009. A CSB growth of this size would have placed significant pressure on future revenue budgets. Cabinet agreed therefore an arrangement with SLM whereby £80,000 of savings can be generated, and this includes the closure of the bar facility at Epping Sports Centre which will contribute £30,000 of those savings.

This has been met with a degree of upset by the Epping Squash Club who like to provide hospitality to visiting clubs. It is unusual for alcohol to be served in a sports centre environment today and it is my hope that the Club will continue at Epping without the bar facility. They can provide their own hospitality if they so wish.

This page is intentionally left blank

Questions by Members under Notice

(a) Green Waste Collection System

By Councillor Mrs C Pond to Councillor Mrs M Sartin, Environment Portfolio Holder

“When the proposed changes to the green waste collection system are made:

- (a) will residents be able to put out just the food waste kerbside caddy for collection when they have no garden waste?
- (b) will arrangements be made for residents faced with difficulties such as steep drives or steps, terraced properties with no front gardens, or who are elderly or otherwise unable to manage a garden waste bin, to opt out of having a second wheeled bin and , if so, what mechanism does the Portfolio Holder envisage to allow this?
- (c) will food waste wrapped in newspaper or biodegradable bags be acceptable in the caddy?
- (d) will the Portfolio Holder consider using the stockpile of wheeled bins at North Weald Airfield for green waste, with a suitably painted lid, or label?”

(b) Dry Battery Collection Scheme

By Councillor Mrs C Pond to Councillor Mrs M Sartin, Environment Portfolio Holder

“Has there been any progress in restarting the doorstep dry battery collection scheme?”

This page is intentionally left blank

Report to the Council

Committee: Cabinet

Date: 17 February 2009

Portfolio Holder: Councillor C Whitbread

Item: 11

1. BUDGETS AND COUNCIL TAX DECLARATION 2009/10

Recommending:

Budget

(1) That the list of CSB growth for the 2009/10 budget (set out in Annex 1) be approved;

(2) That the list of District Development Fund items for the 2009/10 budget (set out in Annex 2) be approved;

(3) That the revenue estimates for 2009/10 and the draft Capital Programme for 2009/10 be approved as set out in Annexes 3, 4 (a-k) and 5 including all contributions to and from reserves as set out in the attached Annexes;

(4) That the medium term financial forecast be approved as set out in Annexes 8 a and 8 b;

(5) That the 2009/10 HRA budget be approved and that the application of rent increases and decreases in accordance with the Government's rent reforms and the Council's approved rent strategy, resulting in an average increase of 4% from £72.61 to £75.52, be approved.

Declaration of Council Tax

(6) That it be noted that on 10 November 2008, the Finance and Performance Management Portfolio Holder in consultation with the Chairman of the Overview and Scrutiny Committee calculated the following amounts for the year 2009/10 in accordance with regulations made under Section 33(5) and 34(4) of the Local Government Finance Act 1992:

(a) 54,178.8 being the amount calculated by the Council in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 as the Council Tax Base for the year;

(b) Part of the Council's Area	Tax Base
Essex County Council (General Expenses)	54,178.8
Essex Police Authority	54,178.8
Essex Fire Authority	54,178.8
Epping Forest District Council (General Expenses)	54,178.8
Abbess, Beauchamp & Berners Roding	204.0
Buckhurst Hill	5,261.9
Chigwell	5,966.5
Epping Town	5,032.8

Epping Upland	410.2
Fyfield	413.4
High Ongar	556.0
Lambourne	932.9
Loughton Town	12,882.6
Matching	326.9
Moreton, Bobbingworth and The Lavers	660.1
Nazeing	2,094.8
North Weald Bassett	2,584.3
Ongar	2,747.7
Roydon	1,311.4
Sheering	1,361.7
Stanford Rivers	355.5
Stapleford Abbotts	483.6
Stapleford Tawney	55.4
Theydon Bois	1,963.4
Theydon Garnon	66.0
Theydon Mount	110.4
Waltham Abbey Town	8,153.5
Willingale	243.8

being the amounts calculated by the Council in accordance with Regulation 6 of the Regulations as the amounts of the Council Tax Base for the year for dwellings in those parts of the area to which one or more special items relate;

(7) That the following amounts be now calculated for the year 2009/10 in accordance with sections 32 to 36 of the Local Government Finance Act 1992:

- (a) £109,197,341 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) - (e) of the Act;
- (b) £88,943,518 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) - (c) of the Act;
- (c) £20,253,823 being the amount by which the aggregate at (a) above exceeds the aggregate at (b) calculated by the Council in accordance with Section 32(4) of the Act as its budget requirement for the year;
- (d) £9,368,289 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed Non Domestic Rates and Revenue Support Grant and increased by the amount the Council estimates will be transferred in the year from its Collection Fund to the General Fund in accordance with Section 97(3) of the Local Government Finance Act 1988 and the amount which the Council estimates will be transferred from the Collection Fund to the General Fund pursuant to the Collection Fund (Community Charges) (England) Directions 1994 made under Section 98(4) of the Local Government Finance Act 1988;
- (e) £200.92 being the amount at (c) above, less the amount at (d) above, all divided by the amount at (6)(a) above, calculated by the Council in accordance with Section 33(1) of the Act as the basic amount of its Council Tax for the year;
- (f) £2,942,351 being the aggregate amount of all special items referred to in Section 34(1) of the Act;
- (g) £146.61 being the amount at (e) above, less the result given by dividing the amount at (f) above by the amount of (6)(a) above, calculated by the

Council in accordance with Section 34(2) of the Act as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates;

(h) Part of the Council's Area	Amount £
Abess, Beauchamp & Berners Roding	171.12
Buckhurst Hill	215.86
Chigwell	181.87
Epping Town	226.09
Epping Upland	190.37
Fyfield	168.14
High Ongar	170.89
Lambourne	178.62
Loughton Town	195.33
Matching	173.59
Moreton, Bobbingworth and The Lavers	163.27
Nazeing	177.66
North Weald Bassett	193.15
Ongar	203.32
Roydon	168.15
Sheering	167.10
Stanford Rivers	175.30
Stapleford Abbots	159.94
Stapleford Tawney	170.78
Theydon Bois	184.67
Theydon Garnon	161.31
Theydon Mount	160.26
Waltham Abbey Town	238.40
Willingale	163.09

being the amounts given by adding to the amount at (7)(g) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the amount at (6)(b) above, calculated by the Council in accordance with Section 34(3) of the Act as the basic amounts of its Council Tax for the year for dwellings in those parts of its area to which one or more special items relate;

(i) the amounts shown in Annex 6 to this report, being the amounts given by multiplying the amounts at (7)(h) above by the number which is the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band, divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council in accordance with Section 36(1) of the Act as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands;

(8) That it be noted that for the year 2009/10 the major precepting authorities have stated that the amounts shown in Annex 7 Part A (tabled) are the precepts issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown;

(9) That, having calculated the aggregate in each case of the amounts at (7)(i) and (8) above, the Council in accordance with Section 30(2) of the Local Government Finance Act 1992 hereby sets the amounts in Annex 7 Part B (tabled) as the amounts of Council Tax for the year 2009/10 for each of the categories of dwellings shown;

(10) That the Council's policy of retaining revenue balances at no lower than £4.0M or 25% of the net budget requirement whichever is the higher for the four year period to 2011/12 be amended to no lower than £4.0M or 25% of the net budget requirement whichever is the higher during the four year period up to and including 2012/13;

(11) That the recommendations included in the report on the Prudential Indicators and the Treasury Management Strategy for 2009/10 (set out in Annex 9) be approved; and

(12) That the report of the Chief Financial Officer on the robustness of the estimates for the purposes of the Council's 2009/10 budgets and the adequacy of the reserves (see Annex 10) be noted.

General Fund Budget Guidelines

1. The annual budget process commenced with the Financial Issues Paper being presented to the Finance and Performance Management Cabinet 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
2. 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.
3. 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.
4. 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.
5. 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.
6. The budget guidelines for 2009/10 were therefore established as:
 - The ceiling for CSB net expenditure be no more than £17.6m including net growth/savings;
 - The ceiling for DDF net expenditure be no more than £270,000; and
 - The District Council Tax be increased by no more than 2.5%.

7. 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:
- The ceiling for CSB net expenditure be no more than £17.9m including net growth/savings; and
 - The ceiling for DDF net expenditure be no more than £700,000.

The Current Position

8. The draft General Fund budget summaries are attached as annexes 4a to 4k. The main year on year resource movements are highlighted in the CSB Growth and DDF lists, which are attached as Annexes 1 and 2. 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:

9. Annex 1 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.

The "Credit Crunch" and Reduced Housing Market Activity

10. 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.
11. 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.

Safer, Cleaner, Greener and Waste Management

12. 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.
13. 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.

Leisure Facilities in Epping and Waltham Abbey

14. 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.
15. 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.

Pay Disputes and Utility Costs

16. 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.
17. 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.

Capitalisation of Pension Deficit Payments

18. Capitalisation directions were received from the Department for Communities and Local Government on 2 February for the full amounts applied for.

Concessionary Fares

19. 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 has 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.

Customer Services Transformation Programme

20. During the year a scrutiny panel re-considered the CSTP and their recommendations were made to Cabinet on 5 February. DDF money was made available for three years for additional resource to support the website, but 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 other changes have been made to either CSB or DDF budgets.

21. The CSB total is £115,000 above the CSB target of £17.9m. However, Cabinet decided on 5 February that this was not significantly above the target and that a CSB total at £18.015m was acceptable.

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

22. The DDF net movement for 2009/10 is £1.236m, Annex 2 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.
23. 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.
24. At £1.236m the DDF programme exceeds the target by £536,000. However, similarly to the position with CSB, this excess was felt to be acceptable by Cabinet. All of the DDF items currently programmed to the end of 2012/13 can be funded from within existing DDF resources. Recent experience has shown that there is usually substantial slippage on the DDF and so even if £1.236m were programmed, the outturn would be unlikely to exceed £1m.

The District Council Tax be increased by no more than 2.5%

25. 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 the Finance and Performance Management Cabinet Committee on 8 December 2008, Members amended this policy to one of increasing Council Tax by no more than 2.5%. The proposed increase is 2.5% and so complies with the amended target.

That longer term guidelines covering the period to March 2013 provide for:

- (i) 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;*
26. Current projections show this rule will not be breached by 2012/13, by which time reserves will have reduced to £6.684m and 25% of net budget requirement will be £4.53m.
- (ii) 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.*
27. The outturn for 2007/08 added £701,000 to reserves, and the revised estimates for 2008/09 anticipate a further increase of £541,000. This would leave the opening revenue reserve for 2009/10 at just over £8 million and although the estimates for 2009/10 show a reduction of £704,000, reserves would still be above £7m. The Medium Term Financial Strategy at Annex 8 shows deficit budgets for the three years 2009/10 to 2011/12. The level of deficit peaks at £704,000 in 2009/10 and returns to

break even in 2012/13, although this is achieved through CSB savings of £300,000 in 2010/11 and 2011/12 reducing to £250,000 in 2012/13.

The Local Government Finance Settlement

28. The Government have confirmed that the draft figures previously advised will not be changed for 2009/10. 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.
29. 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

30. 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%

31. The introduction of the four block system saw the Council change from receiving floor support of £412,000 to losing £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 for the subsequent floor increases of 1% and 0.5%.

The 2009/10 General Fund Budget

32. 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.

33. Another major area of uncertainty pending clarification was whether the DCLG would provide a capitalisation direction to cover the pension deficit payments for 2008/09. 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. A notice of full Gate 2 Approval was issued on 30 January 2009, this is in line with the assumptions used in compiling the budget.
34. The starting point for the budget is the attached Medium Term Financial Strategy, Annex 8. Annexes 8a and 8b 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.
35. 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 £488,000.
 - 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 £6.684m or 36% of NBR for 2012/13, although this can only be done with significant annual savings from 2010/11 to 2012/13.

The Capital Programme

36. The Capital Programme at Annex 5 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.
37. 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.
38. Annex 8b 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

39. The balance on the HRA at 31 March 2010 is expected to be £5.8 million, 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.
40. 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%.
41. 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.
42. The estimated balances for the Housing Repairs Fund and the Major Repairs Reserve at the end of 2009/10 are £3.48m and £4m respectively. 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

43. 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. If this advice is not accepted, the reasons must be formally recorded within the minutes of the Council meeting. The report of the Chief Financial Officer is set out at Annex 10, Members will note the following conclusions:
 - (i) the estimates as presented to the Council are sufficiently robust for the purposes of the Council's overall budget for 2009/10; and
 - (ii) 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.

The Prudential Indicators and Treasury Management Strategy 2009/10

44. 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 9.
45. 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.
46. 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 only be dealt with where they are covered by a Government guarantee. This may lead to some reduction in interest earnings but the first priority is to safeguard the Council's investment funds.

Council Tax

47. The revenue and capital budgets of the various spending portfolios are set out in Annexes 4(a)-(k). Annex 3 summarises the overall budget for the Council for the General Fund and the HRA and is grossed up for the effects of local parish and town council precepts. Annex 5 summarises the Council's Capital Programme. The budget as submitted produces a District Council Tax (Band D) of £146.61 for 2009/10 (£143.01 for 2008/09), which represents a 2.5% increase. The average (Band D) Council Tax including local Parish/Town Council precepts will be £200.92 (£195.40 in 2008/09), which represents an approximate 2.8% increase.

Council Tax Declaration

48. Under Recommendations (1) – (4) which include Annexes 1, 2, 3, 4(a)-(k) the Council will agree its budget for the next year. The Authority must then proceed to declare a Council Tax. The appropriate technical recommendations are set out in Recommendations (6) onwards. These follow the standard form of declaration recommended by the Local Government Association in consultation with the Secretary of State. They are designed to avoid the possibility of legal challenge to the declaration of the Council Tax.
49. The Council Tax bases for each band in each area of the District were approved by the Finance and Performance Management Portfolio Holder in consultation with the Chairman of the Overview and Scrutiny Committee. These are reproduced in Recommendation (6)(b) and form part of the ensuing calculations. The amounts to be levied within the District in respect of Essex County Council, Essex Police Authority, Essex Fire Authority and Parish and Town Councils are notified to this Authority and are matters on which the District Council has no discretion.
50. However, the precepts of Parish and Town Councils are levied on the District Council and then taken into account in the General Fund. Details relating to the District Council precept together with the precepts in respect of Parish and Town Councils are set out in the recommendations and analysis in Annex 6.

Guide to the Council Tax Calculation

51. The figures in Recommendation (7) draw on calculations contained within the report as follows:
- 7(a)** is the total of the revenue expenditure items shown in Annex 3 summary of revenue including the total of the Parish/Town Council precepts;
- 7(b)** is the total of the revenue income items shown in Annex 3;
- 7(c)** is the difference between the revenue expenditure and income as shown in Annex 3 (in simple terms it represents the net budget requirement of the District Council plus Parish and Town Council precepts);
- 7(d)** is the figure in Annex 3 for Exchequer support from the Government to the General Fund together with a transfer of surpluses from the Collection Fund;
- 7(e)** is obtained by dividing 7(d) by the Council Tax Base; this represents the average Band 'D' Council Tax for the District and Parish/Town Councils only;

7(f) as shown in Annex 3 is the total of Parish/Town Council precepts; and

7(g) represents the equivalent of dividing 7(f) by the Council Tax Base, the resulting figure being deducted from the figure shown in 7(e); this provides the average Band 'D' Council Tax for the District Council only.

52. This process culminates in the figures shown in Annex 6, which are the Council Tax amounts for the District Council and the Parish/Town Councils for each valuation band for 2009/10. To these amounts are added Council Tax figures supplied by the major precepting authorities and which are further summarised as the total Council Tax due for each valuation band in Part B of Annex 7.
53. Annex 7 relating to the precepts of various parts of the District will be tabled at the meeting.

Council : 17 February 2009

List of Annexes:

- Annex 1 CSB Growth/Savings List**
- Annex 2 DDF List**
- Annex 3 Revenue Expenditure, Income and Financing Summary**
- Annex 4 Portfolio Budgets (a –k)**
- Annex 5 Capital Budgets and Financing**
- Annex 6 District & Parish Council Tax Rates**
- Annex 7 Major Precepting Authorities Analysis (Tabled)**
- Annex 8 Medium Term Financial Strategy (a & b)**
- Annex 9 Prudential Indicators Report**
- Annex 10 Chief Finance Officers Report on the Robustness of the Estimates within the 2009/10 Budget**

This page is intentionally left blank

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST		Original	Revised	Estimate	Estimate	Estimate
Portfolio	Service	2008/09 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's	2011/12 £000's
						2012/13 £000's
Leaders Portfolio						
	Corporate Policy Making	(128)	(144)			
	Corporate Policy Making	10	10			
	Democratic Services		5			
	Democratic Services	25	7			
	Public Relations & Information			(10)		
	Subscriptions	(6)				
	Civic and Member	30	42			
	Electoral Registration		(8)			
	Top Management Structure Salary Savings					
	Development of Community Strategy					
	Committee Attendance Allowances					
	Webcasting Project					
	Consultation					
	Disbanding of the Essex Local Govt Association					
	Members Allowances					
	Savings on postages					
	Total Leaders Portfolio	(69)	(88)	(10)	0	0
Community Wellbeing						
	CCTV Operations Officer	28	21	12		
	ASB Investigations Officer	47	30	25		
	Equipment and maintenance	5	5			
	CCTV replacement and maintenance	35	17	18		
	Furniture Exchange Scheme Cost Reduction		(16)			
	Total Community Wellbeing	115	57	55	0	0
Finance & Performance Management						
	Finance Miscellaneous	92	92	93	92	
	External Audit	20	20			
	Finance Miscellaneous	(300)	(258)			
	Finance Miscellaneous	175				
	Accountancy			(10)		
	Staff costs Post FAC/15			4		
	Housing Benefits/Local Taxation	16	16			
	Replacement Revenues & Benefits System	22	22	33	30	
	Housing Benefits					
	Housing Benefits					
	Systems Admin Officer - Excess cost of post				13	
	Performance Management Unit		5	2		
	Ten Performance Manager					
	Total Finance and Performance Management	25	(103)	122	135	0
Corporate Support Services & ICT						
	Industrial Estates	24	24			
	Industrial Estates		(5)			
	Local Land Charges		175			
	Local Land Charges		(31)			
	All Services	(5)	(7)			
	ICT		18			
	Webcasting Project					
	Network maintenance			(20)		
	ICT			(20)		
	Human Resources					
	Hackney Carriage Licensing	(6)				
	Recruitment & Retention savings					
	Increased Income from Fees		45			
	Energy Sites		17			
	Energy Sites					
	Energy Costs Depots					
	Total Corporate Support Services & ICT	13	236	(40)	0	0

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST		Original 2008/09 £000's	Revised 2009/10 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's
Portfolio	Service						
Housing	Private Sector Housing	30	18	12			
	Private Sector Housing Finders Fee Scheme		10				
	Reinstatement Grants	331	332				
	Total Housing	361	360	12	0	0	0
Leisure & Young People	Leisure Management	(36)					
	Leisure Services	10					
	Leisure Facilities	33	107				
	Waltham Abbet Sports Centre		(68)		(202)		
	North Weald Airfield	6					
	North Weald Airfield	5					
	North Weald Airfield	13					
	Total Leisure	(36)	67	39	(202)	0	0
Environmental Protection	Contaminated Land						
	Pest Control		(4)	7			
	Waste Management	(604)	(604)	(10)			
	Waste Management			150	150		
	Waste Management	(148)	(148)				
	Waste Management		(124)				
	Waste Management	59	59				
	Abandoned Vehicles	76	20				
	Neighbourhoods / Rapid Response	8	19	57			
	Animal Welfare		8				
	Total Environmental Protection	(609)	(774)	204	150	0	0
Planning & Economic Development	Building Control		80				
	Building Control		(80)				
	Development Control	20	(10)				
	Development Control	(20)	10				
	Forward Planning	(7)	(7)				
	Total Planning & Economic Development	(7)	(7)	0	0	0	0

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST		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
Portfolio	Service						
Civil Engineering & Maintenance	Off Street Car Parking	6	7				
	On Street Car Parking	(6)	(8)				
	On Street Car Parking	10	15				
	Off Street Car Parking	10	15				
	On Street Car Parking	(10)	(15)				
	Off Street Car Parking	(14)	(14)				
	Concessionary Fares	(133)	(133)				
	Fleet Operations		(20)				
	Additional staffing costs						
	Additional staffing costs						
	Additional staffing costs						
	Additional costs of new contract						
	Additional costs of new contract						
	Additional costs of new contract						
	Reduced Maintenance						
	Bus pass savings						
	Increased MOT income						
	Total Civil Engineering & Maintenance	(131)	(145)	0	0	0	0
Other Items	Car Leasing	(6)	(6)	217	19	33	
	Investment Interest						
	Amendments to Scheme						
	Reduction due to lower interest rates						
	Total CSB	(344)	(403)	599	102	33	0

DISTRICT DEVELOPMENT FUND		Original	Bf from 2007/08	Revised	Estimate	Estimate	Estimate	
Portfolio	Service	2008/09 £000's	2008/09 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's
Leaders	Democratic Services	4		6				
	Elections				(90)			
	Electoral Registration			(6)				
	Electoral Registration			(5)	(1)			
	Public Relations	31		11	20			
	Public Relations & Information				25	25	25	
	Total Leaders	35	0	6	(46)	25	25	0
Community Wellbeing	ASB Investigator training	2		2				
	Protective clothing	5		5				
	Police community safety accreditation	2		2				
	Safer Communities Project HO Funded		16	5	11			
	Furniture Exchange Scheme Suspended			20				
	Total Community Wellbeing	9	16	14	31	0	0	0
Finance & Performance Management	Asset Register	20		20				
	Asset Register - HRA contribution	(10)		(10)				
	Finance System Outstanding Commitments	14	5	19				
	Transfer of excess Reserves on Insurance Fund		(460)	(25)				
	Area Based Grant		(22)	(22)		(22)		
	Area Based Grant Expenditure			44				
	Restructuring savings		(110)					
	Cover for Maternity leave		40	40				
	Hit squad to improve performance		23	23				
	DWP residual grant aided admin costs		8	8				
	Electronic Document management	7		0				
	Local Housing Allowance Implementation Costs		65	65				
	HBSD/IAD Scan Funding Grant		(14)	(14)				
	HBSD/IAD Scan Funding Costs		14	14				
	Employment Support Allowance		(30)	(30)				
	Employment Support Allowance Implementation Cost		30	30				
	Customer Account Management		(2)	(2)				
	Customer Account Management Implementation Costs		2	2				
	Additional Admin grant re unemployed				(66)			
	Additional costs for unemployed admin grant				66			
	Replacement Revenues & Benefits system	40	82	122				
	Increase in External Audit Fees		3	37				
	Implementation of Risk Management Strategy		3	3				
	Total Finance & Performance Management	61	223	(265)	9	0	0	0

DISTRICT DEVELOPMENT FUND		Original	Bf from 2007/08	Revised	Estimate	Estimate	Estimate		
Portfolio	Service	2008/09 £000's	2008/09 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's	
Corporate Support Services & ICT	NWA Strategy Action Plan				50				
	Legal Services	11			11				
	Legal Services	17			17				
	Legal Services	42	(1)		31				
	Legal Services	3	(1)	0					
	Local Land Charges			10					
	Land Charges			75					
	Human Resources			(74)					
	Office Accommodation	77	(1)	62	45	74	40		
	Office Accommodation	100		100					
	Facilities Management	100	8	108					
	Unappropriated Land		13	13					
	Non HRA Building Maintenance		13	13					
	Energy Sites	130	204	142	10	38	52		
	Energy Sites				40				
	Hackney Carriage Licensing				10				
	Licensing & Registration				(29)				
					(10)				
			480	235	410	233	112	92	0
	Total Corporate Support Services & ICT								
Housing	Homelessness								
	Homelessness		8	8	20				
	Private Sector Housing	8							
	Private Sector Housing		(1)	2		55			
	Private Sector Housing	15	1	2					
	Private Sector Housing	1	1	2					
	Total Housing	24	8	12	20	55	0	0	

DISTRICT DEVELOPMENT FUND		Original 2008/09 £000's	Bf 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
Portfolio	Service							
Leisure	Loughlin Leisure Centre		15		15			
	Community Development	5	4	4				
	North Weald Airfield		(2)	3				
	North Weald Airfield		2	2				
	North Weald Airfield			64				
	North Weald Airfield			18				
	North Weald Airfield			15				
	North Weald Airfield				6			
	North Weald Airfield				20			
	Community Development				10			
	Community Development			32	12			
	Community Development			(32)	(12)			
	Sports Development		1	1				
	Sports Development			60	12			
	Youth Council			(60)	(12)			
	Youth Council				12			
	Leisure Facilities				39			
	Leisure Facilities				(39)			
	Leisure Facilities			10	55			
	Leisure Management			(35)	48			
	Limes Farm Hall							
	Total Leisure	5	20	82	166	0	0	0
Environmental Protection								
	Waste Management	7		7				
	Waste Management	5		5				
	Waste Management			60				
	Waste Management				215			
	Neighbourhoods / Rapid Response	18		162				
	Pollution Control	4		18				
	Pollution Control			4				
	Pollution Control			20				
	Contaminated Land			(20)	5			
	Total Environmental Protection	34	0	256	220	0	0	0

DISTRICT DEVELOPMENT FUND		Original	Bf from 2007/08	Revised	Estimate	Estimate	Estimate	Estimate	
Portfolio	Service	2008/09 £000's	2008/09 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's	
Planning & Economic Development	Economic Development	5		3	2				
	Economic Development		4	2	2				
	Economic Development	35		15	20				
	Forward Planning	4		4					
	Forward Planning	14		14					
	Forward Planning	288	5	77	432	475	153		
	Forward Planning			43	10	90			
	Forward Planning			42					
	Forward Planning			19					
	Forward Planning			66					
	Forward Planning			17		10			
	Forward Planning			14		14			
	Forward Planning			27		13			
	Forward Planning			(40)		(40)			
	Forward Planning			139		21			
	Forward Planning			(160)		(160)			
	Forward Planning			62		62			
	Forward Planning			(62)		(62)			
	Tourism		30	2	8	22			
	Tourism			20	2	10	12		
	Tourism				10	12			
	Total Planning & Economic Development		427	31	312	634	487	153	0
	Civil Engineering & Maintenance	Land Drainage	90						
Land Drainage			85	27	148				
Land Drainage			32	45					
Land Drainage			(32)	(45)					
Countrycare			3	3					
Highways				8	3				
Grounds Maintenance				13					
Concessionary Fares			52	83	141	247			
Concessionary Fares				(235)	(241)	(247)			
Land Drainage					8				
Total Civil Engineering & Maintenance			90	140	(101)	59	0	0	0
Total Portfolio District Development Fund			1,165	673	726	1,326	679	270	0
Other Items		Increased Investment Interest			(264)				
	Second Homes Discount Allowance	(87)		(87)	(90)				
	Backdated Housing Grant			(12)					
	Lost Investment Interest			(120)					
	Transfer from Debenture Reserve								
Total District Development Fund		1,078	673	243	1,236	679	270	0	

This page is intentionally left blank

REVENUE EXPENDITURE, INCOME AND FINANCING

2008/09 ORIGINAL ALL REVENUE ITEMS £	2008/09 REVISED ALL REVENUE ITEMS £		GENERAL FUND ACCOUNT £	2009/10 ORIGINAL HOUSING REVENUE ACCOUNT £	ALL REVENUE ITEMS £
Gross Expenditure					
2,749,960	2,584,170	Leaders	4(a) 2,678,310	0	2,678,310
1,044,010	1,109,360	Community Wellbeing	4(b) 1,206,840	0	1,206,840
38,090,620	38,963,490	Finance Performance Mgt & Corporate Support Services	4(c) 40,428,020	0	40,428,020
1,229,430	1,148,710	Corporate Support Services & ICT	4(d) 1,299,410	0	1,299,410
37,446,000	38,527,030	Housing	4(e) 2,415,430	35,895,000	38,310,430
5,244,080	5,336,980	Leisure & Young Services	4(f) 5,636,250	0	5,636,250
3,885,790	3,553,920	Civil Engineering & Maintenance	4(g) 3,810,440	0	3,810,440
4,241,570	4,014,370	Planning & Economic Development	4(h) 4,229,930	0	4,229,930
7,575,160	7,816,980	Environmental Protection	4(i) 8,353,260	0	8,353,260
237,200	259,100	Internal Trading Organisations	4(j) 259,100	0	259,100
101,743,820	103,314,110	Total Expenditure on Services	70,316,990	35,895,000	106,211,990
47,000	47,000	Interest Payable (Inc HRA)	1,310,000	(1,267,000)	43,000
2,830,204	2,830,204	Precepts Paid to Parish Councils	2,942,351	0	2,942,351
104,621,024	106,191,314	Total Gross Expenditure	74,569,341	34,628,000	109,197,341
Gross Income					
36,092,500	37,048,640	Government Subsidies	38,791,450	0	38,791,450
24,430,000	24,506,000	Rents from Dwellings	0	25,454,000	25,454,000
5,056,620	5,004,790	Miscellaneous Rents, Trading Operations etc.	2,623,820	2,552,000	5,175,820
8,064,160	8,431,990	Fees and Charges	6,394,640	1,790,000	8,184,640
3,116,000	3,546,000	Interest on Mortgages and Investments	2,142,000	7,000	2,149,000
471,860	1,146,530	Grants and Reimbursements by other Bodies	824,080	0	824,080
77,231,140	79,683,950	Total Operational Income	50,775,990	29,803,000	80,578,990
(199,561)	(518,491)	Contribution from/(to) Revenue Reserves	703,528	388,000	1,091,528
(2,000)	(295,000)	FRS 17 Adjustment	(352,000)	0	(352,000)
1,078,000	243,000	Contribution from/(to) District Development Fund	1,236,000	0	1,236,000
0	0	Contribution from/(to) Other Reserves	0	0	0
6,636,590	7,201,000	Contribution from/(to) Capital Reserves	1,952,000	4,437,000	6,389,000
84,744,169	86,314,459	Total Gross Income	54,315,518	34,628,000	88,943,518
19,876,855	19,876,855	To be met from Government Grants and Local Taxation	20,253,823	0	20,253,823
Financed by:					
1,139,084	1,139,084	Revenue Support Grant			1,757,000
8,182,596	8,182,596	Distribution from Non-Domestic Rate Pool			7,611,289
0	0	Collection Fund Adjustment			0
9,321,680	9,321,680	Exchequer Support and Collection Fund Surpluses	7d		9,368,289
7,724,971	7,724,971	District Precept			7,943,183
2,830,204	2,830,204	Parish Council Precepts	7f		2,942,351
19,876,855	19,876,855	Total Financing			20,253,823

Leaders Portfolio

Portfolio Programme 2009/10

Portfolio Holder - Councillor Diana Collins

2008/09 Original £	2008/09 Revised £	Revenue Expenditure	2009/10 Original £
347,930	389,580	Elections	494,290
1,888,110	1,847,790	Corporate Activities	1,898,340
1,183,450	1,050,220	Member Activities	1,034,190
46,050	30,030	Local Council Liaison	30,510
382,120	434,500	Public Relations	514,090
359,490	302,710	Democratic Services	310,180
4,207,150	4,054,830	Total Expenditure	4,281,600
1,457,190	1,470,660	Income from Internal Charges	1,603,290
2,749,960	2,584,170	Net Expenditure (see Annex 3)	2,678,310
		Service Generated Income	
-	-	Government Subsidies	-
-	-	Rents from Dwellings	-
-	-	Miscellaneous Rents, Trading Operations etc	-
1,200	2,200	Fees and Charges	2,310
20,500	40,160	Grants and Reimbursements by other Bodies	201,000
21,700	42,360	Total Income	203,310
2,728,260	2,541,810	To be met from Government Grant and Local Taxation	2,475,000
-	-	Capital Expenditure (see Annex 5)	-

Community Wellbeing

Portfolio Programme 2009/10

Portfolio Holder - Councillor Syd Stavrou

	2008/09 Original £	2008/09 Revised £	Revenue Expenditure	2009/10 Original £
	175,020	195,010	Emergency Planning	202,460
	413,300	401,270	Voluntary Services	430,070
	470,690	555,530	Safer Communities	616,760
	1,059,010	1,151,810	Total Expenditure	1,249,290
	15,000	42,450	Income from Internal Charges	42,450
	1,044,010	1,109,360	Net Expenditure (see Annex 3)	1,206,840
			Service Generated Income	
	-	-	Government Subsidies	-
	-	-	Rents from Dwellings	-
	10,100	12,400	Miscellaneous Rents, Trading Operations etc	12,400
	20	8,630	Fees and Charges	7,130
	-	-	Grants and Reimbursements by other Bodies	-
	10,120	21,030	Total Income	19,530
	1,033,890	1,088,330	To be met from Government Grant and Local Taxation	1,187,310
	-	-	Capital Expenditure (see Annex 5)	-

Finance and Performance Management

Portfolio Programme 2009/10

Portfolio Holder - Councillor Chris Whitbread

2008/09 Original	2008/09 Revised	2009/10 Original
£	£	£
36,243,100	37,135,330	38,804,490
1,686,630	1,768,930	1,761,870
66,550	45,410	249,100
2,933,300	2,784,580	2,891,880
<hr/>	<hr/>	<hr/>
40,929,580	41,643,430	43,209,140
2,838,960	2,679,940	2,781,120
<hr/>	<hr/>	<hr/>
38,090,620	38,963,490	40,428,020
 	Net Expenditure (see Annex 3)	
	Service Generated Income	
35,483,040	36,329,280	38,092,170
-	-	-
-	-	-
637,520	1,118,430	679,940
-	-	-
<hr/>	<hr/>	<hr/>
36,120,560	37,447,710	38,772,110
1,970,060	1,515,780	1,655,910
<hr/>	<hr/>	<hr/>
1,298,000	241,000	90,000
<hr/>	<hr/>	<hr/>
	Capital Expenditure (see Annex 5)	

Corporate Support Services & ICT

Portfolio Programme 2009/10

Portfolio Holder - Councillor Mitchell Cohen

2008/09 Original £	2008/09 Revised £	Revenue Expenditure	2009/10 Original £
244,610	263,300	Licensing	273,320
419,270	369,030	Local Land Charges	412,550
324,190	351,770	Land & Property	381,970
153,120	86,120	Customer Services and Complaints	90,180
2,970,100	2,688,100	Information Technology	2,749,100
1,694,740	1,615,780	Legal & Administration Services	1,694,120
2,277,250	2,322,390	Accommodation Services	2,210,410
1,870,310	1,831,010	Other Support Services	1,778,750
9,953,590	9,527,500	Total Expenditure	9,590,400
8,724,160	8,378,790	Income from Internal Charges	8,290,990
1,229,430	1,148,710	Net Expenditure (see Annex 3)	1,299,410
		Service Generated Income	
-	-	Government Subsidies	61,920
-	-	Rents from Dwellings	-
1,080,190	1,055,680	Miscellaneous Rents, Trading Operations etc	1,079,860
750,780	531,470	Fees and Charges	499,290
-	-	Interest on Mortgages and Investments	-
-	-	Grants and Reimbursements by other Bodies	-
1,830,970	1,587,150	Total Income	1,641,070
-	601,540	To be met from Government Grant and Local Taxation	-
1,298,000	678,000	Capital Expenditure (see Annex 5)	1,394,000

Housing Portfolio

Portfolio Programme 2009/10

Portfolio Holder - Councillor David Stallan

2008/09 Original		2008/09 Revised		2009/10 Original	
General Fund £	Housing Revenue £	General Fund £	Housing Revenue £	General Fund £	Housing Revenue £
1,568,060	34,517,000	35,428,000	Council Housing	1,334,380	35,895,000
456,450	1,568,060	1,243,170	Private Sector Housing	511,500	1,334,380
46,830	456,450	489,380	Homelessness	43,680	511,500
696,380	46,830	42,810	Housing Investment Programme	247,620	43,680
161,280	696,380	1,055,640	Housing Associations Grants	278,250	247,620
	161,280	268,030	Leasehold Services Administration		278,250
2,929,000	34,517,000	3,099,030	Total Expenditure	2,415,430	38,310,430
609,460			Service Generated Income	637,360	637,360
155,000	24,430,000	719,360	Government Subsidies	25,454,000	25,454,000
199,280	2,501,000	150,000	Rents from Dwellings	157,500	2,709,500
	1,512,000	270,030	Miscellaneous Rents, Trading Operations etc	280,250	2,070,250
	17,000	9,000	Fees and Charges	16,990	7,000
	6,039,000	17,640	Interest on Mortgages and Investments	5,704,000	5,704,000
	18,000	22,000	Grants and Reimbursements by other Bodies	388,000	388,000
			HRA Interest & Reversal of Depn		
			Use of Balances		
987,850	34,517,000	1,157,030	Total Income	1,092,100	36,987,100
1,941,150	-	1,942,000	To be met from Government Grant and Local Taxation	1,323,330	1,323,330
2,027,000	8,815,000	10,842,000	Capital Expenditure (see Annex 5)	6,790,000	8,801,000

Leisure & Young People

Portfolio Programme 2009/10

Portfolio Holder - Councillor Heather Harding

2008/09 Original £	2008/09 Revised £	Revenue Expenditure	2009/10 Original £
1,978,630	2,012,400	Leisure Facilities	2,181,990
856,740	833,540	Arts, Museum and Library	854,860
761,140	787,240	Parks and Grounds	795,130
849,200	894,750	North Weald Centre	920,250
791,160	805,810	Sports Development and Miscellaneous	884,030
544,250	126,310	Leisure Administration	116,150
5,781,120	5,460,050	Total Expenditure	5,752,410
537,040	123,070	Income from Internal Charges	116,160
5,244,080	5,336,980	Net Expenditure (see Annex 3)	5,636,250
		Service Generated Income	
-	-	Government Subsidies	-
-	-	Rents from Dwellings	-
1,289,180	1,254,560	Miscellaneous Rents, Trading Operations etc	1,351,850
247,530	260,140	Fees and Charges	270,620
138,460	207,730	Grants and Reimbursements by other Bodies	218,100
1,675,170	1,722,430	Total Income	1,840,570
3,568,910	3,614,550	To be met from Government Grant and Local Taxation	3,795,680
230,000	320,000	Capital Expenditure (see Annex 5)	1,898,000

Civil Engineering & Maintenance

Portfolio Programme 2009/10

Portfolio Holder - Councillor Richard Bassett

	2008/09 Original £	2008/09 Revised £	Revenue Expenditure	2009/10 Original £
	577,040	542,970	Highways	561,980
	1,218,150	1,182,990	Car & Lorry Parking	1,212,900
	792,140	690,770	Land Drainage & Sewerage	848,430
	920,940	762,070	Concessionary Fares	821,090
	248,520	231,880	Countrycare	221,670
	1,219,420	1,204,510	Grounds Maintenance	1,260,780
	612,310	324,040	Civil Engineering & Building Services	337,640
	5,588,520	4,939,230	Total Expenditure	5,264,490
	1,702,730	1,385,310	Income from Internal Charges	1,454,050
	3,885,790	3,553,920	Net Expenditure (see Annex 3)	3,810,440
			Service Generated Income	
	-	-	Government Subsidies	-
	-	-	Rents from Dwellings	-
	21,150	21,150	Miscellaneous Rents, Trading Operations etc	22,210
	2,041,390	1,879,460	Fees and Charges	1,892,760
	31,740	322,780	Grants and Reimbursements by other Bodies	267,050
	2,094,280	2,223,390	Total Income	2,182,020
	1,791,510	1,330,530	To be met from Government Grant and Local Taxation	1,628,420
	700,000	254,000	Capital Expenditure (see Annex 5)	789,000

Environmental Protection

Portfolio Programme 2009/10

Portfolio Holder - Councillor Mary Sartin

2008/09 Original £	2008/09 Revised £	Revenue Expenditure	2009/10 Original £
1,523,150	1,599,660	Environmental Health	1,776,150
6,051,860	6,217,180	Waste Collection & Street Cleansing	6,576,920
1,060,140	1,003,230	Environmental Admin & Policy	1,031,800
8,635,150	8,820,070	Total Expenditure	9,384,870
1,059,990	1,003,090	Income from Internal Charges	1,031,610
7,575,160	7,816,980	Net Expenditure (see Annex 3)	8,353,260
		Service Generated Income	
-	-	Government Subsidies	-
-	-	Rents from Dwellings	-
-	-	Miscellaneous Rents, Trading Operations etc	-
1,109,790	1,216,690	Fees and Charges	1,234,430
-	-	Grants and Reimbursements by other Bodies	-
1,109,790	1,216,690	Total Income	1,234,430
6,465,370	6,600,290	To be met from Government Grant and Local Taxation	7,118,830
704,000	607,000	Capital Expenditure (see Annex 5)	1,875,000

Planning & Economic Development

Portfolio Programme 2009/10

Portfolio Holder - Councillor Anne Grigg

2008/09 Original £	2008/09 Revised £	Revenue Expenditure	2009/10 Original £
135,420	147,240	Economic Development	199,360
46,690	16,670	Tourism	19,070
22,570	18,370	Bus Shelters	19,010
91,230	54,750	Environmental Initiatives	55,360
209,270	187,640	Conservation Policy	214,350
761,060	571,270	Forward Planning	779,530
135,050	186,670	Town Centre Enhancements	180,530
2,768,200	2,656,290	Regulatory Services	2,751,220
1,082,950	1,325,780	Planning Administration & Policy	1,099,640
5,252,440	5,164,680	Total Expenditure	5,318,070
1,010,870	1,150,310	Income from Internal Charges	1,088,140
4,241,570	4,014,370	Net Expenditure (see Annex 3)	4,229,930
		Service Generated Income	
-	-	Government Subsidies	-
-	-	Rents from Dwellings	-
-	-	Miscellaneous Rents, Trading Operations etc	-
1,327,450	1,224,840	Fees and Charges	1,268,810
170,050	277,220	Grants and Reimbursements by other Bodies	30,940
1,497,500	1,502,060	Total Income	1,299,750
2,744,070	2,512,310	To be met from Government Grant and Local Taxation	2,930,180
2,000,000	872,000	Capital Expenditure (see Annex 5)	1,630,000

Portfolio Programme 2009/10

Internal Trading Organisations

	2008/09 Original £	2008/09 Revised £	Revenue Expenditure £	2009/10 Original £
	2,973,130	2,858,800	Housing Maintenance	2,879,050
	460,720	441,520	Fleet Operations	425,990
	3,433,850	3,300,320	Total Expenditure	3,305,040
	3,196,650	3,041,220	Income from Internal Charges	3,045,940
	237,200	259,100	Net Expenditure (see Annex 3)	259,100
			Service Generated Income	
	237,200	259,100	Fees and Charges	259,100
	237,200	259,100	Total Income	259,100
	-	-	To be met from Government Grant and Local Taxation	-
	50,000	54,000	Capital Expenditure (see Annex 5)	50,000

Portfolio Programme 2009/10

Non Service Budgets

2008/09 Original		2008/09 Revised	2009/10 Original	
Total £		Total £	General Fund £	Housing Revenue £
(3,099,000)	Interest & Investment Income	(3,537,000)	(2,142,000)	(2,142,000)
-	Local Authority Business Growth Scheme	-	-	-
(87,000)	Other Items	(281,000)	(90,000)	(90,000)
47,000	Interest Payable (Inc HRA)	47,000	1,310,000	(1,267,000)
6,184,410	Depreciation Reversals & Other Adj's.	5,498,000	(1,952,000)	6,790,000
3,045,410		1,727,000	(2,874,000)	5,523,000
4,036,000	Transferred to Housing Summary	4,542,000	-	4,437,000
7,081,410		6,269,000	(2,874,000)	9,960,000
217,561	Contribution (from)/to Revenue Reserves	540,491		(703,528)
2,000	FRS 17 Adjustment	295,000		352,000
-	Contribution (from)/to Other Reserves	-		-
(1,078,000)	Contribution from District Development Fund	(243,000)		(1,236,000)
6,222,971	Reduction in Amount to be met from Government Grant and Local Taxation & other Housing Revenue Account items	6,861,491		5,498,472

Portfolio Programme 2009/10

Capital Programme

2008/09 Original		2008/09 Revised		2009/10 Original		Total
General Fund £	Housing Revenue £	General Fund £	Housing Revenue £	General Fund £	Housing Revenue £	£
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,298,000	8,815,000	241,000		90,000		90,000
2,027,000		678,000		1,394,000		1,394,000
230,000		1,721,000	8,153,000	2,011,000	6,790,000	8,801,000
700,000		320,000		1,898,000		1,898,000
2,000,000		254,000		789,000		789,000
704,000		872,000		1,630,000		1,630,000
		607,000		1,875,000		1,875,000
	50,000		54,000		50,000	50,000
6,959,000	8,865,000	4,693,000	8,207,000	9,687,000	6,840,000	16,527,000
	8,785,000	-	8,157,000	-	6,790,000	6,790,000
6,959,000	80,000	4,693,000	50,000	9,687,000	50,000	9,737,000
6,232,000		3,721,000		7,476,000		7,476,000
517,000		493,000		493,000		493,000
210,000	80,000	479,000	50,000	1,718,000	50,000	1,768,000
6,959,000	80,000	4,693,000	50,000	9,687,000	50,000	9,737,000

This page is intentionally left blank

COUNCIL TAX RATES FOR DISTRICT & PARISH/TOWN COUNCILS 2009/10

Authorities	Tax Base No.'s	Precept 2009/10	Council Tax Band D	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
		£	£	£	£	£	£	£	£	£	£
District Expenses	54,178.8	7,943,183	146.61	97.74	114.03	130.32	146.61	179.19	211.77	244.35	293.22
Abbess, Berners and Beauchamp Roding	204.0	5,000	24.51	114.08	133.09	152.11	171.12	209.15	247.17	285.20	342.24
Buckhurst Hill	5,261.9	364,382	69.25	143.91	167.89	191.88	215.86	263.83	311.80	359.77	431.72
Chigwell	5,966.5	210,355	35.26	121.25	141.45	161.66	181.87	222.29	262.70	303.12	363.74
Epping Town	5,032.8	400,000	79.48	150.73	175.85	200.97	226.09	276.33	326.57	376.82	452.18
Epping Upland	410.2	17,950	43.76	126.91	148.07	169.22	190.37	232.67	274.98	317.28	380.74
Fyfield	413.4	8,900	21.53	112.09	130.78	149.46	168.14	205.50	242.87	280.23	336.28
High Ongar	556.0	13,500	24.28	113.93	132.91	151.90	170.89	208.87	246.84	284.82	341.78
Lambourne	932.9	29,860	32.01	119.08	138.93	158.77	178.62	218.31	258.01	297.70	357.24
Longthorpe Town	12,882.6	627,700	48.72	130.22	151.92	173.63	195.33	238.74	282.14	325.55	390.66
Malden	326.9	8,820	26.98	115.73	135.01	154.30	173.59	212.17	250.74	289.32	347.18
Moffeton, Bobbingworth and the Lavers	660.1	11,000	16.66	108.85	126.99	145.13	163.27	199.55	235.83	272.12	326.54
Nazeing	2,094.8	65,043	31.05	118.44	138.18	157.92	177.66	217.14	256.62	296.10	355.32
North Weald Bassett	2,584.3	120,277	46.54	128.77	150.23	171.69	193.15	236.07	278.99	321.92	386.30
Ongar Town	2,747.7	155,815	56.71	135.55	158.14	180.73	203.32	248.50	293.68	338.87	406.64
Roydon	1,311.4	28,253	21.54	112.10	130.78	149.47	168.15	205.52	242.88	280.25	336.30
Sheering	1,361.7	27,900	20.49	111.40	129.97	148.53	167.10	204.23	241.37	278.50	334.20
Stanford Rivers	355.5	10,200	28.69	116.87	136.34	155.82	175.30	214.26	253.21	292.17	350.60
Stapleford Abbotts	483.6	6,445	13.33	106.63	124.40	142.17	159.94	195.48	231.02	266.57	319.88
Stapleford Tawney	55.4	1,339	24.17	113.85	132.83	151.80	170.78	208.73	246.68	284.63	341.56
Theydon Bois	1,963.4	74,731	38.06	123.11	143.63	164.15	184.67	225.71	266.75	307.78	369.34
Theydon Garnon	66.0	970	14.70	107.54	125.46	143.39	161.31	197.16	233.00	268.85	322.62
Theydon Mount	110.4	1,507	13.65	106.84	124.65	142.45	160.26	195.87	231.49	267.10	320.52
Walkham Abbey Town	8,153.5	748,387	91.79	158.93	185.42	211.91	238.40	291.38	344.36	397.33	476.80
Willingale	243.8	4,017	16.48	108.73	126.85	144.97	163.09	199.33	235.57	271.82	326.18
Town and Parish Total	54,178.8	2,942,351	54.31	36.21	42.24	48.28	54.31	66.38	78.45	90.52	108.62
District, Town and Parish Total	54,178.8	10,885,534	200.92	133.95	156.27	178.60	200.92	245.57	290.22	334.87	401.84

This page is intentionally left blank

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 £18.015m. To reflect these budget increases a revised medium term financial strategy has been prepared and is attached as Annexes 8 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 £599,000. 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 for 2010/11 and 2011/12, reducing to £250,000 for 2012/13.
 - 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 £488,000 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 £6.684m, which represents 36% of the NBR for 2012/13 and thus comfortably exceeds the target of 25%.
10. It is worth repeating that significant savings 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.

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
17,172 Continuing Services Budget	16,909	17,416	18,301	18,255	18,278
-344 CSB - Growth Items	-403	599	102	33	0
0 Net saving	0	0	-300	-300	-250
16,828 Total C.S.B	16,506	18,015	18,103	17,988	18,028
1,078 One - off Expenditure	243	1,236	679	270	0
17,906 Total Net Operating Expenditure	16,749	19,251	18,782	18,258	18,028
-1,078 Contribution to/from (-) DDF Balances	-243	-1,236	-679	-270	0
219 Contribution to/from (-) Balances	541	-704	-545	-167	97
17,047 Net Budget Requirement	17,047	17,311	17,558	17,821	18,125
FINANCING					
9,020 Government Support (NNDP+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
To be met from Government 17,047 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

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	8,003	7,299	6,754	6,587
Surplus/Deficit(-) for year	541	-704	-545	-167	97
Balance C/Forward	8,003	7,299	6,754	6,587	6,684
DISTRICT DEVELOPMENT FUND					
Balance B/forward	2,916	2,673	1,437	758	488
Transfer Out	-243	-1,236	-679	-270	0
Balance C/Forward	2,673	1,437	758	488	488
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					
- Transitional 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	34,005	24,862	20,680	19,012	18,468

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.**

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	2008/09	2009/10	2010/11	2011/12
	Actual	Revised	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'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.

	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.

	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

As at end of:	Base Rate %	Market investment rates		
		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		
	2009/10 Estimated + 1% £'000	2009/10 Estimated - 1% £'000
Revenue Budgets		
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 9a) 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)
 - **Banks and Building Societies** – the Council will use banks and building societies whose ratings fall below the criteria specified above if all of the following conditions are met:
 - Wholesale deposits in the bank are covered by a government guarantee;
 - The government providing the guarantee is rated “AAA”.
 - **Building Societies with no credit ratings** –The Council will no longer invest with unrated societies.
 - **HM Treasury Credit Guarantee Scheme** – the Council will invest in institutions that are included within this scheme initially announced on 13 October 2008.
 - **Council's own banker** – the Council will continue to invest with our own banker if they fall below the above criteria.
 - **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 (these will cover both specified and non-specified Investments). Where a counter party is only on the Councils list because of a Government guarantee no loan will be entered into which exceeds the period of that guarantee. 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.

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)						
Borrowing	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 > 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.**

	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 or where a government guarantee is in place and that the government providing the guarantee is rated “AAA” 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. A government issued guarantee for wholesale deposits within specific timeframes and the government has an AAA sovereign long term rating from the three major credit agencies.

- IV. An institution on the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008.
- V. The Council's own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.
- VI. 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 AA- (Fitch), Aa3 (Moody's) and AA- (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.). Moody's intermediate modifiers 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

This page is intentionally left blank

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. If this advice is not accepted, the reasons must be formally recorded within the minutes of the Council meeting. Council will consider the recommendations of Cabinet on the budget for 2009/10 and 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 biodegradable 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 employer's 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 that the applications have been successful has now been received. If capitalisation directions had not been provided the additional charges to revenue for 2008/09 would have been £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 £8m as shown in the Annex 8 b. 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 09/10 and 10/11	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 £8m 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 £6.684m 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 36% 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 to the Council

Committee: Cabinet

Date: 19 February 2008

Portfolio Holder: Councillor Mrs D Collins

Item: 10(c)

1. CALENDAR OF MEETINGS – 2009/10

Recommending:

...

That the calendar of meetings for the period May 2009 - May 2010 attached as Appendix 1 be adopted.

Background

1. The programme of meetings of the Council is considered by the Cabinet each year for onward approval by the Council. The calendar has developed over time to meet the changing needs of the Authority.

Council

2. As in previous years, Council meetings have been programmed for Tuesdays except for the Annual meeting in May 2009 which is scheduled for Thursday 21 May 2009. Two Council budget-setting meetings are provisionally set for February 2010. The meeting will take place on the first date unless the required information from the County Council to set precepts is not received in time.

Cabinet

3. Nine meetings of the Cabinet are programmed throughout the year.

Overview and Scrutiny Committee

4. As last year, the Overview and Scrutiny Committee will meet at the start of the municipal year to plan their programme in conjunction with the Cabinet. Meetings will then be held each cycle on the Thursday before Cabinet, ie after the Cabinet agenda is published. This is to allow both normal scrutiny business and “oversight” of the Cabinet agenda to improve pre-decision scrutiny. The European Parliamentary and County Council elections will be held on 4 June 2009 and the meeting of the Committee in that week will be held on Tuesday 2 June 2009.

Overview and Scrutiny Standing Panels

5. The Constitution provides for the Overview and Scrutiny Committee to determine the number and terms of reference of Standing Scrutiny Panels each year. Meetings of the current five Standing Panels have been scheduled throughout the year.

Overview and Scrutiny Task and Finish Panels

6. No scheduled meetings have been programmed for the Task and Finish Panels. These panels are established by the Overview and Scrutiny Committee and tend to meet as and when they are needed to complete their own self-set timetabled reviews.

Licensing Committee and Sub-Committees

7. Regular monthly meetings of Sub-Committees are planned in order to meet the on-going requirements under the Licensing and Gambling Acts. The Sub-Committee meetings are scheduled to commence at 10.00 am whilst the bi-annual meetings of the full Licensing Committee will commence at 2.00 pm.

Area Plans Sub-Committees

8. Following a review last year, the Area Plans Sub-Committees have been scheduled to continue to meet on a three-weekly cycle. Originally no meeting had been scheduled for the first week in May 2009 in recognition that the County Council elections would be held during that week. However, following the decision to combine the County Council elections with the European Parliamentary election on 4 June 2009 a meeting of Area Plans Sub-Committee South is now scheduled for the first week in May and this results in changes to the dates previously agreed for the other Sub-Committees during that month. No meeting is scheduled for the first week in June in recognition of the elections being held that week. Meetings of Area Plans Sub-Committee South will continue to be held at the Roding Valley High School, Loughton.

North Weald Airfield Strategy Cabinet Committee

9. In both 2007 and 2008, a meeting of this Cabinet Committee was held on the last Monday in July. A meeting of the Committee on 27 July 2009 has therefore been added to the calendar to be held if required.

Finance and Performance Management Cabinet Committee

10. At our meeting we agreed to change the date of the meeting of this Committee scheduled for 28 September 2009. This meeting will now be held on 5 October 2009 and this is reflected in the attached Appendix.

Variations to the Programme

11. Individual frequencies of meetings can be varied. In practice additional meetings are called as and when issues dictate, including call-ins.

Recommendation

12. We recommend as set out at the commencement of this report.

Epping Forest District Council Calendar of Meetings 2009/10

Meeting	2009					2010							
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
<u>Executive</u>													
Council	21st	30th	28th		29th		3rd	22nd		16th(18th)		20th	25th
Cabinet		8th	13th		7th	12th	16th	21st		1st	8th	19th	
FPM Cabinet Comm		15th				5th	23rd	14th		25th	15th		
NWA Cabinet Committee			27th										
<u>Scrutiny</u>													
OS Committee		2nd	9th		3rd	8th	12th	17th			4th	15th	
Finance & Perf Mgmt		16th		25th			17th			23rd		22nd	
Housing			30th			29th					25th		
Planning Services		18th			8th		10th			11th		27th	
Safer, Cleaner, Greener		23rd			1st	27th		8th		25th		29th	
Constitution & Mbr Serv's		29th			14th		2nd			11th	22nd		
<u>Planning</u>													
District Development		9th		4th		6th		1st		2nd		6th	
Plans South	6th-27th	24th	15th	5th-26th	16th	7th-28th	18th	9th		3rd-24th	17th	7th-28th	26th
Plans East	13th	10th	1st-22nd	12th	2nd-23rd	14th	4th-25th	16th		10th	3rd-24th	14th	12th
Plans West	20th	17th	8th-29th	19th	9th-30th	21st	11th	2nd		17th	10th-31st	21st	19th
<u>Licensing</u>													
Licensing Committee						14th						14th	
Licensing Sub-Comm	28th		2nd	6th	3rd	1st	5th	3rd		4th	4th	1st	
<u>Miscellaneous</u>													
Audit & Governance		22nd			24th		30th			8th	29th		
Housing Appeals Panel		18th	23rd	20th	17th	22nd	19th	17th		18th	18th	22nd	
Joint Consultative Comm			16th			15th				14th	17th	8th	
Local Councils Liaison			15th				18th						
Standards Committee			14th			13th				19th		13th	
<u>Easter 2010</u>		Fri 2-Apr to Mon 5-Apr Inc.											
<u>Elections</u>		Thu 4-Jun-09 & Thu 6-May-10											

This page is intentionally left blank