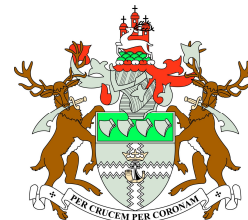


Supplementary Council Agenda



Epping Forest District Council

Council Tuesday, 19th February, 2013

Place: Civic Offices, High Street, Epping

Room: Council Chamber

Time: 7.30 pm

Committee Secretary: Council Secretary: Ian Willett
Tel: 01992 564243 Email:
democraticservices@eppingforestdc.gov.uk

6. REPORTS FROM THE LEADER AND MEMBERS OF THE CABINET (Pages 167 - 178)

To receive reports from the Leader and members of the Cabinet on matters falling within their area of responsibility:

- (a) Report of the Leader;
- (b) Report of the Asset Management and Economic Development Portfolio Holder;
- (c) Report of the Environment Portfolio Holder;
- (d) Report of the Finance and Technology Portfolio Holder;
- (e) Report of the Housing Portfolio Holder;
- (f) Report of the Leisure and Wellbeing Portfolio Holder;
- (g) Report of the Planning Portfolio Holder;
- (h) Report of the Safer, Greener and Highways Portfolio Holder;
- (i) Report of the Support Services Portfolio Holder.

12. REPORT OF THE CABINET - BUDGET 2013/14 (Pages 179 - 224)

To consider a report – attached.

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Report to the Council

Subject: Asset Management and Date: 19 February 2013
Economic Development Portfolio - Supplement

Portfolio Holder: Councillor Anne Grigg

Recommending:

That the supplement to the report of the Asset Management and Economic Development Portfolio Holder be noted.

Facilities Management

Building Regulation consent is being sought for the replacement of the automatic opening access doors to the main reception and cashiers' areas of the Civic Offices. The current doors are at the end of their useful life and capital provision has been approved in the Planned and Preventative Maintenance Programme for their replacement.

As part of the replacement works the opportunity is being taken to redesign the entrance areas to:

- (a) replace the existing hinged doors with automatic sliding doors;
- (b) improve access to satisfy Disability Discrimination Act requirements;
- (c) improve the appearance of the entrance areas;
- (d) upgrade the lighting and introduce energy efficient lighting;
- (e) provide a new more energy efficient warm air barrier curtain above the new doors; and
- (f) create the potential for short term display boards.

Works will be carefully planned in order to minimise disruption and maintain access to the building throughout.

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Report to the Council

Subject: Leisure & Wellbeing Portfolio

Date: 19 February 2013

Portfolio Holder: Councillor Elizabeth Webster

Recommending:

That the report of the Leisure and Wellbeing Portfolio Holder be noted.

Leisure Services

At the last Council I informed Members that works had commenced on the refurbishment of the swimming pool changing village at Loughton Leisure Centre. The work was carried out in two stages to allow the centre to remain open. The project suffered some delays due to bad weather and late delivery of equipment but I am pleased to report the works are finally finished. As the Council was providing the capital funding, officers have been monitoring the work to ensure it was carried out to an acceptable standard.

Under the terms of the contract, SLM are entitled to raise prices each year by the October RPI which was 3.2%. I am pleased to report that SLM have decided that some prices are not to be raised at all and the majority of prices will rise by less than the 3.2%

Community Services

At the last meeting I focussed my report on the wide range of external funding that Community Services has secured for development of new projects and I am delighted to inform you that a further sum of £77,000 has recently been secured from Big Lottery Reaching Communities Fund, to continue a special trampolining project for primary school children. The project is designed especially for children who have low confidence, self esteem or additional needs and individuals are referred by local schools. The project is tightly monitored and over the three years that it has been running fantastic results have been achieved, including significant improvements in children's communication with peers and within their family group and overall attainment.

The Museum is awaiting the result of its application to Heritage Lottery Fund for £1,650,000 following a very positive meeting with members of the funding panel last week and has also recently secured £18,000 external funding from the Museum Development Fund.

Work on the 3G Astroturf pitch at Town Mead in Waltham Abbey has unfortunately been held up due to the wet weather before Christmas and the cold wintry weather over recent weeks, but the contractors hope to install the top surface in the first week of March, subject to a clear run of dry weather.

The Limes Centre in Chigwell will be one year old this month and a special afternoon event is being held on Wednesday 27 February to celebrate the range of activities available which include from martial arts to children's and older people's activities and the various services available at the centre.

Community Services has also been the lead in securing £84,000 funding from the LSP and Essex County Council, to appoint an Epping Forest Youth Futures Coordinator who will be responsible for identifying gaps in local services for young people and providing support and advice to local voluntary sector agencies. £50,000 of the funding will be

available to provide new services for young people across the district and to help build community capacity.

Report to the Council

Subject: Planning Portfolio

Portfolio Holder: Councillor Richard Bassett

Date: 19 February 2013

Recommending:

That the report of the Planning Portfolio Holder be noted

Local Plan

I do want to stress that we must achieve a sound plan, and I do want all Members to understand what that means, and what the consequence of not having a sound plan would be. We are seeing other Authorities tripped up; so that they have to go through what are expensive procedures or steps all over again, and, in the meantime risk handing decisions to the vagaries of appeals, or what developers try for, rather than what we would want to see or not see happening for the local community. I am asking that some information about where other authorities have been tripped up is placed in the Council Bulletin.

We held the first Local Plan workshop for members on the 26th January. At this workshop we spent some time explaining the local plan process and updating people on initial responses to the consultation. We then asked members for some initial views about their opinions on where they would see developments in the district. We will be circulating notes from the workshop and also answers to questions that were raised during the day.

The second workshop will be held on February 9th and at that one we are working on emerging policy themes and priorities critical to deciding the future of the district will take place. The third workshop is on 9th March and it will address the future of towns in more fine grain and this will involve testing the likely future impact of different policy choices against the Council's aspirations for the futures of settlements and the rural areas, and I thank Members and Officers for all their assistance with these to date and again stress if you can attend please do so.

A further fourth workshop will be held later in the year that will consider the implications of further evidence and a preferred option for the emerging Local Plan to be published in Early Autumn 2013 for consultation.

Particular matters which we have focused on include population and brownfield land, but also how one defends green characteristics whilst also providing jobs, skills and homes for local people. We are meeting with Peter Boden of Edge Analytics at the end of February to help us with work on the Essex Planning Office Association (EPOA) demographic forecasts. This work will enable us to build a detailed understanding of the models used and also numbers to enable us to better reassess the forecasts with localized mitigating factors. The meeting that Essex Country Council is arranging for an Essex Planning Officer Association Demography Workshop for officers and selected Member representatives from the Districts was to have taken place at the end of February but unfortunately now needs to be rearranged

for mid-March and I will update members following the meeting. This workshop will be key as it would look at updates to the population modelling and would include data from the June 2011 Census.

As requested by several members we have compiled a list of the "Brownfield" sites they have considered as part of the Local Plan process and it is hoped that this will help members identify any which were not identified in the SLAA part of the process. If any new sites are identified then please let me know so they could be considered. I would remind members that brownfield sites which would accommodate less than six houses would not be part of the identification process as they are considered as windfall sites and applications for these normally appear through the normal planning process.

Further Cooperation meetings with outside bodies

We are continuing to work with counterparts at Enfield and Broxbourne where we will be discussing a Food Summit and productive Landscapes. We are hoping to put a workshop together for end of March.

We also have a meeting with Harlow Council in the middle of March where we will be looking at development proposals on the boundaries of Harlow and Epping Forest District. At that meeting we have invited developers to explain their proposals. These are:-

- proposed extension to Sumners Estate
- homes in the east of Harlow Town
- Redevelopment of Harlow Park Nursery
- Development on the south-west edge of The Pinnacles
- development in the south between Parndon Wood and Mark Bushes

Government consultations

There seems to be a never ending list of government consultation that we need to consider responding to. Many are of a technical nature but here is a quick list of consultations subjects;

- Planning Guidance; the Lord Taylor recommendations.

These concern creating a single web based source of up to date and accessible planning guidance in place of many years of guidance which is contradictory/out of date/inaccessible.

- Temporary stop notices.

It is suggested that these could now be used on residentially occupied caravans; this is largely aimed at the GRT community. The deadline for comments is the 13 February 2013 and we will be responding.

- Change of use of offices to residential.

Despite previously rejecting this approach the Government is now keen to provide an ability to convert existing B1(a) office premises into residential as permitted development. We have been asked if we can justify any exceptions, but have to make a very particular case for an exception. At this stage, it is intended that we will request an exception in respect of the B1(a) uses on our allocated business parks/industrial estates, where relevant. Deadline for comments is 22 February 2013.

- Broadband Cabinets.

In a bid to have the best superfast broadband network in Europe by 2015 and therefore speed up the roll-out process, the proposal is to remove all prior approval requirements (a kind of pre-application procedure) for cabinets in all protected areas except areas of SSSI's. Deadline is 13 March 2013.

- Free Schools.

New measures, to be introduced in June 2013, will allow free schools to open in almost any building for a year without needing planning permission, removing concerns that schools cannot open in time. The new permitted development rights will also give free schools extra time to apply for a required permanent planning permission to remain in their buildings after that first year.

- Validation changes.

The Government is seeking to simplify the validation process and for Council's to revisit their Local List of requirements that set out what is needed to submit a planning application. Changes allowing less information to accompany an Outline application have already come into force on 31 January 2013, and now the Government is challenging local planning authorities to seek only information that is genuinely necessary. Consultation closes on 4 March 2013.

Building Control Changes

As well as all the consultations above there has been a long list of technical key Legislative changes in 2013 affecting Building Control. We are working to ensure we understand the changes and make sure that we comply with them.

West Anglia Routes Group

Whilst the suggested improvements to the Rail networks mostly affect the west side of the district the proposed upgrades are significant. West Anglia, public and private sector organisations are working together, with cross party political support, are pressing to secure much needed and timely investment to improve services and thus support economic growth.

The short-term improvements (to 2019)

- 3rd track along the Lea Valley mainline at a cost of around £78m to allow four trains per hour from various starting points to Stratford, all calling at Angel Road, Northumberland Park and a re-opened Lea Bridge station.
- Improved station facilities and environment as the route suffers from poor quality stations and high levels of ticketless travel.
- Re-opening Lea Bridge station to serve a growing community and employment area and re-building the connection between Hackney Downs and Hackney Central stations (c£4m) to make transfers fast and secure.
- New, high quality trains for London-Bishops Stortford-Cambridge services and major, customer-focused refurbishment of all trains as a minimum.
- Earlier arrivals at Stansted Airport from 4am to suit check in times for early morning flights and half hourly Cambridge – Stansted service frequency introduced.
- Punctuality of 93% on a consistent basis.

The longer-term vision (to 2025)

- Increased track and train capacity into London, with a particular focus on addressing the major constraints southwards from Broxbourne.
- Address the east-west connectivity and network performance issues caused by level crossings.

- New, high quality trains operating all services on the West Anglia routes appropriate to their market and distance.
- Faster journey times along the entire route with headline targets including Stansted Airport in 30 minutes and Cambridge in 60 minutes.
- A minimum four trains per hour all day service on all suburban routes and increased all day frequencies on longer distance services.
- Better reliability with improved punctuality performance and less disruptive engineering work.

It is hoped that this will increase the frequency of slower suburban services while reducing journey times for longer distance services will require four tracking of the Lea Valley mainline.

Four tracking would also fit in with amended proposals for Crossrail 2 which will link south west and north London to relieve congestion on the London Underground network, in particular the Victoria and Piccadilly lines. In addition it could allow new journey opportunities, for example the restoration of direct services from Chingford to Stratford.

The original Crossrail2 would have ended at Epping.

Crossrail 2

The amended proposals for CR2 were announced on 5th February. Crossrail 2 is targeted at providing new connectivity to support economic development in the Upper Lee Valley, potentially stimulating far more regeneration potential than enhancing existing rail links in the area could otherwise provide

The Chelsea Hackney line (or Crossrail 2) provides significant new rail capacity on the northeast to southwest corridor and major congestion relief to existing rail and Tube lines. Forecast demand shows that crowding and congestion remains a significant issue in this corridor, even with new investments such as Crossrail and Thameslink in place. This new line is needed in the longer term to reduce crowding on existing routes. The north-east section of the route also has strong potential to relieve crowding, especially on the Victoria and Piccadilly lines. Through interchanging at Tottenham Hale and/or Seven Sisters, Crossrail 2 is able to significantly reduce crowding levels, through offering a fast, high-capacity alternative, from north-east London which in turn could assist with overcrowding on the Central line as well high levels of demand on West Anglia services. For full details here is the link to the Transport for London website.

http://londonfirst.co.uk/wp-content/uploads/2012/08/120515_Crossrail_2_-_Supporting_Londons_growth_report.pdf

Report to Council

Subject: Support Services Portfolio

Date: 19 February 2013

Portfolio Holder: Councillor Hal Ulkun

Recommending:

That the report of the Support Services Portfolio Holder be noted.

Police and Crime Commissioner Election – 15 November 2012

I reported to the last Council meeting concerning the likely costings for the Police and Crime Commissioner Election locally. Discussions with the Government's Claims Unit are continuing regarding a range of detailed items in the Council's claim for costs but at the present time there is a reason to anticipate that there will be any difficulty in the balance of Government funding being received.

As I stated in my last report to the Council the total cost allocation from the Government for that election was £203,000. A sum of £148,000 was provided by Government in advance and the current discussions concern the payment of the balance. The estimate of the Council's actual spending is approximately £160,000.

Individual Electoral Registration (IER)

I have reported previously concerning the commencement in the next financial year of the transition from householder to individual registration on the Electoral Roll.

It is the intention of the Government to fund additional expenditure directly attributable to the transfer to the new system over a period of three years.

In December the Council received a letter from the newly appointed Minister for Political and Constitution Reform, Chloe Smith MP regarding the first stage of this transition from 2013/14 to 2014/15. Aside from giving a general update on the progress of the relevant legislation through Parliament and a promise that the Government would be writing to councils in the New Year to update on the action necessary to implement this change, the Minister made a number of comments regarding the funding position. In particular the Minister commented:

"I also wanted to take this opportunity to reassure you that the Government is committed to funding all the additional costs arising from IER. New transitional activities such as testing the confirmation of existing electors will be fully funded through a timely and direct grant. Activities which will create additional cost such as the write-out to electors in the autumn of 2014 will result in top up funding to ensure that there are no net additional costs. Only registration activities that are unaffected by IER will be met from the formula grant in the normal manner."

The Minister goes on to say that the Council will be notified in March 2013 about the actual value of the grant that will be paid to all local authorities in 2013/14. At that stage the Minister will also give her best estimate of what the funding is likely to be in 2014/15.

Electoral Register – Pre-ticking

I have been advised by the Registration Officer that the Council received challenge from a private company about the practice adopted by this Council and many other local authorities of "pre-ticking" the electoral registration form.

Members will be aware that there is a box on the registration form which, if an elector does not wish their details to appear in the edited copy of the register, they can tick in order to withhold the information.

The practice in many local authorities for many years has been to "pre-tick" the registration forms at each annual canvass if an elector has previously opted to withhold their details. A legal challenge was threatened because this practice was thought not to accord with legal requirements for electoral registration.

Advice was sought from Leading Counsel as to this practice and advice was received that it could not be justified in terms of the current law. The Council was therefore advised to cease the practice for the next canvass later in 2013. However Leading Counsel also advised that a separate procedure could be adopted in order to continue with "pre-ticking" by asking electors to sign a Data Protection Act Certificate if they did not wish their electoral registration details to be used for any other purpose than those permitted under the electoral provisions. With this in mind all households on the electoral register in which an elector has previously opted out of the edited register will be receiving a letter and certificate to complete in order to indicate their wishes.

The Council's legal advice is that once these certificates have been received under the Data Protection Act, the process of "pre-ticking" on future occasions will have appropriate legal authority.

Essex County Council Elections 2013

As the Council is considering the budget at this meeting and because I am aware that there has been some discussion about the election budgets for next year, I asked the Returning Officer for some information on this.

In May next the County Council elections would normally be only ones scheduled. Therefore the only provision in the budget would be an expenditure item and a balancing income heading to reflect the reimbursement of the costs by the County Council. However, provision has been included for possible EFDC and Parish Council bye elections. EFDC will need a budget for the cost of the District Council elections whilst the cost of any Parish Councils elections will be claimed back from the Parish Council(s) concerned.

I understand that Essex County Council also makes a separate payment to this Council to reflect staff costs in running the election.

Website

The EFDC mobile website has been launched. **Mobile EFDC** is simpler, clearer, faster - designed to access information when you are out and about, focusing on our most popular online services.

A third of our users' access information using a mobile device, **Mobile EFDC** makes it easier to navigate on small screens. By adding the URL (<http://www.eppingforestdc.gov.uk/mobile>) to your browser bookmark, or adding a shortcut on your phone homepage you can easily interact or contact us at the press of a button.

By using open source software and internal resources, improvements and cost savings continue to be achieved.

Regulation of Investigatory Powers Act (RIPA)

On 15.1.13 Andrew Mackian, an inspector from the Office of Surveillance Commissioners, met with the two officers designated by this Council under RIPA (as amended), Colleen O'Boyle and Ian Willett. RIPA is legislation which is designed to carefully control covert surveillance procedures so as to ensure that these are properly authorised.

The purpose was to review the Council's management of covert activities. I have discussed the report with the officers and it will now go to the officers' Corporate Governance Group to consider a response to the recommendations made. I am, however, pleased to inform Members that the report concluded this Council uses these legislative powers only as a last resort. From 2010 to January 2013 only one authorisation was sought, granted and subsequently cancelled.

Service Reviews

Two reviews have commenced which affect the Support Services Portfolio. The shared objective of the reviews is to make savings and increase efficiency;

(a) Reprographics

A report to Management Board in early March will outline a dual approach of a staffing review in conjunction with full use of the in-house resource across all Directorates of the Council.

(b) Out of Hours Service

This review is in conjunction with Housing Services as the majority of calls out of hours relate to housing matters. Legal advice is being considered as to the best way to procure an enhanced, cost effective solution. Where appropriate, staff have been spoken to informally. As the reviews progress, consultation, including Unions, will be undertaken

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Report to the Council

Committee: Cabinet

Date: 19 February 2013

Portfolio Holder: Councillor S-A Stavrou

BUDGETS AND COUNCIL TAX DECLARATION 2013/14

Recommending:

- (1) That the list of CSB growth and savings for the 2013/14 budget (set out in Annex 1) be approved;**
- (2) That the list of District Development Fund items for the 2013/14 budget (set out in Annex 2) be approved;**
- (3) That the revenue estimates for 2013/14 and the draft Capital Programme for 2013/14 be approved as set out in Annexes 3, 4 (a-i) 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 2013/14 HRA budget be approved and that the application of rent increases and decreases resulting in an average increase of 4.36% from £87.06 to £90.85, be approved;**
- (6) 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 2015/16 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 2016/17;**
- (7) That the report of the Chief Financial Officer on the robustness of the estimates for the purposes of the Council's 2013/14 budgets and the adequacy of the reserves (see Annex 9) be noted.**

Declaration of Council Tax

- (8) That it be noted that on 10 January 2013, the Finance and Technology Portfolio Holder in consultation with the Chairman of the Overview and Scrutiny Committee calculated the Council Tax Base 2013/14:**
 - (a) for the whole Council area as 50,169.2 (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended); and**
 - (b) for dwellings in those parts of its area to which a Parish precept relates as set out below and in Annex 6.**

	Tax Base
Abbess, Beauchamp & Berners Roding	202.1
Buckhurst Hill	4,979.7
Chigwell	5,673.6
Epping Town	4,799.7
Epping Upland	390.0
Fyfield	407.6
High Ongar	529.4
Lambourne	820.1
Loughton Town	11,682.8
Matching	409.8
Moreton, Bobbingworth and The Lavers	535.3
Nazeing	1,960.3
North Weald Bassett	2,408.4
Ongar	2,530.6
Roydon	1,249.8
Sheering	1,273.4
Stanford Rivers	343.4
Stapleford Abbotts	492.8
Stapleford Tawney	74.4
Theydon Bois	1,911.9
Theydon Garnon	78.9
Theydon Mount	105.8
Waltham Abbey Town	7,080.1
Willingale	229.3

(9) That the following amounts be calculated for the year 2013/14 in accordance with sections 31 to 36 of the Local Government Finance Act 1992:

- (a) £124,036,809 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils;
- (b) £113,583,422 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act;
- (c) £10,453,387 being the amount by which the aggregate at 9 (a) above exceeds the aggregate at 9 (b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act);
- (d) £208.36 being the amount at 9 (c) above (Item R), all divided by Item T (the amount at 8 (a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts);
- (e) £2,989,715 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act (as per the attached Annex 6);
- (f) £148.77 being the amount at 9 (d) above less the result given by dividing the amount at 9 (e) above by Item T (8 (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 Parish precept relates.

(10) That it be noted that the County Council, the Police Authority and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each of the category of dwellings in the Council's area as shown in Annex 7 (to be tabled);

(11) That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts in Annex 7 Part B (tabled) as the amounts of Council Tax for 2013/14 for each part of its area and for each of the categories of dwellings.

(12) That in accordance with section 52ZB of the Local Government Finance Act 1992, Council determines that the amount of Council Tax shown at (9) (f) of £148.77 for 2013/14, being unchanged from 2012/13 is not excessive and therefore there is no need to hold a local referendum.

General Fund Budget Guidelines

1. The annual budget process commenced with the Financial Issues Paper (FIP) being presented to the Finance & Performance Management Cabinet Committee on 20 September 2012. The paper was prepared against the background of cuts in public expenditure, ongoing difficulties within the economy and highlighted the uncertainties associated with:
 - a) Local Government Resource Review
 - b) Business Rates Retention
 - c) Welfare Reform
 - d) New Homes Bonus
 - e) Double-Dip Recession
 - f) Development Opportunities
 - g) Community Budgets
 - h) Organisational Review
2. There is now greater clarity on some of these issues, but several of them will not be resolved for some time. The key areas are revisited in subsequent paragraphs.
3. In setting the budget for the current year Members had anticipated adding £13,000 to the general fund reserves. This was possible as the savings achieved during the budget process last year had exceeded the target and produced a CSB figure below that which had been anticipated. The small addition of £13,000 was welcome as the MTFs at that time was predicting the use of just over £1 million of reserves to support spending in the following three years.
4. The revised four year forecast presented with the FIP took into account all the additional costs known at that point and highlighted the structural reform to local authority finances due to the local retention of business rates and the Government's programme of welfare reforms. This projection showed a need to achieve savings of £250,000 on the 2013/14 estimates, £400,000 in 2014/15 and 2015/16 and £200,000 in 2016/17 to keep revenue balances above the target level at the end of 2016/17.
5. Members adopted this measured approach to reduce expenditure in a progressive and controlled manner. The budget guidelines for 2013/14 were therefore established as:
 - i. The ceiling for CSB net expenditure be no more than £14.91m including net growth/savings.

- ii. The ceiling for DDF net expenditure be no more than £0.560m.
- iii. The District Council Tax to be frozen.

The Current Position

6. The draft General Fund budget summaries are included elsewhere on the agenda. The main year on year resource movements are highlighted in the CSB and DDF lists, which are attached as Annexes 1 and 2. In terms of the guidelines, the position is set out below, after an update on each of the key areas highlighted in the FIP.

a) Local Government Resource Review

7. Before considering the current position on the Local Government Resource Review and the replacement of Formula Grant funding with retained National Non-Domestic Rates (NNDR) it is worth looking back at the Comprehensive Spending Review (CSR). The CSR only provided us with two years figures instead of the usual four because of the Government's desire to radically change the system of funding local authorities. This meant the figures for 2013/14 and 2014/15 were only received late in December 2012. The table below shows a five year summary of the changes in the Formula Grant system.

	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m
Relative Needs Amount	5.464	4.302	3.901	3.902	3.317
Relative Resource Amount	-4.956	-2.842	-2.810	-4.036	-3.479
Central Allocation	8.871	6.223	5.611	5.611	4.769
Floor Damping	0.036	-0.296	-0.249	0.370	0.315
Freeze Grant	0	0.203	0.203	0.203	0.203
Formula Grant	9.415	7.590	6.656	6.050	5.125

8. As at 14 January, DCLG have still only published some of the information for 2014/15 so whilst the Formula Grant figure is known the component parts may ultimately prove different to those shown in the table above. Having said that, the components themselves are mainly of interest for how they highlight the lack of consistency and the swings in the outputs from year to year. This is particularly evident with the Floor Damping as over the five year period above this Council has gone from receiving floor support to losing money to fund the floor for two years to being back in receipt of floor funding again for the next two years. So it is best to concentrate on the outcomes rather than the formulae, which are somewhat random and nowhere near as scientific as it is sometimes claimed.
9. The Floor Damping block was used previously to limit the amount an authority either gained or lost in a given year, to avoid too greater swings in funding. There are very few gainers from this settlement and so this block has now been used to bring authorities funding back to the level determined by DCLG. Authorities have been placed in one of four bands to determine the size of their funding reductions. Band 1 authorities receive the most protection with the reduction in their funding being limited to 5.4%, the only band 1 authority in Essex is Tendring. The size of the reduction increase by 2% steps, with band 2 authorities getting a 7.4% reduction and band 3 9.4% and the largest reduction being 11.4% for band 4 authorities. This Council is a band 3 authority, along with Maldon, Colchester, Harlow and Braintree. The band 4 authorities in Essex are Brentwood, Castle Point, Rochford, Basildon, Chelmsford and Uttlesford.
10. The DCLG calculation is based on the figures before the Freeze Grant is added, so for this Council the fall is from £6.453 million to £5.847 million, a reduction of £606,000 or 9.4%. If the calculation is done after the Freeze Grant the reduction is still £606,000

but the percentage reduces to 9.1%. For 2014/15 the reduction is £925,000, which excluding the Freeze Grant is a reduction of 15.8% or including the Freeze Grant a reduction of 15.3%. Looking at the two years together, the reduction is £1.531 million or 23% inclusive of the Freeze Grant.

11. This position is substantially worse than had been indicated in previous consultations, on which the MTFS had been based. The 2013/14 figure of £6.05 million is £313,000 lower than had been anticipated and the 2014/15 figure is £627,000 worse. Whilst no figures are available yet beyond 2014/15 the income allowed in the MTFS for 2015/16 and 2016/17 will clearly need to be reduced.
12. To provide more context and a link in to the next section on Business Rate Retention it is necessary to provide an additional table.

	2013/14 £m	2014/15 £m
Formula Grant	6.050	5.125
Homelessness Grant	0.113	0.112
Local Council Tax Support Grant	1.119	1.119
Funding Assessment	7.282	6.356
Funded by -		
Revenue Support Grant (RSG)	4.373 (60%)	3.357 (53%)
Retained Business Rates	2.909 (40%)	2.999 (47%)
	7.282 (100%)	6.356 (100%)

13. I have not included the Homelessness or Local Council Tax Support Grants in the first table as they are funding for specific purposes and inclusion of Local Council Tax Support in particular would prevent any meaningful comparison over time. But in looking at total funding it is necessary to include these amounts as these are the totals used by DCLG for splitting the amount of funding between what they pay us (RSG) and what we will know keep for ourselves (Retained Business Rates). The first thing to highlight is that not only is the value of RSG reducing but the percentage of our overall funding it represents is also coming down. So whilst these changes to the funding system have not completely removed formulae and RSG it appears that their future significance will continue to reduce whilst the importance of Retained Business Rates and economic development will continue to increase.

b) Business Rates Retention

14. The FIP set out the key terms and definitions in the new system and an interpretation of how the system was going to work. It was hoped that by now detailed regulations and guidance would be in place and that there would be certainty about all of the key aspects of the scheme. Unfortunately this is not the case and further regulations and guidance are still being issued.
15. The most important number is what DCLG predicts as the total value of non-domestic rates that will be billed for the area for 2013/14, as this is the start point for all other calculations. There had been concern that unrealistic assumptions on growth and other variables would be applied at the national level and that this could mean some authorities started out under the system with unachievable targets and might even have required immediate support from the "Safety Net".
16. Thankfully the DCLG listened to the concerns being expressed and have modified several of their assumptions. For this district the predicted total amount of non-domestic rates for 2013/14 has been set as £31,888,336, which is shared out as shown in the table below.

Authority & Percentage Share	Amount £
Central Government (50%)	15,944,168
EFDC (40%)	12,755,334
Essex County Council (9%)	2,869,950
Essex Fire Authority (1%)	318,884

17. As the billing authority we are responsible for collecting the money and then paying it over as set out above. However, as our share (£12,755,334) exceeds the amount of our funding deemed to come from retained business rates (see para 13 above - £2,909,311) the excess (£9,846,023) is also paid to Central Government as a "Tariff". The tariffs are used to provide "Top Ups" to those authorities whose non-domestic rate income is lower than their deemed funding from business rates. Overall this means we will be collecting nearly £32 million but retaining less than £3 million, or just over 9%.
18. The basic amounts within the system are now fixed for an extended period, DCLG have stated that the system will not be re-set until 2020. Although this does not apply to the tariff payments that will be increased annually by inflation, we have been given an indicative tariff figure for 2014/15 of £10.148 million.
19. Overall the predicted total level of non-domestic rates is broadly in line with the current position and it is unlikely that we will have either a large initial shortfall or any windfall gain from the new system. There is a major concern here though due to the way appeals and refunds will be treated within the system. Even though DCLG have already had the benefit of non-domestic rates paid in respect of periods prior to 1 April 2013, all appeals regardless of start date will be accounted for within the new system. This will mean billing authorities will be refunding money that they have not benefited from in the first place. It also means that in getting to a predicted level of non-domestic rates for 2013/14, allowance has to be made for the amount of money you anticipate having to pay out in appeals and refunds.
20. Calculating an appropriate provision for appeals is extremely difficult as there are currently more than 500 appeals with the Valuation Office. Each appeal will have arisen from different circumstances and it is difficult to produce a uniform percentage to apply. This is a particular concern at the moment as there is one property in the south of the district which has a rateable value approaching £6 million and is currently being appealed. If a full provision was included in our calculations for the owners of this property being completely successful in their appeal there would be a significant shortfall. Based on previous experience and discussions with the Valuation Office a provision has been calculated that is felt to be prudent, but given the size of the financial risk here it is worth mentioning the potential problem.
21. The area of appeals also seems to be concerning the DCLG as on 15 January it was announced – *"The Government has today decided that it will make regulations providing that the cost of such refunds (i.e. sums paid to billing authorities post 1 April 2013 in respect of refunds for rates paid in the years before 2013-14) can be spread over the five years 2013-14 to 2018-19, instead of being accounted for in their entirety in 2013-14."*
22. Unfortunately, no regulations were issued at the same time to explain quite how this would work, although DCLG did go on to state *"Our intention is to make the regulations before the start of the financial year. We will provide further details shortly."*
23. It would be unfair to be too critical before the regulations are issued as we may be missing something, but at first glance this seems to benefit DCLG more than billing authorities. As a billing authority we will have to make the refund payment

immediately, but if we have to account for it over five years the amounts are not fully deducted from the DCLG share until the end of year five. It would seem that billing authorities are being required to provide an interest free loan to the DCLG.

24. At the time of writing the FIP the DCLG were still to determine how far income from non-domestic rates would have to fall before the "Safety Net" came into operation. It has now been decided that the "Safety Net Threshold" will be calculated as 92.5% of the Funding Baseline. As our Funding Baseline is £2,909,311 our income could fall by £218,198 to £2,691,113 before we would receive any help from this mechanism. This is the least bad of the two options considered as the alternative was a 10% reduction, which would have equated to a reduction of £290,931 before help was available.
25. The "Safety Net" is funded through a levy on growth and this process has also altered since the FIP. Included in the FIP was an example of the "proportional levy ratio" which indicated we would keep approximately 23% of any growth and highlighted that some authorities would retain less than 10% under that formula. An alternative formula has now been published which suggests that we might be able to keep 77% of growth, however there is a cap of 50% on growth. The table under para 17 shows that our share of the income is 40%, and so with the levy set at 50% we would only retain 20% or expressed another way if a new business came to the district and paid rates of £1 million we would only retain £200,000. The DCLG is still claiming that any levy that is not needed to fund the Safety Net will be re-distributed to local authorities and it will be interesting to see how that works in practice.
26. In summary it is fair to say that the assumptions in setting the baseline and the level of the safety net were not as bad as had been anticipated. Also, whilst we would have hoped for greater local retention of growth than 20% this does still provide an incentive for economic development. The other incentives come from the dwindling amount of Revenue Support Grant and the index linking of tariff payments, which mean that growth in non-domestic income is necessary just to achieve a standstill position.

c) Welfare Reform

27. This phrase is used to capture a number of initiatives that are radically changing the way many benefits are paid and the amounts of those benefits. The single largest change from 1 April 2013 is the abolition of Council Tax Benefit and its replacement with Local Council Tax Support. Over the last year much effort has gone in across the county to develop, consult on and implement schemes aimed at being self financing. Because of the requirement to protect people of pension age and the different demographics across the county it was not possible to agree a single uniform scheme but a number of common principles were agreed that all of the schemes were based on.
28. In constructing our own scheme we were always conscious that some of the assumptions being used by the DCLG and the Department for Work & Pensions (DWP) meant that talk of a 10% saving would in reality mean a funding gap closer to 15%. This meant many variables were modeled and considered before a draft scheme was agreed by Cabinet for consultation and finally adoption by Council in December. The final scheme should reduce current expenditure of £8.95 million to £7.68 million to provide a saving of 14%. It was a considerable relief when the settlement figures were announced to find out that the grant being provided to compensate authorities for the reduction in tax base was sufficient to cover both the loss to the local councils and the loss to this Council. There is a small surplus of approximately £30,000, although given anticipated expenditure of £7.68 million this is not much of a margin for error.
29. The scheme will need to be carefully monitored through the year and the terms adjusted as necessary. Clearly there is still a lot of work ahead but it would be churlish

at this point not to reflect positively on both the quality and quantity of the work completed by the staff in Benefits and Revenues to have got the authority to this point.

30. It is worth taking this opportunity to briefly update on two of the other welfare reforms. The FIP discussed the introduction of a weekly benefits cap. This was intended to be applied from 1 April 2013 and a lot of work was put in to analyse and highlight the households that we thought would be impacted and to start discussing these changes with them. Just before the Christmas break the DWP announced that the benefit cap would only be introduced in four pilot authorities from 1 April 2013 and would be rolled out nationally by September 2013 but no dates have been specified for individual authorities.
31. The other major change that has received considerable media coverage is the replacement of a collection of different benefits with a single Universal Credit. Unfortunately this scheme has also been subjected to delays and confusion. There is still no clarity over the time period and process for the migration of our existing housing benefit claims to Universal Credit. The DWP is still to decide on the role it wants local authorities to perform under the new system. This ongoing uncertainty is unhelpful to both claimants and staff. Whilst there seems general agreement about the need to bring the welfare bill for the country under control there remains room for improvement in the delivery mechanisms.

d) New Homes Bonus

32. There was concern with the re-working of local government funding that the New Homes Bonus (NHB) might have been removed or diminished in some way. This authority has done relatively well from NHB and £719,000 is currently included in CSB income, £295,000 in respect of 2011/12 and £424,000 in respect of 2012/13. For 2013/14 the Council will receive approximately £550,000 and it is proposed to add that amount to the CSB income figure.
33. It is clear that the Government wants to incentivise authorities to promote both economic and residential development and that as part of that NHB will remain as a key funding stream. As the funding for NHB is top sliced from the control totals and then re-allocated on the basis of relative performance in housing growth there will be a strong cumulative redistributive effect, this will penalise areas of low housing growth. The benefit of our relatively good performance is emphasized by the fact that the income for the three years so far of £1.269 million has off set just under 40% of the reduction in Formula Grant shown in the table at paragraph 7.
34. The amount of NHB payable for a year is determined by the annual change in the total number of properties on the council tax list in October. This means that the bonus is payable on both new housing and empty properties brought back in to use. The increase in the tax base is multiplied by a notional average Council Tax figure of £1,439, with an additional premium for social housing. The calculated figure is then shared with 20% going to the county council and 80% to the district, with the amount being payable for six years.
35. A question remains of how much of this income should be taken into the CSB budget for each year through the life of the MTFs. At one extreme it could be argued that to build any income into the CSB would make the Council vulnerable to judicial review on planning decisions and may not be prudent until there is clarity over the full make up of and inter-relationships between the different funding streams. At the other extreme it could be argued that £300,000 of income should be added to the CSB for every year from 2011/12 going forward up to the maximum of six years (2011/12 £0.3m, 2012/13 £0.6m, 2013/14 £0.9m 2014/15 £1.2m, 2015/16 £1.5m and 2016/17 and onwards £1.8m). On one hand, if no income is taken into account severe reductions could be made to services that ultimately prove to be unnecessary, from a

financial point of view. On the other, if too much income is allowed for the Council could find itself having to implement substantial cuts on a short time scale. Although it should be remembered that our reserves exist as a buffer against any need to make sudden changes.

36. A prudent position at the moment is to allow for the income for 2011/12, 2012/13 and 2013/14 but no additional income beyond that, as in theory the council tax base could in future reduce. This is unlikely given that the Council itself is embarking on a house building programme and that demand for housing in the district remains high. It is possible that in future years once the Local Plan has been approved a clearer picture may emerge on future housing growth.

e) Double Dip Recession

37. Since September the economic outlook has not improved and this was reflected in a bleak Autumn Statement. There is little sign of a recovery in either the domestic economy or the Euro Zone. Recently the role of the UK in Europe and the future nature of the relationship with the Euro Zone has been called into question. There are a range of views on the extent to which the relationship with the Euro Zone is either helpful or harmful to the economy. However, in the short term less engagement with the Euro Zone would be unlikely to enhance the recovery of the economy.
38. The changes discussed above, with local authority financing coming from retained business rates and the localisation of council tax support, transfer substantial financial risks to local authorities from Government. If once these reforms are in place a large employer or employers were to close this could have severe consequences for the Council. There could be a combination of reduced income because of the reduction in NNDR, increases in claims for CTB and increased demands on services. So whilst the devolution of genuine power and freedoms would be welcomed, Members also need to be aware of the increased risks.
39. Recession also has a damaging effect on the housing market. A problem exists with many developers having banked land and planning approvals but not being willing to build until market conditions improve. This limits the income that could come from the New Homes Bonus. A final concern on the economy is the potential effect on the market at North Weald, which is a significant income stream. All of the Council's key income streams will continue to be closely monitored.

f) Development Opportunities

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

g) Community Budgets

42. Since September Community Budgets have received a lot of media coverage and some positive comments from DCLG. However, the reality in Essex is still to catch up

with the hype at the national level. Essex County Council are still to produce a robust business plan or cost benefit analysis to support the headline claims. Whilst we are still awaiting a robust business case it was not felt appropriate to include any budgets in support of these initiatives. If the County Council are able to produce a robust business case a report will be made to Cabinet so Members can determine if and how they would want to support any of these initiatives.

h) Organisational Review

43. The Council, as an organisation, has not made substantial changes to its structure for many years. With changes in funding structures and responsibilities the whole public sector is at a crossroads. An opportunity has arisen with the appointment of a new Chief Executive for a fresh review of the organisation. Over the next year it will be important to ensure that structures and staffing are appropriate to deliver the vision of Members and serve the community.
44. At the moment the MTFS has not been adjusted for any changes to the organisation as these cannot easily be anticipated. However, it is likely that any changes will have implications for both the CSB and DDF.

The ceiling for CSB net expenditure be no more than £14.91m including net growth

45. Annex 1 lists all the CSB changes for next year. The original budget for 2012/13 included CSB savings of £1.233m but the revised 2012/13 budget has an additional £170,000 of savings. The most significant changes in the revised estimates are the increase in rental income from industrial estates being £97,000 more than anticipated and savings on the deletion of some vacant posts which reduce the revised estimates by £80,000.
46. The greater savings in 2012/13 and inflation being less than had been allowed for mean that the opening CSB in 2013/14 is £409,000 lower than anticipated in the previous MTFS. This combined with CSB savings being £129,000 higher than the target of £674,000 mean the closing CSB is £538,000 lower than previously predicted.
47. The General Fund summary at Annex 1 shows that the CSB total is £538,000 below the CSB target of £14.91m and it is therefore proposed to reduce the CSB target to £14.37m.

The ceiling for DDF net expenditure be no more than £0.56m

48. The DDF net movement for 2013/14 is £0.984m (including the late items approved by Cabinet on 4 February), Annex 2 lists all the DDF items in detail. The largest cost item is £282,000 for work on the Local Plan. This is a substantial and unavoidable project and in 2012/13 and the subsequent two years DDF funding of £1.029m is allocated to it. The Director of Planning and Economic Development has been asked to provide regular updates to Cabinet to monitor this project and the expenditure incurred on it. Other significant items of expenditure include £154,000 for the planned building maintenance programme and £91,000 for the work on asset rationalisation.
49. The DDF lists include the funding for the consultancy exercise on future uses of North Weald Airfield. A supplementary estimate of £150,000 was agreed by Council for this work. At the time of writing this report the outcome of the tender process is still to be determined. To avoid any potential delays or additional further requests for funding a total of £176,000 has been included for this project. Whether all of this funding is needed will depend on Member's choice of consultant but it is prudent to allow for the maximum potential cost at this time.
50. At £0.984m the DDF programme is £424,000 above the target for 2013/14. However, this needs to be balanced with the reduction in 2012/13 as the predicted spend in the

previous MTFS of £1.539m has been reduced by £1.069m to £470,000. Taking the two years together there is a net reduction in DDF spending of £645,000 and so it is proposed to increase the DDF ceiling for 2013/14 from £0.56m to £0.984m. The DDF is predicted to continue to have funds available through to the end of the period covered by the MTFS.

The District Council Tax be frozen

51. Members have indicated that they want to benefit from the Council Tax freeze grant for 2013/14 and so the Council Tax will not be increased for 2013/14.

That longer term guidelines covering the period to March 2017 provide for

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

53. Current projections show this rule will not be breached by 2016/17, by which time reserves will have reduced to £7.815m and 25% of net budget requirement will be £3.432m.

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.

54. The outturn for 2011/12 added £631,000 to reserves, whilst the revised estimates for 2012/13 anticipate a small reduction of £29,000. This would leave the opening revenue reserve for 2013/14 at £9.172m and with the estimates for 2013/14 showing a decrease of £44,000, reserves at the end of 2013/14 would be just over £9.1m. The Medium Term Financial Strategy at Annex 8 shows deficit budgets throughout the period to 2016/17. The level of deficit peaks at £646,000 in 2014/15 and reduces to £255,000 in 2016/17, although this is achieved through CSB savings of £500,000 in both 2014/15 and 2015/16 and a smaller saving of £300,000 in 2016/17.

The Local Government Finance Settlement

55. This has already been covered in some detail above and whilst the figures are currently subject to consultation it is not anticipated that they will change significantly. Beyond 2014/15 the figures are subject to the next Comprehensive Spending Review and cannot be predicted with any certainty, although further reductions of 2% each year have been allowed for in both 2015/16 and 2016/17.

The 2013/14 General Fund Budget

56. Whilst the position on some issues is clearer now than it was when the FIP was written there are still significant risks and uncertainties. Signs of improvement in the economy remain weak and speculation continues about the need for additional policy measures. It is still possible that the country may fall back into a recession that may last some years. Economic uncertainty will continue to provide an unhelpful background but the more immediate issues are the areas of Government policy that will impact in 2013/14.
57. Retention of non-domestic rates is now with us, although we will retain less than £3 million of the nearly £32 million we collect and we will only be able to keep 20% of any growth in the rating list. Although in expressing disappointment at the structure of the scheme we must still welcome the fact that we will now be retaining some element of growth which previously has gone entirely to central government.
58. An area of concern highlighted in the section on Business Rates Retention is the transfer of financial risk to billing authorities. The key risk here is the large number of

appeals that are outstanding against previous rating assessments and the difficulty in calculating an appropriate provision. Over time as the backlog of appeals with the Valuation Office is cleared and more trend data becomes available it should be possible to calculate provisions with greater confidence.

59. The table at paragraph 12 highlighted the shift in funding from revenue support grant to retained business rates and this is a trend which is likely to continue. The Government is incentivising authorities to pursue residential development and economic development and it is clear that those authorities that do relatively less well in delivering growth will be penalised through the funding systems.
60. The other area worth touching on again is welfare reform. It remains to be seen whether the public will behave in the way that has been modeled, but the local council tax support scheme can be amended for subsequent periods if necessary. It would be helpful for claimants and staff if the DWP could set out clearly an irrevocable timetable of when the other benefit changes will be implemented and also provide some clarity on the role that local authorities will have under universal credit. At the moment it is difficult for both local authorities and claimants to plan for the future.
61. 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, no Council Tax increase (£148.77 Band D) for 2013/14 and subsequent increases of 2.5% per annum for each of the following three years.
62. Members are reminded that this strategy is based on a number of important assumptions, including the following:
 - Future Government funding will reduce by 2% for 2015/16 and 2016/17.
 - CSB growth has been restricted and the CSB target for 2013/14 of £14.91 million has been achieved. Known growth beyond 2014/15 has been included but will be subject to a further review to help identify savings.
 - All known DDF items are budgeted for, and because of the size of the Local Plan programme the closing balance at the end of 2016/17 is anticipated to reduce to £1.63m.
 - Maintaining revenue balances of at least 25% of NBR. The forecast shows that the deficit budgets throughout the period will reduce the closing balances at the end of 2016/17 to £7.8m or 57% of NBR for 2016/17, although this can only be done with further savings in 2014/15 and subsequent years.

The Housing Revenue Account

63. The balance on the HRA at 31 March 2014 is expected to be £3.682m, after a deficit of £938,000 in 2012/13 and a surplus of £0.126m in 2013/14. The estimates for 2013/14 have been compiled on the new self-financing basis and so the negative subsidy payments have been replaced with borrowing costs.
64. The rent increase is set with reference to an individual property's formula rent but subject to various constraints. This process of Rent Restructuring to bring Council rents and Housing Association rents more in line with each other still needs to be addressed. The rent increase for 2013/14 is likely to see a narrowing of this gap between Council and Housing Association rents, with an average rent increase of 4.36% for Council dwellings.
65. An update to the current five-year forecast is being prepared and will be presented to a subsequent Cabinet. The HRA has had substantial balances for some time and this position is expected to continue under self-financing.
66. Both the Housing Repairs Fund and the Major Repairs Reserve are expected to have positive balances throughout the medium term. Members are recommended to agree

the budgets for 2013/14 and 2012/13 revised and to note that although a deficit budget is proposed for 2012/13 the HRA has substantial ongoing balances.

The Capital Programme

67. The Capital Programme at Annex 5 shows the expenditure previously agreed by Cabinet, including the late item agreed on 4 February. Members have stated that priority will be given to capital schemes that will subsequently generate revenue. This position has been stated in previous Capital Strategies and has been reinforced by the increasing awareness that capital spending reduces investment balances and thus impacts on the general fund revenue balance through lower interest earnings.
68. Annex 5d sets out the estimated position on capital receipts for the next four years. Members will note that even with a substantial capital programme, which exceeds £83m over five years, it is anticipated that the Authority will still have more than £7.8m of usable capital receipt balances at the end of the period. However, it should be noted that a number of sites are currently under review and that this could involve either receipts through disposals or additional expenditure to fund developments.

Risk Assessment and the Level of Balances

69. The Local Government Act 2003 (s 25) introduced a specific personal duty on the "Chief Financial Officer" (CFO) to report to the Authority on the robustness of the estimates for the purposes of the budget and the adequacy of reserves. The Act requires Members to have regard to the report when determining the Council's budget requirement for 2013/14. If this advice is not accepted, this should be formally recorded within the minutes of the Council meeting. The report of the CFO is attached as Annex 9, 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 2013/14; and
 - (ii) the reserves of the Council are adequate to cope with the financial risks the Council faces in 2013/14 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 2013/14

70. Since 2004/05 it has been necessary to set affordable borrowing limits, limits for the prudential indicators and a Treasury Management Strategy. These elements of the budget requirements will be set out in a separate report to Cabinet on 4 February.
71. Due to the £185m of debt for the HRA self-financing the Council is no longer debt free and the Prudential Indicators and Treasury Management Strategy have been amended for this. Ongoing difficulties persist in financial markets but higher capital requirements have eased concerns about some banks, Arlingclose still advise a very restricted counter party list but have allowed some increase in suggested investment periods.

Council Tax

72. The revenue and capital budgets of the various spending portfolios are set out in Annexes 4(a)-(i). 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 £148.77 for 2013/14 (£148.77 for 2012/13), which represents a 0% increase. The average (Band D) Council Tax including local Parish/Town Council precepts will be £208.36 (£206.45 in 2012/13), which represents an increase of less than 1%.

Council Tax Declaration

73. Under Recommendations (1) – (4) which include Annexes 1, 2, 3, 4(a)-(i) 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 (8) onwards. These have been revised following changes to the Local Government Finance Act 1992 brought in as part of the Localism Act 2011. Under these changes the billing authority is now required to calculate a Council Tax requirement for the year, not its budget requirement as previously. The standard form of declaration recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA) has been used as it is designed to avoid the possibility of legal challenge to the declaration of the Council Tax.
74. The Council Tax bases for each band in each area of the District were approved by the Finance and Technology Portfolio Holder in consultation with the Chairman of the Overview and Scrutiny Committee. These are reproduced in Recommendations (8) (a) and (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.
75. 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

76. The figures in Recommendation (9) draw on calculations contained within the report as follows:
- 9(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;
- 9(b)** is the total of the revenue income items shown in Annex 3;
- 9(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);
- 9(d)** is obtained by dividing 9(c) by the Council Tax Base; this represents the average Band 'D' Council Tax for the District and Parish/Town Councils only;
- 9(e)** as shown in Annex 3 is the total of Parish/Town Council precepts; and
- 9(f)** represents the equivalent of dividing 9(e) by the Council Tax Base, the resulting figure being deducted from the figure shown in 9(d); this provides the average Band 'D' Council Tax for the District Council only.
77. 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 2013/14. 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.
78. Annex 7 relating to the precepts of various parts of the District will be tabled at the meeting.

Council : 19 February 2013

List of Annexes:

- Annex 1 CSB Growth/Savings List**
- Annex 2 DDF List**
- Annex 3 Revenue Expenditure, Income and Financing Summary**
- Annex 4 Directorate Budgets (a – i)**
- 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 Chief Finance Officers Report on the Robustness of the
Estimates within the 2013/14 Budget**

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CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Directorate	Service		Original 2012/13 £000's	Revised 2012/13 £000's	Estimate 2013/14 £000's	Estimate 2014/15 £000's	Estimate 2015/16 £000's	Estimate 2016/17 £000's
Chief Executive	Internal Audit	Consultants Fees- Saving	(13)	(13)				
	Civic & Member	Courses & Conferences, Books, Publs & Postage- Savings	(3)	(3)				
	Corporate Management	Chief Executive Post- Salary savings		(23)	(22)			
	Democratic services	LGIU Information unit Subscription Saving	(3)	(3)				
	Policy Unit Group	Grant Finder subscription discontinued			(4)			
	Electoral Registration	Increased cost of new canvassing regulations		3				
	Directorate Savings	General			(5)			
		Total Chief Executive		(19)	(39)	(31)	0	0
Corporate Support Services	Local Land Charges	ECC Charge for highways LLC search		(6)	(9)			
	Industrial Estates- Brooker Rd	Increased Rental Income	(7)	(88)	(70)			
	Industrial Estates- Oakwood Hill	Increased Rental Income		(10)				
	Industrial Estates - O Hill Workshops	Increased Rental Income	(5)	(5)				
	Industrial Ests- Lang Road Seed Bed	Increased Rental Income		(6)				
	Fleet Operations	MOTs - Reduced Income	40	60				
	Civic Offices	Vending Maintenance		3				
	Offices & Depots	Gas & Electricity	14	(5)				
	Offices & Depots	NNDR Re-assessment	36	48	13			
	Offices Waltham Abbey	Area Office Rent			(12)			
	Offices Trapps Hill	Area Office Rent		(1)	(4)			
	Administration & Secretarial	Messenger -Member Despatch	(3)	(3)				
	Administration & Secretarial	Copiers		(4)				
	Corporate Support	Savings from removal Vacant Posts		(24)				
	Directorate Savings	General		(40)				
	Total Corporate Support Services		75	(81)	(82)	0	0	0
Deputy Chief Executive	All Weather Pitch	Townmead Project	(35)	(3)	(32)			
	Youth Council	Youth Council			12			
	DCE directorate	Savings from removal Vacant Posts		(26)	(8)			
	DCE directorate	Savings	(23)	(23)				
	Total Deputy Chief Executive		(58)	(52)	(28)	0	0	0

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Directorate	Service	Original 2012/13 £000's	Revised 2012/13 £000's	Estimate 2013/14 £000's	Estimate 2014/15 £000's	Estimate 2015/16 £000's	Estimate 2016/17 £000's
Environment & Street	CCTV Cameras			(25)			
	Grounds Maintenance			(10)			
	Engineering, Drainage & Water		(12)	(12)			
	Safer Communities		(63)				
	Leisure Facilities			(22)	(66)		
	Leisure Facilities		(17)	(13)			
	Leisure Facilities		(22)	(19)			
	North Weald Airfield			12			
	North Weald Airfield		25	19			
	North Weald Airfield			53	174		
	Off Street Parking		(65)	(35)	(23)		
	Directorate Savings		(17)	(52)			
	Naming and Numbering		(2)	(5)			
	Waste Management		(637)	(646)			
	Waste Management				(41)		
	Waste Management					(176)	
	Environmental				(3)	(33)	
	Total Environment & Street Scene		(810)	(777)	(159)	0	0
Finance & ICT	Finance Miscellaneous						
	Finance Miscellaneous			(15)			
	Housing Benefits	41	41	104			
	Housing Benefits		(10)				
	Revenues						
	Council Tax Collection						
	NNDR						
	Housing Benefits	7	7				
	Council Tax Collection		(30)				
	NNDR			25			
	External Audit			(26)	(30)		
	Finance & ICT			(27)	(63)		
	Finance Miscellaneous			(11)	(24)	(29)	(11)
Directorate Savings			(12)	(3)		(7)	
Total Finance and ICT		48	(68)	(6)	(29)	(11)	(7)
Housing	Private Sector Housing	7	33				
	Directorate Savings	(3)	(3)				
	Total Housing		4	30			

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Directorate	Service	Original 2012/13 £000's	Revised 2012/13 £000's	Estimate 2013/14 £000's	Estimate 2014/15 £000's	Estimate 2015/16 £000's	Estimate 2016/17 £000's
	Development Control	(100)	(20)	(50)			
	Planning Appeals	(6)	(6)				
	Development Control		(10)				
	Building Control Ring Fenced Acc	(10)	(7)				
	Building Control Ring Fenced Acc	10	7				
	Building Control Ring Fenced Acc		150				
	Building Control Ring Fenced Acc		(150)				
	Building Control Ring Fenced Acc			(29)			
	Building Control Ring Fenced Acc			19			
	Directorate Savings		(7)				
	Total Planning & Economic Development	(106)	(43)	(60)	0	0	0
	Investment Interest	2		60	109	45	
	New Homes Bonus	(420)	(424)	(550)			
	Pensions	51	51	53			
	Total CSB	(1,233)	(1,403)	(803)	80	34	(7)

DISTRICT DEVELOPMENT FUND

Directorate	Description	Original	B/F from	Revised	Estimate	Estimate	Estimate	Estimate
		2012/13 £000's	2011/12 2012/13 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's
Chief Executive	Elections	148		203				
	Elections	(148)		(203)				
	Elections							
	Elections							
	Elections	18		18				
	Elections				(110)			
	Grants to Voluntary Orgs		20	20				
	Grants to Voluntary Orgs			(16)	16			
	Corporate Management			(60)				
	Corporate Management			(15)				
	Corporate Policy Making		31	31				
	Corporate Policy Making			100				
	Corporate Policy Making			(22)				
	Civic & Member				5			
Total Chief Executive		18	51	56	(89)	0	0	0
Corporate Support Services	Estates & Valuation	205	32	146	91			
	Estates & Valuation	(13)	(3)	(3)	(13)			
	Human Resources			(8)				
	Local Land Charges			(20)	(20)			
	Local Land Charges		100	100				
	Non HRA Building Maintenance	45	74	103	154	39	11	(23)
	Public Conveniences				21			
	Greenyard Waltham Abbey	5		11	11			
	Industrial Estates- Brooker Rd			(44)				
	Industrial Estates- Brooker Rd			(292)				
Total Corporate Support Services	242	203	(7)	244	39	11	(23)	
Deputy Chief Executive	Community & Culture		7	7				
	Public Relations & Information	11		11	11	11	3	
	Public Relations & Information			(14)	(14)	(12)		
	Deputy Chief Executive	38		89	94			
	Deputy Chief Executive	(38)		(89)	(94)			
	Youth Council	12		12				
	NWA Strategy Action Plan	20		20				
NWA Strategy Action Plan			100	76				
Total Deputy Chief Executive	43	7	136	73	(1)	3	0	

DISTRICT DEVELOPMENT FUND

Directorate	Description	Original	B/F from	Revised	Estimate	Estimate	Estimate	
		2012/13 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's
Environment & Street	Food Safety							
	Inspections	4		4	4			
	Inspection of Workplaces							
	Expenditure of government grant			17	10			
	Inspection of Workplaces							
	Government grant			(27)				
	Inspection of Workplaces							
	Eton Manor Prosecution costs			40				
	Safer Communities							
	Analysts post			13	14			
	Safer Communities							
	Contributions to Analysts Post			(29)				
	Waste Management							
	Avoided Disposal Payment	(184)		(194)				
	Leisure Facilities							
	Olympic Officer Post	5		5				
	Leisure Facilities							
	"Look and Feel"	2	(2)					
	Leisure Facilities							
	Ticket Allocation	3						
Leisure Facilities								
Torch Relay Security			15					
Parks & Grounds								
Roding Valley Lake - Disabled Projects	10		10	10				
Parks & Grounds								
Roding Valley Lake - Disabled Projects	(10)		(10)	(10)				
North Weald Airfield								
Loss of Income - Hangar 5	24		24	14	4			
North Weald Airfield								
Loss of Income - Market Rents	72		108	125				
North Weald Airfield								
Safety of Bund	3		4	2				
Off Street Parking								
On-street deficit	21					5		
Contaminated Land & Water Quality								
Contaminated land investigations	25	24	35	14	25			
Waste Management								
Waste contract procurement consultants				100				
Waste Management								
Wheeled bin replacements	10	5	6	9				
Waste Management								
Publicity	10	10	10					
Waste Management								
Advertising	3	3	3		3			
Abandoned Vehicles								
Abandoned vehicles contract	4	4	4	4				
Total Environment & Street Scene								
		2	44	38	296	32	5	0
Finance & ICT	Concessionary Fares							
	New National Scheme - Costs	5	10	15				
	Concessionary Fares							
	Contribution from ECC re admin costs of issuing passes			(23)				
	Insurance Services							
	Additional income re Uttlesford Insurance work	(6)		(6)	(3)			
	ICT							
	GCSX connection	(2)		(3)				
	Council Tax Collection							
	Legal Fees re Bailiffs in Liquidation		5	5				
	Council Tax Collection							
	Temporary Additional Staffing				98	49	49	
	Council Tax Collection							
	Temporary Additional Staffing ECC contribution				(98)	(49)	(49)	
	Housing Benefits							
	Staff restructuring not funded by specific grant	20		20				
Housing Benefits								
Atlas Project Funding	(3)		(3)					
Housing Benefits								
Atlas Project Expenditure	3	4	7					
Housing Benefits								
Local Council Tax Support			40	44				
Housing Benefits								
Localisation of Council Tax Support - Grant			(84)					
Housing Benefits								
Housing Benefit Admin - Additional Admin Subsidy				(30)				
NNDR								
New Burdens Small Business Rate Relief Costs	9		3	6				
Procurement								
Essex Procurement Hub	(9)		(6)					
Total Finance & ICT								
		17	19	(35)	17	0	0	0

DISTRICT DEVELOPMENT FUND

Directorate	Description	Original	B/F from	Revised	Estimate	Estimate	Estimate
		2012/13 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's
Housing	Homelessness	26		26	52		
	Homelessness	(26)		(26)	(52)		
	Homelessness	26		26			
	Homelessness	(26)		(26)			
	Private Sector Housing	28	(13)	10			
	Leasehold Services Administration			5			
	Private Sector Housing	27		0			
	Private Sector Housing		6	6			
	Private Sector Housing	15	4	5	14		
	Total Housing		70	(3)	26	14	0
Planning & Economic Development	Building Control Group	(63)		(106)	(36)		
	Building Control Group	42		68	24		
	Conservation Policy						
	Conservation Policy						
	Countrycare	4	1	5	5	5	0
	Countrycare	9		9	9	9	
	Development Control	25		66	50		
	Development Control			(40)			
	Development Control			(10)	(10)		
	Development Control			(19)	(4)		
	Development Control			0	0		
	Economic Development						
	Economic Development	3	3	6			
	Economic Development			(7)			
	Economic Development	12		12			
	Economic Development				35		
	Forward Planning	21		21			
	Forward Planning	586	93	595	282	152	
	Forward Planning			25			
	Forward Planning	22		38			
Planning Services	17		24				
Planning Services		25	25				
Town Centre Regeneration	46		21	21			
Total Planning & Economic Development	724	125	733	376	166	0	0
Total Service Specific District Development Fund	1,116	446	947	931	236	19	(23)
Other Items	Capital Expenditure Funded from Revenue	13		13			
	Lost Investment Interest	267		245	201	151	115
	Second Homes Discount Allowance	(75)		(60)			
	Interest on M25 land compensation			(237)			
	Council Tax Freeze	(204)		(204)	(80)	(80)	
	Reimbursement of Principal re Heritable			(234)	(68)		
Total District Development Fund	1,117	446	470	984	307	134	55

REVENUE EXPENDITURE, INCOME AND FINANCING

2012/13 ORIGINAL ALL REVENUE ITEMS £	2011/12 REVISED ALL REVENUE ITEMS £		GENERAL FUND ACCOUNT £	2012/13 ORIGINAL HOUSING REVENUE ACCOUNT £	ALL REVENUE ITEMS £
Gross Expenditure					
3,125,190	3,192,910	Office of the Chief Executive	4(a) 2,979,760	0	2,979,760
1,894,920	1,762,920	Corporate Support Services	4(b) 1,773,970	0	1,773,970
1,869,970	2,229,590	Deputy Chief Executive	4(c) 2,055,140	0	2,055,140
14,980,030	15,163,550	Environment & Street Scene	4(d) 15,189,340	0	15,189,340
51,021,350	49,263,300	Finance & ICT	4(e) 40,948,930	0	40,948,930
30,380,770	34,712,020	Housing	4(f) 2,475,930	32,501,850	34,977,780
4,445,240	4,390,300	Planning & Economic Development	4(g) 4,097,940	0	4,097,940
249,440	254,420	Internal Trading Organisations	4(h) 260,964	0	260,964
107,966,910	110,969,010	Total Expenditure on Services	69,781,974	32,501,850	102,283,824
6,338,000	5,576,000	Interest Payable (Inc HRA)	425,000	5,177,000	5,602,000
0	(234,000)	Return of heritable funds	(68,000)		(68,000)
12,826,000	9,448,000	Revenue Contribution to Capital	0	12,909,000	12,909,000
0	0	Parish Support Grants	320,270		320,270
3,166,787	3,166,787	Precepts Paid to Parish Councils	2,989,715	0	2,989,715
130,297,697	128,925,797	Total Gross Expenditure	73,448,959	50,587,850	124,036,809
Gross Income					
49,287,380	47,037,630	Government Subsidies	38,819,690	0	38,819,690
29,147,790	29,250,960	Rents from Dwellings	0	31,080,440	31,080,440
5,222,750	5,569,620	Miscellaneous Rents, Trading Operations etc.	4,279,110	897,650	5,176,760
8,260,250	5,132,888	Fees and Charges	5,254,300	1,651,630	6,905,930
562,200	514,200	Interest on Mortgages and Investments	446,000	1,200	447,200
1,966,700	5,661,030	Grants and Reimbursements by other Bodies	3,394,870	0	3,394,870
94,447,070	93,166,328	Total Operational Income	52,193,970	33,630,920	85,824,890
285,365	968,207	Contribution from/(to) Revenue Reserves	44,220	(126,070)	(81,850)
(955,000)	(619,000)	FRS 17 Adjustment	(672,000)	0	(672,000)
1,117,000	470,000	Contribution from/(to) District Development Fund	984,000	0	984,000
(75,709)	(3,255,709)	Contribution from/(to) Other Reserves	10,888	(3,180,000)	(3,169,112)
17,488,000	20,205,000	Contribution from/(to) Capital Reserves	3,265,000	20,263,000	23,528,000
6,656,592	6,656,592	Exchequer Support	7,169,494		7,169,494
118,963,318	117,591,418	Total Gross Income	62,995,572	50,587,850	113,583,422
11,334,379	11,334,379	To be met from Local Taxation	10,453,387	0	10,453,387
Financed by:					
8,167,592	8,167,592	District Precept			7,463,672
3,166,787	3,166,787	Parish Council Precepts	9e		2,989,715
11,334,379	11,334,379	Total Financing			10,453,387

Office of the Chief Executive

Programme 2013/14

2012/13 Original		2012/13 Probable		Revenue Expenditure	2013/14 Original	
£	£	£	£		£	£
556,170		604,350		Elections	449,360	
1,576,940		1,551,670		Corporate Activities	1,467,430	
1,193,280		1,278,280		Member Activities	1,293,200	
14,200		2,570		Local Council Liaison	2,580	
-				Outdoor Youth Facilities		
432,860		432,050		Voluntary Services	447,010	
239,090		237,250		Internal Audit	243,090	
484,170		483,590		Democratic Services	487,910	
	4,496,710		4,589,760	Total Expenditure		4,390,580
	1,371,520		1,396,850	Income from Internal Charges		1,410,820
	3,125,190		3,192,910	Net Expenditure (see Annex 3)		2,979,760
				Service Generated Income		
11,000		11,000		Miscellaneous Rents, Trading Operations etc	12,500	
1,220		3,280		Fees and Charges	3,360	
174,350		235,500		Grants and Reimbursements by other Bodies	185,000	
	186,570		249,780	Total Income		200,860
	2,938,620		2,943,130	To be met from Government Grant and Local Taxation		2,778,900
	-		-	Capital Expenditure (see Annex 5)		-

Corporate Support Services

Programme 2013/14

2012/13 Original		2012/13 Probable		Revenue Expenditure	2013/14 Original	
£	£	£	£		£	£
303,260		278,270		Licensing	277,350	
322,780		293,400		Local Land Charges	299,280	
816,080		726,110		Land & Property	710,880	
371,150		367,850		Other Activities	407,040	
1,594,310		1,599,770		Legal & Administration Services	1,597,970	
2,488,530		2,416,650		Accommodation Services	2,383,910	
1,721,940		1,925,410		Other Support Services	2,023,080	
	7,618,050		7,607,460	Total Expenditure		7,699,510
	5,723,130		5,844,540	Income from Internal Charges		5,925,540
	1,894,920		1,762,920	Net Expenditure (see Annex 3)		1,773,970
				Service Generated Income		
-		-		Government Subsidies	-	
-		-		Rents from Dwellings	-	
2,851,510		3,247,780		Miscellaneous Rents, Trading Operations etc	3,016,880	
546,140		492,340		Fees and Charges	574,660	
-		-		Interest on Mortgages and Investments	-	
-		-		Grants and Reimbursements by other Bodies	-	
	3,397,650		3,740,120	Total Income		3,591,540
	(1,502,730)		(1,977,200)	To be met from Government Grant and Local Taxation		(1,817,570)
	712,000		461,000	Capital Expenditure (see Annex 5)		972,000

Deputy Chief Executive

Programme 2013/14

2012/13 Original		2012/13 Probable		Revenue Expenditure	2013/14 Original	
£	£	£	£		£	£
825,600		952,580		Arts & Museum	867,140	
921,450		1,192,150		Sports Development & Other Amenities	1,090,530	
113,690		113,880		Customer Services	119,780	
1,991,840		1,972,820		Support Services	1,979,540	
	3,852,580		4,231,430	Total Expenditure		4,056,990
	1,982,610		2,001,840	Income from Internal Charges		2,001,850
	1,869,970		2,229,590	Net Expenditure (see Annex 3)		2,055,140
Service Generated Income						
157,110		116,790		Fees and Charges	146,580	
112,490		351,740		Grants and Reimbursements by other Bodies	219,760	
	269,600		468,530	Total Income		366,340
	1,600,370		1,761,060	To be met from Government Grant and Local Taxation		1,688,800
	120,000		600,000	Capital Expenditure (see Annex 5)		250,000

Environmental and Street Scene

Programme 2013/14

2012/13 Original		2012/13 Probable		Revenue Expenditure	2013/14 Original	
£	£	£	£		£	£
1,225,130		1,228,080		Environmental Health	1,229,570	
7,450,150		7,396,870		Waste Collection & Street Cleansing	7,678,200	
580,740		548,660		Highways	591,040	
1,008,150		993,090		Car Parking	721,160	
761,280		778,600		Land Drainage & Sewerage	758,910	
373,960		381,280		Safer Communities	385,940	
1,839,540		2,076,330		Leisure Facilities	2,016,830	
696,330		686,520		Parks and Grounds	718,040	
911,430		928,380		North Weald	943,900	
3,736,790		3,675,010		Environmental Admin & Policy	3,791,660	
	18,583,500		18,692,820	Total Expenditure		18,835,250
	3,603,470		3,529,270	Income from Internal Charges		3,645,910
	14,980,030		15,163,550	Net Expenditure (see Annex 3)		15,189,340
				Service Generated Income		
1,394,740		1,296,460		Rents from Dwellings	1,115,980	
4,197,190		1,368,350		Miscellaneous Rents, Trading Operations etc	2,915,300	
4,280		2,986,400	-	Fees and Charges	1,075,780	
	5,596,210		5,651,210	Grants and Reimbursements by other Bodies		
				Total Income		5,107,060
	9,383,820		9,512,340	To be met from Government Grant and Local Taxation		10,082,280
	1,596,000		1,357,000	Capital Expenditure (see Annex 5)		1,031,000

Finance and ICT

Programme 2013/14

2012/13 Original		2012/13 Probable		Revenue Expenditure	2013/14 Original	
£	£	£	£		£	£
49,350,910		47,298,260		Housing Benefits	39,278,870	
1,664,970		1,654,670		Local Taxation	1,801,500	
24,170		39,260		Concessionary Fares	20,520	
7,140		300,380		Other Activities	(118,530)	
3,023,090		2,950,970		ICT Services	2,916,180	
2,509,990		2,409,270		Financial Services	2,482,000	
	56,580,270		54,652,810	Total Expenditure		46,380,540
	5,558,920		5,389,510	Income from Internal Charges		5,431,610
	51,021,350		49,263,300	Net Expenditure (see Annex 3)		40,948,930
				Service Generated Income		
48,882,100		46,699,160		Government Subsidies	38,406,860	
		26,180		Miscellaneous Rents, Trading Operations etc	26,750	
64,890		21,500		Fees and Charges	22,000	
315,000		380,760		Grants and Reimbursements by other Bodies	455,200	
	49,261,990		47,127,600	Total Income		38,910,810
	1,759,360		2,135,700	To be met from Government Grant and Local Taxation		2,038,120
	362,000		147,000	Capital Expenditure (see Annex 5)		541,000

Housing

Programme 2013/14

General Fund £	Housing Revenue £	2012/13 Original	General Fund £	Housing Revenue £	2012/13 Probable	Revenue Expenditure	General Fund £	2013/14 Original Housing Revenue £	Total £
		Total £			Total £			Total £	
		-			-				
	27,002,990	27,002,990		32,345,810	32,345,810	Council Housing		32,501,850	32,501,850
1,578,150		1,578,150	1,149,120		1,149,120	Private Sector Housing	1,267,550		1,267,550
451,030		451,030	483,450		483,450	Homelessness	489,880		489,880
39,590		39,590	38,560		38,560	Housing Investment Programme	41,230		41,230
1,026,690		1,026,690	393,260		393,260	Affordable Housing Grants	369,770		369,770
282,320			301,820		301,820	Leasehold Services Administration	307,500		307,500
3,377,780	27,002,990	30,098,450	2,366,210	32,345,810	34,712,020	Total Expenditure	2,475,930	32,501,850	34,977,780
						Service Generated Income			
405,280		405,280	338,470		338,470	Government Subsidies	412,830		412,830
	29,147,790	29,147,790		29,250,960	29,250,960	Rents from Dwellings		31,080,440	31,080,440
75,000	890,500	965,500	107,000	881,200	988,200	Miscellaneous Rents, Trading Operations etc	107,000	897,650	1,004,650
284,140	1,620,480	1,904,620	303,120	1,619,200	1,922,320	Fees and Charges	308,850	1,651,630	1,960,480
	1,200	1,200		1,200	1,200	Interest on Mortgages and Investments		1,200	1,200
360,320		360,320	484,630	-	484,630	Grants and Reimbursements by other Bodies	108,130		108,130
-	4,956,000	4,956,000	-	345,000	345,000	HRA Interest & Reversal of Depn	-	1,003,000	1,003,000
	299,020	299,020		938,250	938,250	Use of Balances	-	126,070	126,070
1,124,740	27,002,990	28,127,730	1,233,220	32,345,810	33,579,030	Total Income	936,810	32,501,850	33,438,660
2,253,040	0	1,970,720	1,132,990	0	1,132,990	To be met from Government Grant and Local Taxation	1,539,120	0	1,539,120
2,761,000	12,806,000	15,567,000	922,000	9,461,000	10,383,000	Capital Expenditure (see Annex 5)	1,499,000	13,868,000	15,367,000

Planning & Economic Development

Programme 2013/14

2012/13 Original		2012/13 Probable		Revenue Expenditure	2013/14 Original	
£	£	£	£		£	£
107,700		111,740		Economic Development	133,790	
26,790		27,490		Tourism	27,540	
43,360		42,050		Environmental Initiatives	40,800	
267,860		256,060		Conservation Policy	249,230	
1,048,540		1,139,520		Forward Planning	832,120	
323,240		284,000		Town Centre Enhancements	219,000	
260,180		258,780		Countryside	260,390	
2,371,210		2,270,660		Regulatory Services	2,335,070	
1,094,790		1,120,260		Planning Administration & Policy	1,112,870	
	5,543,670		5,510,560	Total Expenditure		5,210,810
	1,098,430		1,120,260	Income from Internal Charges		1,112,870
	4,445,240		4,390,300	Net Expenditure (see Annex 3)		4,097,940
				Service Generated Income		
1,107,930		942,950		Fees and Charges	1,017,920	
6,260		2,000		Grants and Reimbursements by other Bodies	2,000	
	1,114,190		944,950	Total Income		1,019,920
	3,331,050		3,445,350	To be met from Government Grant and Local Taxation		3,078,020
	50,000		82,000	Capital Expenditure (see Annex 5)		-

Internal Trading Organisations

Programme 2013/14

2012/13 Original		2012/13 Probable			2013/14 Original	
£	£	£	£	Revenue Expenditure	£	£
2,391,690		2,402,190		Housing Maintenance	2,165,030	
436,900		420,700		Fleet Operations	429,300	
	2,828,590		2,822,890	Total Expenditure		2,594,330
	2,579,150		2,568,470	Income from Internal Charges		2,333,366
	249,440		254,420	Net Expenditure (see Annex 3)		260,964
				Service Generated Income		
281,150		265,358		Fees and Charges	265,630	
	281,150		265,358	Total Income		265,630
	(31,710)		(10,938)	To be met from Government Grant and Local Taxation		(4,666)
	57,000		57,000	Capital Expenditure (see Annex 5)		50,000

Non Service Budgets

Programme 2013/14

2012/13 Original			2012/13 Probable Housing Revenue			2013/14 Original			
General Fund £	Housing Revenue £	Total £	General Fund £	Housing Revenue £	Total £	Revenue Expenditure	General Fund £	Housing Revenue £	Total £
(561,000)		(561,000)	(513,000)		(513,000)	Interest & Investment Income	(446,000)		(446,000)
-		-	(234,000)		(234,000)	Return of heritable funds	(68,000)		(68,000)
13,000	12,813,000	12,826,000	30,000	9,418,000	9,448,000	Revenue Contribution to Capital		12,909,000	12,909,000
(994,000)		(994,000)	(1,220,000)		(1,220,000)	Other Items	(1,349,000)		(1,349,000)
550,000	5,788,000	6,338,000	490,000	5,086,000	5,576,000	Interest Payable (Inc HRA)	425,000	5,177,000	5,602,000
(3,843,000)	(43,000)	(3,886,000)	(2,866,000)	(48,000)	(2,914,000)	Depreciation Reversals & Other Adjs.	(3,265,000)	(58,000)	(3,323,000)
(4,835,000)	18,558,000	13,723,000	(4,313,000)	14,456,000	10,143,000		(4,703,000)	18,028,000	13,325,000
-	13,645,000	13,645,000	-	17,339,000	17,339,000	Transferred to Housing Summary	-	20,263,000	20,263,000
(4,835,000)	32,203,000	27,368,000	(4,313,000)	31,795,000	27,482,000		(4,703,000)	38,291,000	33,588,000
		13,655			(29,957)	Contribution (from)/to Revenue Reserves			(44,000)
		955,000			619,000	FRS 17 Adjustment			672,000
		(75,709)			(75,709)	Contribution (from)/to Other Reserves			10,888
		-			(3,180,000)	Transfer (from)/to Housing Revenue Account			(3,180,000)
		(1,117,000)			(470,000)	Contribution from District Development Fund			(984,000)
		27,143,946			24,345,334	Reduction in Amount to be met from Government Grant and Local Taxation & other Housing Revenue Account items			30,062,888

Capital Programme

Programme 2013/14

General Fund £	Housing Revenue £	2012/13 Original	General Fund £	Housing Revenue £	2012/13 Probable	Gross Expenditure	General Fund £	2013/14 Original Housing Revenue £	Total £
		Total £			Total £				
712,000		712,000	461,000		461,000	Corporate Support Services	972,000		972,000
120,000		120,000	600,000		600,000	Deputy Chief Executive	250,000		250,000
1,596,000		1,596,000	1,357,000		1,357,000	Environmental and Street Scene	1,031,000		1,031,000
362,000		362,000	147,000		147,000	Finance and ICT	541,000		541,000
2,761,000	12,806,000	15,567,000	922,000	9,461,000	10,383,000	Housing	1,499,000	13,868,000	15,367,000
50,000		50,000	82,000		82,000	Planning & Economic Development	-		-
	57,000	57,000	-	57,000	57,000	Internal Trading Organisations	-	50,000	50,000
5,601,000	12,863,000	18,464,000	3,569,000	9,518,000	13,087,000	Total Capital Expenditure	4,293,000	13,918,000	18,211,000
13,000	12,813,000	12,826,000	30,000	9,418,000	9,448,000	Less: Revenue Contributions to Capital	-	12,909,000	12,909,000
5,588,000	50,000	5,638,000	3,539,000	100,000	3,639,000	To be met from Capital Resources	4,293,000	1,009,000	5,302,000
Financed by:									
4,910,000		4,910,000	2,881,000		2,881,000	Capital Receipts	3,821,000	494,000	4,315,000
394,000		394,000	210,000		210,000	Government Grants	343,000		343,000
284,000	50,000	334,000	448,000	100,000	548,000	Other Grants	129,000	515,000	644,000
5,588,000	50,000	5,638,000	3,539,000	100,000	3,639,000	Total Financing	4,293,000	1,009,000	5,302,000

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COUNCIL TAX RATES FOR DISTRICT & PARISH/TOWN COUNCILS 2013/14

ANNEX 6

Authorities	Tax Base No.'s	Precept 2013/14	Council Tax Band D	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
		£	£	£	£	£	£	£	£	£	£
District Expenses	50,169.2	7,463,672	148.77	99.18	115.71	132.24	148.77	181.83	214.89	247.95	297.54
Abbes, Berners and Beauchamp Roding	202.1	4,700	23.26	114.69	133.80	152.92	172.03	210.26	248.49	286.72	344.06
Buckhurst Hill	4,979.7	343,089	68.90	145.11	169.30	193.48	217.67	266.04	314.41	362.78	435.34
Chigwell	5,673.6	270,575	47.69	130.97	152.80	174.63	196.46	240.12	283.78	327.43	392.92
Epping Town	4,799.7	402,406	83.84	155.07	180.92	206.76	232.61	284.30	335.99	387.68	465.22
Epping Upland	390.0	11,132	28.54	118.21	137.91	157.61	177.31	216.71	256.11	295.52	354.62
Fyfield	407.6	10,095	24.77	115.69	134.98	154.26	173.54	212.10	250.67	289.23	347.08
High Ongar	529.4	12,422	23.46	114.82	133.96	153.09	172.23	210.50	248.78	287.05	344.46
Lambourne	820.1	26,616	32.45	120.81	140.95	161.08	181.22	221.49	261.76	302.03	362.44
Loughton Town	11,682.8	574,600	49.18	131.97	153.96	175.96	197.95	241.94	285.93	329.92	395.90
Matching	409.8	13,320	32.50	120.85	140.99	161.13	181.27	221.55	261.83	302.12	362.54
Moreton, Bobbingworth and the Lavers	535.3	13,314	24.87	115.76	135.05	154.35	173.64	212.23	250.81	289.40	347.28
Nazeing	1,960.3	67,367	34.37	122.09	142.44	162.79	183.14	223.84	264.54	305.23	366.28
North Weald Bassett	2,408.4	138,737	57.61	137.59	160.52	183.45	206.38	252.24	298.10	343.97	412.76
Ongar Town	2,530.6	229,782	90.80	159.71	186.33	212.95	239.57	292.81	346.05	399.28	479.14
Roydon	1,249.8	27,826	22.26	114.02	133.02	152.03	171.03	209.04	247.04	285.05	342.06
Sheering	1,273.4	28,947	22.73	114.33	133.39	152.44	171.50	209.61	247.72	285.83	343.00
Stanford Rivers	343.4	16,627	48.42	131.46	153.37	175.28	197.19	241.01	284.83	328.65	394.38
Stapleford Abbots	492.8	6,135	12.45	107.48	125.39	143.31	161.22	197.05	232.87	268.70	322.44
Stapleford Towney	74.4	1,463	19.66	112.29	131.00	149.72	168.43	205.86	243.29	280.72	336.86
Theydon Bois	1,911.9	97,783	51.14	133.27	155.49	177.70	199.91	244.33	288.76	333.18	399.82
Theydon Garnon	78.9	970	12.29	107.37	125.27	143.16	161.06	196.85	232.64	268.43	322.12
Theydon Mount	105.8	1,424	13.46	108.15	126.18	144.20	162.23	198.28	234.33	270.38	324.46
Waltham Abbey Town	7,080.1	686,203	96.92	163.79	191.09	218.39	245.69	300.29	354.89	409.48	491.38
Willingale	229.3	4,182	18.24	111.34	129.90	148.45	167.01	204.12	241.24	278.35	334.02
Town and Parish Total	50,169.2	2,989,715	59.59	39.73	46.35	52.97	59.59	72.83	86.07	99.32	119.18
District, Town and Parish Total	50,169.2	10,453,387	208.36	138.91	162.06	185.21	208.36	254.66	300.96	347.27	416.72

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GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2012/13 - 2016/17

ORIGINAL 2012/13	PROBABLE OUTTURN 2012/13	ESTIMATE 2013/14	FORECAST 2014/15	FORECAST 2015/16	FORECAST 2016/17
£'000 NET REVENUE EXPENDITURE	£'000	£'000	£'000	£'000	£'000
15,968 Continuing Services Budget	16,180	15,171	14,640	14,525	14,289
-1,233 CSB - Growth Items	-1,403	-803	80	34	-7
0 Net saving	0	0	-500	-500	-300
14,735 Total C.S.B	14,777	14,368	14,220	14,059	13,982
1,117 One - off Expenditure	470	984	307	134	55
15,852 Total Net Operating Expenditure	15,247	15,352	14,527	14,193	14,037
-1,117 Contribution to/from (-) DDF Balances	-470	-984	-307	-134	-55
13 Contribution to/from (-) Balances	-29	-44	-646	-412	-255
14,748 Net Budget Requirement	14,748	14,324	13,574	13,647	13,727
FINANCING					
6,657 Government Support (NNDR+RSG+LC)	6,656	6,849	5,924	5,806	5,689
6,656 Total External Funding	6,656	6,849	5,924	5,806	5,689
8,168 District Precept/Support Grant	8,168	7,464	7,650	7,841	8,038
-76 Collection Fund Adjustment	-76	11	0	0	0
To be met from Government 14,748 Grants and Local Tax Payers	14,748	14,324	13,574	13,647	13,727
Band D Council Tax	148.77	148.77	152.49	156.30	160.21
Percentage Increase %		0.0	2.5	2.5	2.5

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2012/13 - 2016/17

	REVISED FORECAST 2012/13	FORECAST 2013/14	FORECAST 2014/15	FORECAST 2015/16	FORECAST 2016/17
	£'000	£'000	£'000	£'000	£'000
REVENUE BALANCES					
Balance B/forward	9,201	9,172	9,128	8,482	8,070
Surplus/Deficit(-) for year	-29	-44	-646	-412	-255
Balance C/Forward	9,172	9,128	8,482	8,070	7,815
DISTRICT DEVELOPMENT FUND					
Balance B/forward	3,457	2,987	2,003	1,696	1,562
Transfer Out	-470	-984	-307	-134	-55
Balance C/Forward	2,987	2,003	1,696	1,562	1,507
CAPITAL FUND (inc Cap Receipts)					
Balance B/forward	15,842	13,715	10,153	8,705	8,272
New Usable Receipts	754	753	776	865	952
Use of Capital Receipts	-2,881	-4,315	-2,224	-1,298	-1,419
Balance C/Forward	13,715	10,153	8,705	8,272	7,805
TOTAL BALANCES	25,874	21,284	18,883	17,904	17,127

The Chief Financial Officer's report to the Council on the robustness of the estimates for the purposes of the Council's 2013/14 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 2013/14. 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 2013/14 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 are a range of safeguards, which exist 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 way services like waste and leisure are delivered. These changes and the extended period of low economic growth are still ongoing and represent significant risks to the Council's ability to evaluate 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 changes
6. With a Cabinet system the onus is on Portfolio Holders to work closely with Directors to deliver acceptable and accurate budgets. This role has been taken seriously and has helped enhance the detailed knowledge of the Cabinet. There is an established process that allows the Finance Scrutiny Panel to challenge and debate the detailed budgets with the Finance Cabinet Committee.
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 2013/14.**

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 vary against the estimates made. Efforts have been made to predict the level of inflation in the coming year, although the difficulty in making these predictions is highlighted by inflation remaining stubbornly high and above the target for, and predictions of, the Monetary Policy Committee. Inflation, as measured by the annual rate of increase in the Retail Prices Index, increased from 3.0% for November to 3.1% for December. Over this period the Consumer Prices Index (CPI) was constant at 2.7% and so well above the Government target of 2%. However, whilst recovery in the overall economy remains weak the Monetary Policy Committee are likely to continue their cautious stance and not intervene with increases in interest rates to reduce inflation.
12. Inflation, as measured by CPI, has come down from its peak above 4% but remains above 2.5% and contributes to pressure for a pay award. Pay rates have been frozen since 2010/11 and the Government has stressed the need for restraint in public sector pay over the length of the Comprehensive Spending Review. The Medium Term Financial Strategy (MTFS) includes an allowance of 1% for pay awards for 2013/14 and 2014/15. In the budgets the centrally held vacancy allowance has been maintained at 2.5%. This will be carefully monitored as many vacant posts have now been deleted and this should result in a reduction in the historically high levels of salary under spends.

b. Estimates on the level and timing of capital receipts

13. The Council has always adopted a prudent view on the level and timing of capital receipts. 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. Currently, no significant disposals are anticipated in 2013/14.
14. 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. Although sales have fallen dramatically from previous years and the pattern of less than 10 sales per annum is expected to continue. Following the increase in Right to Buy discounts during 2012/13 there was a marked increase in enquiries. However this is yet to translate to an increase in sales as it remains difficult to obtain a mortgage.
15. Even with the Authority's substantial capital programme, which exceeds £83m over five years, it is anticipated that the balance of usable capital receipts at 31 March 2017 will be £7.8m. 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.

c. Treatment of demand led pressures and savings

16. Demand led pressures on the benefits and homelessness services may well increase as the Welfare Reforms begin to impact. Locally the stagnation in the housing market seems to be improving, with some increases in key income streams like planning and land charges. The move away from prescribed planning fees has been abandoned. It had been proposed that Council's would be able to seek full recovery of their planning costs, but instead authorities were allowed to increase charges by 15%.
17. Savings have been achieved for the 2012/13 and 2013/14 budgets by focusing on areas that have historically underspent. This has been an ongoing process to remove under spends and limit budgets going forward to the average amount spent in the previous three years. One of the most significant changes in the estimates is the increase in rental income from industrial estates. This has added income of £109,000 to the revised estimates and another £70,000 to the 2013/14 figures. Savings to the General Fund on the deletion of some vacant posts reduced the revised estimates by £80,000 and the 2013/14 estimates by another £114,000. Another large saving affecting both 2012/13 and 2013/14 is the reduction in the management fees for the leisure contract, which has reduced by £54,000 in 2012/13 and £66,000 for 2013/14. The amendments to the car leasing scheme have removed £82,000 from the General Fund, although this is spread over a number of years. A number of other smaller savings have also been identified and together these provide a sound base for the 2013/14 budget. However, there is still a need for further savings in 2014/15 and 2015/16 and work is ongoing on a number of ideas to reduce net costs.

d. Risks inherent in partnership arrangements etc

18. 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)

19. The Authority is no longer debt free, due to self-financing for the Housing Revenue Account (HRA). Although this is not a significant concern as the 30 year business plan for the HRA has demonstrated that the Authority will be considerably better off in the long term. Revenue reserves for both the General Fund and the HRA are in a healthy state.
20. A major threat to the Authority's financial standing is further substantial reductions in central government funding as part of the next Comprehensive Spending Review (CSR). For 2013/14 and 2014/15 combined we have seen a reduction in formula grant of £1.53 million or nearly a quarter. The period beyond 2014/15 will be the subject of the next CSR and by then there may have been an improvement in the economy and possibly a change of Government. This means predicting beyond 2014/15 is hazardous although if current trends are maintained there will be further reductions in revenue support grant and an increasing reliance on retained business rates.
21. With the country on the verge of a triple dip recession this is not an ideal time for central government to be transferring large financial risks to local authorities. This transfer of risk is present in both the localisation of Council Tax Benefit and

the local retention of non-domestic rates. Under Council Tax Benefit the Authority was reimbursed in full. Under Local Council Tax Support the Authority receives a fixed grant of 90% of previous expenditure and carries the demand risk of the caseload increasing. Under the formula grant system non-domestic rates were pooled centrally and then redistributed. Individual authorities did not get more grant from growth in their non-domestic rate list but equally their grant was not reduced if their list contracted. Under local retention of non-domestic rates, if there is contraction in the rating list the authorities funding will reduce. The way the system has been designed it is actually worse than that, as the tariffs which are paid to central government are index linked it is necessary to increase the rating list just to standstill. The two financial risks are likely to work in the same direction, if there is a decline in businesses and jobs there is likely to be an increase in council tax support caseload.

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

22. The Authority has a proven track record in financial management as borne out by the Annual Audit Letters from the Authority's external auditors. A comparison of actual net expenditure with estimates over a number of year's shows that the Council rarely experiences over spends of any significance.
23. Most managers have received training on budget management. A course involving an external trainer, the CFO and the Chief Internal Auditor has now been supplemented with additional detailed training on a directorate basis being provided by accountancy staff.
24. The quarterly budget monitoring reports on key budgets to both the Finance and Performance Management Cabinet Committee and Scrutiny Panel will continue throughout 2013/14. 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 the Finance & Performance Management Cabinet Committee in the summer of each year.

h. The adequacy of insurance arrangements

26. On 23 July 2012 Cabinet decided to exercise the two year extension option to the three year contract which commenced in June 2010. The 2010 contract was entered into following a collaborative procurement exercise with twelve other authorities. Market intelligence suggested a re-tender at this time was unlikely to provide good value for money, particularly as Zurich had offered to freeze premiums in the first year of the extension. The Authority still maintains an insurance fund, which as at 31 March 2012 had a balance of £1.14 m.

i. Pension liabilities

27. The latest triennial valuation as at 31 March 2010 showed a reduction in the funding level of the scheme to 71% (the value of the scheme's assets only cover 71% of the liabilities). However, the actuaries have been able to keep the deficit payments at a similar level for three years by increasing the deficit recovery period from 20 to 27 years. Ongoing contributions have benefitted from a slight reduction from 13.1% to 13%. The next valuation at 31 March 2013 will set the contributions for 2014/15 and the two subsequent years.
28. In previous years annual applications have been made to Department for Communities and Local Government (DCLG) for capitalisation directions, as separate directions are required for the Housing Revenue Account and the General Fund. It has been increasingly difficult to obtain capitalisation directions and for 2011/12 the qualifying criteria were doubled. Even though the applications for 2011/12 met the tougher criteria they were still rejected by DCLG. In view of this no applications were made for 2012/13 and the full amounts of the deficit payments have been included in the CSB.

Statement on the adequacy of the reserves and balances

29. The Use of Resources assessment previously conducted by the external auditors 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 2014 is £9.13m as shown in the Annex 4 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.
30. 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			800
Grant reduction being 10% instead of 2% beyond 2014/15	1,000	40	400
Pay award being settled 1% in excess of estimate for 13/14 and future years	800	25	200
Inflationary pressures between 1-4% higher than budget	600	20	120
Loss of North Weald Market Income	4,000	25	1,000
General Income between 1-4% less than budget	600	10	60
Unintended consequences of HRA reform impacting on General Fund	2,000	10	200

Localisation of Council Tax Benefit - Increase in caseload not covered by funding	1,000	40	400
Retention of non-domestic rates – failure to achieve growth in list	1,000	35	350
Renegotiating External contracts and partnership arrangements	1,000	10	100
Emergency Contingency	800	20	160
New Homes Bonus, income over MTFS greater than anticipated	(1,200)	30	(400)
Total	11,600		3,390

31. The estimates for income generated from the market at North Weald airfield have been reduced but this remains a key source of income. 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.
32. 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.
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 old 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 £14.5m, which suggests a figure of £725,000.
35. 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 increased by £631,000 in 2011/12 to leave a balance of £9.2m at 31 March 2012.
36. A number of policies have been determined previously to bring about reductions and the current policy reflects that deficit budgets are necessary to support the structured reduction in spending. 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 £13.8m therefore 25% of that figure equates to £3.5m. The current four-year forecast shows balances still at £7.8m at the end of 2016/17.
37. 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 2017 balances will represent 57% of NBR, which is more than 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.

38. It has already been stated that the capital fund is expected to remain in a surplus position beyond 2016/17 and the capital programme is fully funded.
39. The main earmarked reserve is the District Development Fund (DDF) which is used to keep one off items of income and expenditure separate from the base budget. At 31 March 2012 the balance on the DDF was £3.5m, which was a reduction of £0.5m in the year. The DDF is predicted to have a balance of £1.5m at the end of 2016/17, although this is likely to be reduced by the Local Plan and any organisational changes. The only other earmarked reserve with a significant balance is the Insurance Reserve, which stood at £1.1m at the end of 2011/12. This was an increase of £719,000 in the year to ensure there is sufficient money in the fund to deal with any claims arising from the administration of Municipal Mutual Insurance.
40. The HRA revenue balance of £4.5m at 31 March 2012 is expected to decrease, by £938,000 in 2012/13 and then increase by £126,000 in 2013/14. The balance on the Housing Repairs Fund is expected to increase slightly over the next year, from £4.5m to £4.6m. In contrast the Housing Major Repairs Reserve is predicted to decrease from £9.9m to £8.2m. The 30 year business plan has demonstrated that under self-financing the overall financial standing of the HRA will improve significantly and its reserves going into 2013/14 remain healthy.
41. **The conclusion is that the reserves of the Council are adequate to cope with the financial risks the Council faces in 2013/14 but that savings will be needed in subsequent years to bring the budget back into balance in the medium term.**