

Supplementary Council Agenda



**Epping Forest
District Council**

Council Tuesday, 30th June, 2009

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

7. REPORTS FROM THE LEADER, CHAIRMAN OF THE OVERVIEW AND SCRUTINY COMMITTEE AND MEMBERS OF THE CABINET (Pages 3 - 10)

To receive the attached reports from the Community Safety and Transport Portfolio Holder, the Environment Portfolio Holder and the Leisure and Wellbeing Portfolio Holder on matters falling within their area of responsibility.

9. MOTIONS (Pages 11 - 12)

To consider the attached motion, notice of which has been given under Council Procedure Rule 11.

12 .1 STATUTORY STATEMENT OF ACCOUNTS – REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE (22/6/09) (Pages 13 - 38)

Report attached.

15A REPRESENTATION ON OUTSIDE ORGANISATIONS – EPPING FOREST COLLEGE

Recommendation:

To note that the Leader of the Council has now been advised that she has, as the Council's appointed representative on the Board of Governors, been afforded full voting status.

**15B REPRESENTATION ON OUTSIDE ORGANISATIONS – EPPING FOREST
CHAMBER OF COMMERCE**

Recommendation:

That Councillor C Whitbread, Finance and Economic Development Portfolio Holder, be appointed to serve on the Epping Forest Chamber of Commerce as its Business Champion for the municipal year 2009/10.

At the invitation of the Epping Forest Chamber of Commerce, the Leader and Deputy Leader of the Council attended the Annual General Meeting of the Chamber earlier this month.

At the meeting the Chamber discussed the support which the Council could give local businesses through a partnership with the Chamber. Following the meeting the Chamber has invited Councillor Whitbread to be their key speaker at their next Chamber breakfast on 21 July 2009 and they have asked if they can promote this event with an announcement that Councillor Whitbread has been appointed their Business Champion.

The Council is asked to agree this appointment as it will enhance the Council's desired support for local businesses.

In accordance with section 100B(4) of the Local Government Act 1972 and Council Procedure rule 2.1 (xi), the Chairman has deemed this item as urgent business in view of the need for the Chamber of Commerce to publicise its event on 21 July 2009.

Report to the Council

Committee: Cabinet

Date: 30 June 2009

Subject: Community Safety and Transport Portfolio

Portfolio Holder: Councillor Syd Stavrou

Item: 7(c)

Recommendation:

That the report of the Community Safety and Transport Portfolio Holder be noted.

Buckhurst Hill Underpass

A reply is still awaited from Transport for London.

Countywide CCTV Forum

The Forum was a success – hopefully this District lead forum will provide a good foundation for some real partnership benefits.

Safer Communities Partnership

As previously reported, 2008/09 outturn data was encouraging with overall crime down by some 8%. The Partnership continues to identify issues of concern and work with partners to address them accordingly. At the Safer Communities Partnership meeting on 15 June the outcome of the place survey was discussed ahead of its publication, and the need to better publicise the partnership's success.

Safer Cleaner Greener

The strategy document will be on the agenda of the next Overview and scrutiny Committee and then to Cabinet in September.

Community Safety Accreditation Scheme

The Council successfully passed the Community Safety Accreditation Scheme and met the requirements of the relevant Association of Chief Police Officers Guidelines and the Police Reform Act 2002. The Chairman of the Council officially received the accreditation at a presentation ceremony on 17 June. Having successfully achieved this stage, individual accreditation for all relevant officers within Environment and street Scene Directorate can now be obtained. This is important since accreditation not only provides reassurance to the public and Members that officers are equipped properly and trained to undertake their responsibilities but also ensures that Police support will be made available to officers should the need arise.

Crucial Crew 2009

At the time of writing this report, crucial crew was still underway at Gilwell Park. As in past years the event was again well attended and received by the schoolchildren, and guests, who were present. There were 10 life scenarios presented that provided information/education to the youngsters in dealing with dangerous situations they may face in life such as Road Safety, Drink and drugs, Basic Resuscitation techniques, Fire Hazard Awareness and Recycling and Litter. Once again the event was organised with efficiency and enthusiasm. Congratulations to all our staff and SC Partners for their hard work in making this event such an annual success.

Olympics

The Portfolio Holder attended the first ODA organised workshop held in Waltham Cross on Monday 15 June. There was a brief overview of the progress of the White Water Canoe Course which is under construction at present. Construction issues were explained, such as health and safety problems during the building, the legacy obligation, information dissemination and relationships with partners. After the presentation there was a detailed workshop session to question and discuss such issues as Employment, Transport, and Communication. Delegates were invited to explore how all categories could work together , with the ODA, to achieve the best possible outcome for the 201`2 venue.

The Furniture Recycling Scheme

An initial bid has been submitted by Voluntary Action Epping Forest to the Lottery for three years funding for the scheme. A response has been received indicating "An Expression of Interest". VAEF now has six months to work up and submit the actual bid. A working group has been formed to progress this work.

Report to the Council

Committee: Cabinet

Date: 30 June 2009

Subject: Environment Portfolio

Portfolio Holder: Councillor Mrs Mary Sartin

Item: 7(d)

Recommending:

That the report of the Environment Portfolio Holder be noted

Waste Management Service

A considerable amount of work has now been carried out by officers to move forward the implementation of the new food and garden waste collection service. Orders have been placed through the Essex Procurement Hub for the new wheelie bins, kitchen caddies and kerbside caddies. The wheelie bins will be 180 litre capacity and will have black bodies but with a green lid to differentiate them from our existing residual bins. Kitchen caddies will be provided for all properties, except flats at this stage, and kerbside caddies will be made available for properties which are unable to use the current residual waste bins or would find it impossible to take a second wheelie bin. Officers will carry out assessments of properties in these instances. At the moment it is not possible to include flats in the roll-out of this service but officers will be working with the various management companies and others to find ways to include them as soon as possible

Although this change in service has been made known in various ways already, the first direct delivery of information is going out to residents from 29 June in the form of an introductory letter. There will be an article in the summer edition of the Forester, direct links to information on the Council's website and road shows which will be held around the District. Phone numbers will also be given in the Forester for residents who have specific questions or require more information.

Residents will be informed of the delivery of the new bins in the week prior to them arriving. A pack will be delivered at the same time as the bin giving more information on what can and cannot be placed in the bin as well as details of how food waste can be dealt with. Details on this are still to be finalised.

Inter Authority Agreement

Members may remember that, following our allocation of money from Essex County Council to be used towards the setting up of a food waste collection service, I wrote to County Councillor Tracey Chapman, Portfolio Holder for Environment and Waste, expressing my concern about the apparent inequalities in the way in which the monies had been allocated to the various Districts and Boroughs in Essex. At the

April Council meeting I informed members that a meeting had been arranged between us following the County Council elections in June. Unfortunately, that meeting had to be cancelled and we are awaiting a new date. I will report back to members as soon as the meeting has taken place via the Council Bulletin.

Loughton Broadway Town Centre Enhancement

Work is progressing well with this project and completion is anticipated for late July, well in time for Debden Day which will be held on 29 August. Despite increased amounts of reconstruction being required when work began on the carriageway the scheme remains within the budgeted figures. I attended a Focus Group meeting on 9 June, along with Councillor Grigg, where officers updated those present on how the scheme was progressing. It was agreed that this would be the last meeting of the Focus Group but that it could be reconvened if required.

Recruitment of Assistant Directors – Planning

Members will be aware that following the resignation of the Assistant Director for Conservation and Policy and the more recent early retirement of the Assistant Director for Development Control there are now two important posts to be filled in the Planning Directorate. Despite going out to advertisement for the Conservation and Policy post and holding interviews on one occasion it has not been possible to make a suitable appointment. Hays have now been brought in to help with this appointment. More interest has been shown in the Development Control post and work will be carried out to assess a long list of candidates to decide who should be called for interview.

Report to the Council

Committee: Cabinet **Date:** 30 June 2009
Subject: Leisure and Wellbeing Portfolio
Portfolio Holder: Councillor Heather Harding **Item:** 7(h)

Recommendation:

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

Grant Aid - Portfolio Holder Responsibility

Following the re-organisation of portfolio responsibility, my portfolio now also incorporates responsibility for the Council's Grant Aid programme for individuals and voluntary, community and leisure groups.

Grant Aid Scheme – Voluntary and Community Groups

These include grants as part of a service level agreement with groups such as the Citizens Advice Bureaux, Voluntary Action Epping Forest, Victim Support, Alzheimer's Society and local care groups. In addition, they include one-off grants to groups involved in community work, cultural activities and sport.

A number of grants for the 2009/10 financial year have already been agreed by my predecessor Councillor Syd Stavrou and I will be looking at the next round of bids shortly. I will also be reviewing the existing Service Level Agreements as this is the last year of the current three year agreements, and propose to carry out visits to the groups concerned.

Ongar Campus Fields Development – Update

At Cabinet in October 2008, Members agreed a capital contribution of £507,000 towards the development of playing fields at Ongar Leisure Centre, to match fund external funding from Essex Football Association as part of the Essex 2012 Legacy Funding, and potential funding to be sought from the Football Foundation in January 2009.

Unfortunately, the Football Foundation made last minute changes to its funding criteria in January, which meant that the Ongar Project no longer met the required specification. However, a new Sport England Project Fund was launched this month and an application has been submitted for the shortfall required for development at Ongar. The bid also includes a request for the revenue costs of a Rural Development Officer, who would work on an outreach basis from the site. It is expected that notification of success of the bid will be received by September.

Community Delivery Initiatives -

District Play Strategy – Limes Farm multi - use games area is being completely refurbished during the forthcoming school holidays and work is currently being undertaken on phase two of the Play Strategy, with three new facilities currently being constructed in Nazeing, including a youth zone. A further £50k has also been secured from Play Builders Fund to provide a new playground in Westall Road Loughton, which is managed by Loughton Town Council.

New Youth Activity Provision – A new youth activity club has been launched on Ninefields Estate Waltham Abbey, which is held every Wednesday evening. The weekly activity programme is designed by the young people, who have named the session 'we don't do bored' and attracts around 30 youngsters per night to take part in anything from street dancing and beauty care, to boxercise and fitness classes.

Limes Farm – Progress is being made with the plans to establish a new community facility on Limes Farm, with £270k secured from Essex County Council as part of its Extended Schools fund. Consultation with key stakeholders and local residents has identified the need for more accessible, key local services on the site and a full report will be presented to Cabinet in July.

Limes Farm Festival Day for the resident community, is being coordinated by Community Services and will be held on Saturday 4 July.

Summer Holiday Activities – The 2009 Summer Activities brochure has been circulated to all local schools and information outlets and contains over 35 different activities for children and young people provided across 160 sessions. Several courses and activities are already fully booked.

Epping Forest Youth Council – September sees the election of 25 Youth Councillors for the district. EFYC Candidate Information Packs are now out, with a closing date of end of August. Any existing Youth Councillors who are under 17 can be re-elected and the current group will stay on until December 2009, to mentor their successors.

Environment and Street Scene -

Epping Sports Centre Contract - Legal and Environment and Street Scene officers are progressing to finalise the legal document for signature as soon as possible

Waltham Abbey Sports Centre - Closure

The Headmaster of King Harold School has left the school so officers have contacted the School again to try and seek a meeting to discuss the exit strategy. A reply has been received from the Acting Head who is trying to arrange a meeting with the Kennall Trust who are now managing the school.

Waltham Abbey Swimming Pool Hall extension

The feasibility study to erect the hall extension to Waltham Abbey Swimming Pool has been endorsed by the Overview and Scrutiny Committee and the request for funding is the subject of a report to Cabinet in July. It is envisaged that the project would be completed around summer 2011

Other Sports Centres (SLM managed)

There are still issues around the accomplishment of the Building Maintenance requirements. The Income Share has now been paid by SLM as per the agreed Variation Order. We are awaiting the signed copy of the Variation Order and SLM are being chased.

Free Swimming for over 65s

523 people have applied for a free-swimming card of which 383 (73%) were existing swimmers and 140 (27%) are new customers.

This page is intentionally left blank

Sustainable Communities Act 2007

“That this Council:

(a) supports the bottom up process in the Sustainable Communities Act designed to allow local authorities and their communities to drive the action and assistance that central government gives in promoting thriving, sustainable communities;

(b) notes that the Act gives local authorities the power to make proposals to government on the action and assistance government must take or give to promote sustainable communities; and that those proposals can be for a transfer of public money and function from central or regional control to local control;

(c) notes that the Act defines sustainable communities broadly, that definition having the four aspects of

- the improvement of the local economy,
- protection of the environment,
- promotion of social inclusion, and
- participation in civic and political activity;

(d) notes that reasons for a local authority choosing to use the Act include gaining new powers or assistance from government, determining those powers or that assistance and transferring public monies from central or regional control to local control; and

(e) resolves, to use the Act by submitting proposals for action and assistance from central government as best serves the district”.

Mover: Councillor John Philip

Seconder: Councillor David Stallan

This page is intentionally left blank

Report to the Council

Subject: Statutory Statement of Accounts 2008/09

Date: 30 June 2009

Supplementary Report of: Director of Finance and ICT

Item: 12

Recommendation of the Audit and Governance Committee

1. The Audit and Governance Committee considered the draft Statutory Statement of Accounts on Monday 22 June. At that meeting Members raised a number of questions and answers were provided to all of those questions apart from two. The Audit and Governance Committee decided to recommend adoption of the Statutory Statement of Accounts subject to the provision of reasonable explanations to the outstanding questions.
2. The first outstanding question relates to note 21 on Provisions (page 95 of the main agenda), and is - ***What is the potential total value of the claims associated with the £110,500 of potential excesses?*** As many of the claims are still to be settled it is difficult to provide an accurate value, but at this time the potential total value is estimated as £700,000. It is worth noting that the difference between £700,000 and the £110,500 of potential excesses is covered by the Council's insurance policies.
3. The second outstanding question relates to note 43 on Risks Arising from Financial Instruments (page 111 of the main agenda), and is - ***What is the missing text at the end of "Interest Rate Risk"?*** This note states "The Council is exposed to interest rate movements on its investments, and has a number of..." the missing text is "strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. As part of this strategy, the Council sets the prudential indicators which provide maximum and minimum limits for fixed and variable interest rate exposure."

Amended Pages for the Statutory Statement of Accounts

4. The first page in need of amendment is page 79 on the agenda (page 7 of the accounts). Where an asset has previously had its value increased by a revaluation an amount will have been credited to the Revaluation Reserve. When the asset has a downward revaluation the amounts are first debited to the Revaluation Reserve and it is only the amount by which the downward revaluation exceeds the previous positive revaluations that is charged to the Income and Expenditure Account. Here the final checking of the entries has highlighted that initially the surplus on the Revaluation Reserve had not been fully utilised. The necessary amendments have been made and have the

effect of reducing Gross Expenditure and the Deficit for the year by £1.1 million. Although changes in asset values are reversed before reaching the movement on the General Fund so this change does not alter the actual surplus for the year shown on the Statement of Movement on General Fund Balance.

5. Due to the change set out above the Statement of Movement on General Fund Balance page 80 (page 8), has also been updated. Whilst the surplus has not changed the two figures above it both change by £1.1 million and off-set each other.
6. The Statement of Total Recognised Gains and Losses page 81 (page 9) has been amended for the change outlined above and also the correction of a misclassification between lines. The total shown at the bottom of the statement is unchanged but the top line reduces by £1.1 million, the second line reduces by £0.8 million, the third line is unchanged and the fourth line increases by £1.9 million.
7. The accounting entries do not alter the totals at the bottom of the Balance Sheet page 82 (page 10) but do change two of the figures listed. The Revaluation Reserve decreases by £0.9 million to £3.4 million whilst the Capital Adjustment Account increases by £0.9 million to £596 million.
8. Note 11 Impairment Charges on page 88 (page 16) details the amount charged to the Revaluation Reserve and the Income and Expenditure Account and so has also been updated. The amount charged to the Revaluation Reserve increases £1.1 million to £97.873 million and the amount charged to the Income and Expenditure Account reduces by £1.1 million to £31.081 million.
9. Note 13 Statement of Movement on the General Fund Balance on page 91 (page 19) is similarly effected, as the Impairment of Fixed Assets figure is reduced by £1.1 million to £31.081 million. This reduces the total at the bottom of the note from £41.481 million to £40.369 million.
10. The next note effected is Note 27 Revaluation Reserve on page 97 (page 25). As stated in 8 above the Impairment of Fixed Assets figure increases by £1.1 million to £97.873 million, this is off set by a £200,000 increase in the Revaluation Adjustment. The combined effect is a reduction in the balance of £0.9 million to £3.4 million.
11. Changes are also necessary to Note 28 Capital Adjustment Account on page 98 (page 26) and again move the balance by £0.9 million to £596 million.
12. Note 39 Movement on Reserves on page 107 (page 35), details the changes in reserves during the year and so has been updated for the amendments to the Revaluation Reserve and the Capital Adjustment Account.
13. Note 43 Risks from Financial Instruments on page 111 (page 39) has had the missing text detailed at 3 above inserted.
14. The assets effected by the entries detailed above are largely held within the Housing Revenue Account and so pages 114 to 116 and 120 (pages 42 to 44 and 48) have also been updated for the revised impairment figures.

15. The Collection Fund on page 121 (page 49) has had both the Non Domestic Rate income figure and the expenditure figure of Payment to the Pool increased by £120,000. These changes have no net effect on the deficit for the year or the Balance Carried Forward.

This page is intentionally left blank

THE INCOME & EXPENDITURE ACCOUNT

CONSOLIDATED EXPENSES	Note	2008/09		2007/08	
		Gross Expend £000	Income £000	Net Expend £000	Net Expend £000
Continuing Operations					
Central Services	1/2/4/7	11,881	9,080	2,801	1,661
Corporate and Democratic Core	1/2/3	2,973	0	2,973	2,832
Cultural Related	1	4,618	492	4,126	3,841
Environmental Services	1/5	9,712	1,576	8,136	8,914
Highways and Transport	1/6	2,534	2,092	442	680
Housing	1	31,896	28,853	3,043	1,059
Planning & Development	1/8	4,453	1,451	3,002	2,981
Past Service Settlement/Gain		0	0	0	616
Housing Revenue Account		61,204	28,781	32,423	1,952
NET COST OF SERVICES		129,271	72,325	56,946	24,536
(Gain)/Loss on disposal of fixed assets				(301)	(9)
Precepts paid to Parish Councils				2,830	2,787
Total Net (Surplus)/Deficit from Trading Operations	9			128	(1,453)
Interest payable and similar charges				51	61
Housing Capital Receipts Pool				728	2,588
Interest and Investment Income				(3,600)	(3,630)
Impairment of Investments				794	0
Pensions Interest/Return on Investments				2,266	587
TOTAL NET OPERATING EXPENDITURE				59,842	25,467
AMOUNT TO BE MET FROM GOVERNMENT GRANTS & LOCAL TAXPAYERS					
Receipts from the Collection Fund				(10,555)	(10,285)
Transfers to / (from) the Collection Fund				(48)	(1)
Revenue Support Grant				(1,414)	(1,835)
Distribution from the Non-Domestic Rate Pool				(8,183)	(7,845)
DEFICIT FOR YEAR				39,642	5,501

STATEMENT OF MOVEMENT ON GENERAL FUND BALANCE

The Income and Expenditure Account shows the councils actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However the authority is required to raise council tax on a different accounting basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government is treated as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than from council tax.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners rather than as future benefits earned.

The General Fund Balance compares the Councils' spending against the council tax that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for the future.

This reconciliation statement summarises the differences between the outturn in the Income and Expenditure Account and the General Fund Balance.

	Note	2008/09 £'000s	2007/08 £'000s
INCREASE IN THE GENERAL FUND BALANCE			
Deficit for the year on the Income and Expenditure Account		39,642	5,501
Net additional credits	13	(40,369)	(6,202)
		<hr/>	<hr/>
Surplus for the year		(727)	(701)
General Fund Balance brought forward		(7,462)	(6,761)
		<hr/>	<hr/>
General Fund Balance carried forward		(8,189)	(7,462)
		<hr/> <hr/>	<hr/> <hr/>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

This statement brings together all the gains and losses of the council for the year and shows the aggregate increase in its net worth. In addition to the deficit generated on the Income and Expenditure Account, it includes gains and losses relating to the revaluation of fixed assets and re-measurement of the net liability to cover the cost of retirement benefits (Note 37, page 29). Other gains and losses are made up of the change in the collection fund balance which represents the amount attributable to this Council, the change in value of deferred capital receipts under the rents to mortgages scheme and losses as a result of an in-year restatement of housing stock valuations.

	31 March 2009 £000	31 March 2008 £000
Deficit for the year on the Income and Expenditure Account	(39,642)	(5,501)
Surplus/(deficit) arising on revaluation of Fixed Assets	(45,288)	53,034
Actuarial gains/(losses) on Pension Fund Assets/Liabilities	3,034	(14,583)
Other gains/(losses)	(2,283)	(4,287)
	<hr/>	<hr/>
Total recognised gains and (losses)	(84,179)	28,663
	<hr/> <hr/>	<hr/> <hr/>

BALANCE SHEET

	Note	31 March 2009		31 March 2008	
		£000	£000	£000	£000
LONG TERM ASSETS					
Fixed Assets	14		604,436		686,142
Intangible Assets	15		711		366
Investments	16		15,553		10,403
Long Term Debtors	17		1,792		2,161
TOTAL LONG TERM ASSETS			622,492		699,072
Current Assets					
Stocks and Work in progress	18	272		281	
Debtors	19	5,909		7,211	
Short Term Temporary Investments	20	41,323		47,873	
Cash at Bank and in Hand		1,340	48,844	2,375	57,740
Current Liabilities					
Provisions	21	(111)		0	
Creditors and Prepayments	22	(11,441)		(11,131)	
Bank Overdraft		0	(11,552)	(188)	(11,319)
TOTAL ASSETS LESS CURRENT LIABILITIES			659,784		745,493
Deferred Revenue Income	24		(536)		(544)
Pensions Liability	37		(41,547)		(43,416)
Unapplied Capital Contributions	25		(226)		(165)
Capital Contributions Deferred	26		(4,286)		(4,000)
TOTAL ASSETS LESS LIABILITIES			613,189		697,368
RESERVES					
Revaluation Reserve	27		3,402		49,742
Capital Adjustment Account	28		596,012		631,319
Capital Receipts Reserve	29		24,319		26,823
Pensions Reserve	37		(41,547)		(43,416)
Major Repairs Reserve	9(HRA)		6,919		7,290
Earmarked Reserves	30		9,291		10,310
Revenue Balances	31		14,246		13,699
Deferred Capital Receipts	32		1,258		1,601
Financial Instruments	33		(711)		0
			613,189		697,368

I certify that the Statement of Accounts presents fairly the financial position of Epping Forest District Council as at 31 March 2009, and its income and expenditure as at that date.

ROBERT PALMER BA ACA
DIRECTOR OF FINANCE AND ICT

June 30 2009

NOTES TO THE CORE FINANCIAL STATEMENTS

9. TRADING OPERATIONS

The following gross income and expenditure figures are included on the face of the Income and Expenditure Account. There was a net deficit in 2008/09 due to the impairment of property values in the year.

	2008/09	2007/08
	£000	£000
Industrial Estates & Other		
Income	1,006	1,019
Expenditure	1,167	107
(Deficit)/Surplus	(161)	912
North Weald Centre		
Income	1,299	1,389
Expenditure	1,266	848
(Deficit)/Surplus	33	541
Total (Deficit)/Surplus	(128)	1,453

10. MINIMUM REVENUE PROVISION (MRP)

The Councils underlying need to borrow as expressed by the Capital Financing Requirement (CFR) is negative at 31 March 2009. As a result no MRP has been made (No MRP made in 2007/08).

11. IMPAIRMENT CHARGES

A number of the Council's fixed assets have fallen in value due to the market prices generally declining during the course of the year. Impairments to the value of £128,954,000 have been incurred with £97,873,000 being charged to the Revaluation Reserve and set off against previous upward revaluations to the same assets. Where the revaluation amount relating to that asset has been exceeded an amount of £31,081,000 has been written off against the relevant expenditure headings within the Income and Expenditure Account.

This page is intentionally left blank

NOTES TO THE CORE FINANCIAL STATEMENTS

13. STATEMENT OF MOVEMENT ON THE GENERAL FUND BALANCE

There are some items that appear within the Income and Expenditure Account that should not be taken into account when determining the budget requirement and level of Council Tax. Depreciation charges are a proper charge to the Income and Expenditure Account but cannot be charged to the Councils General Fund. Similarly some items can be charged to the General Fund but are excluded from the Income and Expenditure Account, capital expenditure can be charged to the General Fund but the Income and Expenditure Account excludes all capital expenditure. The statement shows the debit or credit required to bring the surplus or deficit on the Income and Expenditure Account to the actual change in the General Fund balance.

	2008/09 £ '000's	2007/08 £ '000's
AMOUNTS TO BE EXCLUDED		
Reversal of General Fund Depreciation	(1,566)	(1,343)
Excess of depreciation charged to Housing Revenue Account services over the MRA element of Housing Subsidy	(4,728)	(3,879)
Impairment of Fixed Assets	(31,081)	-
Impairment of Investments	(711)	-
Net gain/(loss) on disposal of fixed assets	301	9
Revenue expenditure funded from Capital under statute	(1,230)	(740)
Grants released	171	119
Net charges made for retirement benefits in accordance with FRS17	(4,792)	(3,708)
	<u>(43,636)</u>	<u>(9,542)</u>
AMOUNTS TO BE INCLUDED		
Employers contributions payable to the pension fund	3,627	3,577
Less Capital direction received	<u>(972)</u>	<u>(999)</u>
	2,655	2,578
Leaseholder Contributions	131	-
Capital expenditure charged to Revenue	1,471	2,628
Transfer from usable capital receipts equal to the amount payable into the Housing Receipts Pool	<u>(728)</u>	<u>(2,588)</u>
	3,529	2,618
TRANSFERS		
Transfers of surplus/(deficit) for the year on Housing Revenue Account	(120)	569
Transfer from Housing repairs reserve	327	460
Transfer to/(from) other reserves	(469)	(307)
	<u>(262)</u>	<u>722</u>
	<u>(40,369)</u>	<u>(6,202)</u>

This page is intentionally left blank

NOTES TO THE CORE FINANCIAL STATEMENTS

These represent unapplied capital resources other than those generated internally, such as section 106 sums received.

26. CAPITAL CONTRIBUTIONS DEFERRED

	31 March	
	2009 £000	2008 £000
Balance as at 1 April	4,000	3,686
Grants Receivable	457	433
Written off to Service Accounts	(171)	(119)
Balance as at 31 March	4,286	4,000

The balance on this account represents the value of capital grants and contributions that have been applied to finance the acquisition or enhancement of fixed assets. The balance is released to revenue over the life of the asset taking into account depreciation.

27. REVALUATION RESERVE

The Revaluation Reserve replaced the Fixed Asset Restatement Account (FARA) on 1 April 2007. The credit balance that existed on the FARA, was transferred on 31 March 2007 to the newly formed Capital Adjustment Account. The Revaluation Reserve therefore started with a zero opening balance on 1 April 2007. The movement on the Reserve during 2008/09 shows revaluation gains that occurred on 1 April 2008, the reserve has to show only the net value of asset revaluations, therefore an entry between this account and the Capital Adjustment Account needs to be made for the difference between depreciation charged on the revalued assets and that charge which would have applied if the revaluation had not taken place. A further entry has been made to reflect the impairment of Fixed Assets due to the fall in market values generally. When the Assets are impaired the first entry is to reduce the element of the Reserve relating to the asset being impaired. Therefore the balance relates entirely to assets whose value at 31 March 2009 is still higher than when the Reserve was created.

The movements on the Revaluation Reserve in this year are shown below:

	31 March	
	2009 £000	2008 £000
Balance as at 1 April	49,742	-
Revaluations during the year (see also note 14)	52,585	53,034
Restatement	(1)	-
Difference between historic cost and current value depreciation on disposals	(286)	(2,623)
Difference between historic cost and current value depreciation	(1,422)	(669)
Revaluation adjustment	657	-
Impairment of Fixed Assets	(97,873)	-
Balance as at 31 March	3,402	49,742

NOTES TO THE CORE FINANCIAL STATEMENTS

28. CAPITAL ADJUSTMENT ACCOUNT

The Capital Financing Account became the Capital Adjustment Account on 31 March 2007. The credit balance on the Fixed Asset Restatement Account (FARA) was transferred here on closure and the account name was amended at that point in time. The Account also contains the amounts that are required by statute to be set aside from capital receipts for the repayment of external loans and the amount of capital expenditure financed from revenue and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to the revenue accounts to repay the principal element of external loans (though the council currently has no loans).

The movements on the Capital Adjustment Account are shown below:

	31 March	
	2009	2008
	£000	£000
Balance as at 1 April	631,319	643,144
Minimum Revenue Provision Adjustment:		
Capital Contributions Deferred	171	119
Restatement	(1,927)	(4,853)
Depreciation	(10,912)	(9,825)
Disposal of Fixed Assets	(373)	(6,851)
Revaluation Adjustment	(657)	-
Revenue Expenditure Funded from Capital Under Statute	(1,966)	(1,250)
Capital Financing		
Capital Receipts Applied	2,785	4,064
Revenue Contributions Applied	1,471	2,628
Major Repairs Reserve Applied	4,989	2,968
Difference between historic cost and current value depreciation	1,422	669
Other	771	506
Impairment of Fixed Assets	(31,081)	-
Balance as at 31 March	596,012	631,319

29. CAPITAL RECEIPTS RESERVE

	31 March	
	2009	2008
	£000	£000
Balance as at 1 April	26,823	26,425
Usable Capital Receipts arising in year	1,009	9,550
Usable Capital Receipts applied in year	(2,785)	(4,064)
Transfer to Pension Deficit Reserve	-	(2,500)
Capital Receipts Pooled	(728)	(2,588)
Balance as at 31 March	24,319	26,823

These are capital receipts that have not yet been used to finance expenditure or repay debt.

NOTES TO THE CORE FINANCIAL STATEMENTS

39. MOVEMENT ON RESERVES

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory purposes.

	Balance 1 April 2008 £000	Net Movement in Year £000	Balance 31 March 2009 £000	Purpose of Reserve	Further Details of Movements
Revaluation Reserve	49,742	(46,340)	3,402	Store of gains on revaluation of fixed assets after 31 March 2007	Note 27 page 25
Capital Adjustment Account	631,319	(35,307)	596,012	Store of Capital resources set aside to meet past expenditure and Fixed Asset revaluations prior to 31 March 2007	Note 28 page 26
Major Repairs Reserve	7,290	(371)	6,919	Resources available to meet future running costs for council houses.	HRA Statements Note 9 page 46
Usable Capital Receipts	26,823	(2,504)	24,319	Proceeds of fixed asset sales available to meet future capital investment.	Note 29 page 26
General Fund	7,462	727	8,189	Resources available to meet future running costs for non-housing services.	Statement of Movement on General Fund Balance
Collection Fund	36	(60)	(24)	The net surplus/(deficit) retained from Council Tax receipts.	The Collection Fund Statement
Pensions Reserve	(43,416)	1,869	(41,547)	Balancing account to allow inclusion of Pensions Liability in Balance Sheet.	Note 37 page 29
Housing Revenue Account	6,201	(120)	6,081	Resources available to meet future running costs for council houses.	Statement of movement on Housing Revenue Account Balance
Deferred Credits	1,601	(343)	1,258	Capital resources that should be received in subsequent periods.	Note 32 page 27
Other Reserves	10,310	(1,019)	9,291	Additional reserves allocated for specific purposes.	Note 30 page 27
Financial Instruments Adjustment Account	-	(711)	(711)	Records the fair value of the deferred impairment on Financial Assets	Note 33 page 28
Total	697,368	(83,468)	613,189		

This page is intentionally left blank

NOTES TO THE CORE FINANCIAL STATEMENTS

The credit risk in relation to counterparty investments is relatively small as the likelihood of default is also small.

Liquidity Risk

The Council intends to remain debt-free for the foreseeable future. However, if the need arises, the Council has access to the money markets for short-term debt to cover revenue expenditure, and to the PWLB for longer term borrowing. The Council's short and medium term cash flow forecasting procedures are aimed at ensuring that sufficient funds mature at the right time to cover expenditure.

Refinancing and Maturity Risk

The Council maintains a significant investment portfolio. Whilst the cash flow procedures cover the short and medium term cash needs, the risk in the longer term relates to the danger of having to replace a maturing long term investment at disadvantageous rates. The prudential indicator limiting the amount of funds placed in investments for terms exceeding one year is the key factor limiting this risk.

All trade creditors and debtors are due to be settled within one year. The long-term debtors comprise amounts owed by central Government, transferred debt owed by two local authorities and payments due under Council mortgages. These are considered to be low-risk payments, as central Government and local authorities are traditionally accorded low risk of default on payments, while the mortgages are secured by first charges on the proceeds of the sale of the property concerned.

Market Risk

Interest Rate Risk - The Council is exposed to interest rate movements on its investments, and has a number of strategies for managing interest rate risk. The annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. As part of this strategy, the Council sets the prudential indicators which provides maximum and minimum limits for fixed and variable interest rate exposure.

Price risk - The Council does not invest in equity holdings or in financial instruments whose capital value is subject to market fluctuations. It therefore has no exposure to losses arising through price variations.

Foreign exchange risk - The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

This page is intentionally left blank

THE HOUSING REVENUE INCOME & EXPENDITURE ACCOUNT

	Note	2008/09 £000	2007/08 £000
INCOME			
Dwelling Rents (Gross)	3	24,473	23,396
Non Dwelling Rents		2,485	2,494
Charges for Services and Facilities		1,692	1,726
Leaseholder Contributions		131	-
TOTAL INCOME		28,781	27,616
EXPENDITURE			
Repairs and maintenance	4	5,643	5,239
Supervision and Management		6,801	6,280
Rents, Rates, Taxes and Insurance		462	343
Housing Revenue Account Subsidy Payable	5	10,917	8,842
Revenue Expenditure funded from Capital under Statute	11	131	2
Depreciation	2/9/10	9,313	8,453
Impairment of Fixed Assets	1	27,827	-
Debt Management		48	53
Provision for Bad / Doubtful Debts		54	82
Non distributed costs		8	274
TOTAL EXPENDITURE		61,204	29,568
NET COST OF SERVICES INCLUDED IN THE WHOLE AUTHORITY INCOME & EXPENDITURE ACCOUNT		32,423	1,952
HRA services share of Corporate & Democratic Core		575	569
HRA share of other services		27	23
NET COST OF HRA SERVICES		33,025	2,544
HRA SHARE OF THE INCOME AND EXPENDITURE INCLUDED IN THE WHOLE AUTHORITY INCOME AND EXPENDITURE ACCOUNT		33,025	2,544
Gain on HRA Fixed Assets		(301)	(9)
Interest and Investment Income		(2,083)	(2,165)
Pensions Interest/Return on Assets		723	187
DEFICIT FOR YEAR		31,364	557

STATEMENT OF MOVEMENT ON HOUSING REVENUE ACCOUNT BALANCE

The Housing Revenue Income and Expenditure Account shows the Councils' actual financial performance for the year in managing its housing stock, measured in terms of the resources consumed and generated over the last twelve months. However the authority is required to account for its total Housing Revenue Account (HRA) spend on a different basis, the main differences being:

- Capital investment is accounted for as it is financed, rather than when the fixed assets are consumed.
- The payment of a share of housing capital receipts to the Government is treated as a loss in the Income and Expenditure Account, but is met from the usable capital receipts balance rather than from council tax.
- Retirement benefits are charged as amounts become payable to pension funds and pensioners rather than as future benefits earned.

The Housing Revenue Account Balance compares the Councils' spending against the Income that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for the future.

This reconciliation statement summarises the differences between the outturn in the Housing Revenue Income and Expenditure Account and the Housing Revenue Account balance.

	Note	2008/09 £'000s	2007/08 £'000s
INCREASE/DECREASE IN THE HOUSING REVENUE ACCOUNT BALANCE			
Deficit for the year on the Housing Revenue Account Income and Expenditure Account		31,364	557
Net additional amount required by statute to be debited or (credited) to the Housing Revenue Account balance for the year	12	(31,244)	(1,126)
(Increase) or decrease in the Housing Revenue Account balance		120	(569)
Housing Revenue Account surplus brought forward		(6,201)	(5,632)
Housing Revenue Account surplus carried forward		(6,081)	(6,201)

NOTES TO THE HOUSING REVENUE INCOME AND EXPENDITURE ACCOUNT

1. HOUSING REVENUE ACCOUNT ASSET VALUATION

The valuation of the Council's housing stock and other Housing Revenue Account assets is as follows:

	OPERATIONAL ASSETS						NON- OPERATIONAL ASSETS	Total £000
	Land £000	Dwellings £000	Garages £000	Equipment £000	Vehicles £000	Other £000	Investments £000	
Gross Book Value								
31 March 2008	176,005	445,166	6,579	9,937	352	1,090	16,543	655,672
Reclassified	-	-	-	-	-	-	-	-
Restated	(590)	(49,170)	(1,857)	-	-	-	-	(51,617)
Revalued	14,317	36,148	811	-	-	-	-	51,276
1 April 2008	189,732	432,144	5,533	9,937	352	1,090	16,543	655,331
Revalued in year	-	-	-	-	-	-	-	-
Additions	-	4,952	13	1,423	49	156	7	6,600
Disposals	(194)	(453)	-	-	-	-	-	(647)
Impairment	(38,142)	(90,932)	(2,331)	-	-	-	(953)	(132,358)
Reclassified in year	-	-	-	-	-	-	-	-
Gross Book Value								
31 March 2009	151,396	345,711	3,215	11,360	401	1,246	15,597	528,926
Depreciation								
1 April 2008	-	(47,866)	(1,822)	(1,351)	(192)	(40)	-	(51,271)
Accumulated								
Depreciation written off	-	47,866	1,822	-	-	-	-	49,688
Reclassified	-	-	-	-	-	-	-	-
Depreciation in Year	-	(8,356)	(369)	(564)	(33)	(24)	-	(9,346)
Depreciation on Assets Sold	-	9	-	-	-	-	-	9
Depreciation on Impairment	-	8,347	369	-	-	-	-	8,716
Depreciation								
31 March 2009	-	-	-	(1,915)	(225)	(64)	-	(2,204)
Net Book Value								
31 March 2009	151,396	345,711	3,215	9,445	176	1,182	15,597	526,722
Net Book Value 31 March 2008	176,005	493,031	8,401	11,288	544	16,543	1,130	706,942

The dwelling valuation shown in the balance sheet represents the value of the housing stock to the Council in its existing use as social housing occupied on the basis of secured tenancies. The corresponding value of those dwellings if sold on the open market without tenants, i.e. vacant possession, is £1,052,725,000. The difference between the two values represents the economic cost of providing council housing at less than open market rents.

The impairment cost of £123,642,000 represents the total loss of value in the Council's housing assets due to a fall in market values. A revised valuation was carried out at the end of March by the District Valuer. The impairment cost charged to the Housing Revenue Account (£27,827,000) represents the difference between the total impairment cost and the Housing Revenue Account element of the balance on the Councils Revaluation Reserve (£95,815,000).

This page is intentionally left blank

NOTES TO THE HOUSING REVENUE INCOME AND EXPENDITURE ACCOUNT

12. NOTE OF RECONCILING ITEMS FOR THE STATEMENT OF MOVEMENT ON HRA BALANCE

	2008/09 £ '000's		2007/08 £ '000's
AMOUNTS TO BE EXCLUDED			
Transfer from Major Repairs Reserve and other depreciation reversals and impairments	(32,555)		(3,879)
Revenue expenditure funded from Capital under statute	(131)		(2)
Gain/(loss) on disposal of HRA fixed assets	301		9
Transfer from Reserves	(96)		(6)
Transfer to General Fund	0		0
Grants released	15		15
Transfer to Housing Repairs Fund	327		460
HRA share of contributions to/ (from) pensions reserve	(1,536)		(1,174)
	<u>(33,675)</u>		<u>(4,577)</u>
AMOUNTS TO BE INCLUDED			
Leaseholder Contributions	131		0
Employers contributions payable to the pension fund	1,158		1,142
Less Capital direction received	<u>(310)</u>		<u>(319)</u>
	848		823
Capital expenditure funded by the HRA	<u>1,452</u>		<u>2,628</u>
	<u>2,431</u>		<u>3,451</u>
	<u>(31,244)</u>		<u>(1,126)</u>

This page is intentionally left blank

THE COLLECTION FUND

INCOME AND EXPENDITURE ACCOUNT FOR 2008/09

INCOME	Note	2008/09 £000	2007/08 £000
Council Tax	1	77,492	74,095
Non Domestic Rates	2	29,440	27,232
TOTAL INCOME		106,932	101,327
EXPENDITURE			
Precepts and Demands:			
Essex County Council		56,535	53,961
Essex Police		6,602	6,259
Essex Fire Authority		3,364	3,222
Epping Forest District Council		10,555	10,285
Distribution of Estimated Collection Fund Surplus/(Deficit).			
	3		
Essex County Council		(63)	(72)
Essex Police		(10)	(6)
Essex Fire Authority		(2)	(7)
Epping Forest District Council		48	1
Non Domestic Rate			
Payment to National Pool		29,270	27,061
Cost of Collection Allowance		170	171
Provision for Non Payment of Council Tax		231	101
Council Tax Write Offs		292	366
TOTAL EXPENDITURE		106,992	101,342
DEFICIT / (SURPLUS) FOR YEAR		60	15
BALANCE BROUGHT FORWARD		(36)	(51)
Deficit / (Surplus) for Year		60	15
BALANCE CARRIED FORWARD		24	(36)

This page is intentionally left blank