

EPPING FOREST DISTRICT COUNCIL COUNCIL MINUTES

Committee: Council **Date:** 21 February 2006

Place: Civic Offices, Epping **Time:** 7.30 - 9.45 pm

Members Present: Councillors B Sandler (Chairman), Mrs A Haigh (Vice-Chairman), K Angold-Stephens, S Barnes, D Bateman, Mrs M Boatman, Mrs D Borton, Mrs P Brooks, R Chidley, M Cohen, M Colling, Mrs D Collins, Mrs J Davis, J Demetriou, R D'Souza, T Farr, Mrs R Gadsby, P Gode, R Goold, A Green, Mrs A Grigg, R Haines, Mrs H Harding, J Hart, M Heavens, D Jacobs, D Kelly, J Knapman, Mrs J Lea, A Lee, J Markham, L Martin, Mrs M McEwen, P McMillan, S Metcalfe, R Morgan, Mrs S Perry, Mrs C Pond, Mrs P Richardson, T Richardson, Mrs P K Rush, Mrs M Sartin, B Scrutton, Mrs P Smith, D Stallan, Ms S Stavrou, G Stollar, C Whitbread, Mrs J H Whitehouse, J M Whitehouse, M Woollard and K Wright

Apologies: Councillors K Faulkner, R Glozier, F Maclaine, S Murray and D Spinks

Officers Present: J Scott (Joint Chief Executive), P Haywood (Joint Chief Executive), I Willett (Head of Research and Democratic Services), J Preston (Head of Planning and Economic Development), R Palmer (Head of Finance), G Lunnun (Democratic Services Manager) and T Carne (Public Relations and Marketing Officer)

70. MINUTES

RESOLVED:

That the minutes of the Council meeting held on 13 December 2005 be taken as read and signed by the Chairman as a correct record.

71. DECLARATIONS OF INTEREST

(a) Pursuant to the Council's Code of Member Conduct, Councillors Mrs D Collins, Mrs A Haigh, R Morgan, D Stallan and Ms S-A Stavrou declared personal interests in agenda item 13(a) (Election of Verderers of Epping Forest – 2006) by virtue of being acquainted to one of the candidates seeking re-election. They declared that their interests were not prejudicial and that they would remain in the meeting for the duration of the consideration of the item and voting thereon.

(b) Pursuant to the Council's Code of Member Conduct, Councillor D Stallan declared a personal interest in agenda item 5(a) (Report of the Cabinet – Supplementary Estimates – 2005/06) (Recommendation 2). He declared that his interest was not prejudicial and that he would remain in the meeting for the duration of the consideration of the item and voting thereon.

72. ANNOUNCEMENTS

(1) Chairman's Announcements

(a) Celebration of Faith Service – 5 February 2006

The Chairman thanked members and officers for the support given to the Celebration of Faith Service held at Theydon Bois Village Hall. He said that he considered the event to have been a great success and he had received many letters of thanks from persons who had attended.

(b) Chairman's Quiz Night – 24 February 2006

The Chairman thanked members and officers for supporting his quiz night which had been sold out.

(c) Charity Walk – 2 April 2006

Members noted that the Chairman's Charity Walk would begin at the Lambourne End Centre, Manor Road, Lambourne End at 11 am and would follow a circular route of approximately 4 miles. He expressed the hope that he would be joined by many members and officers and requested that they returned the forms which had been sent to them.

(d) Flowers

The Chairman announced that the flowers from tonight's meeting would be sent to St Clare Hospice, Hastingwood.

(2) Member Computer Training – Award of Certificates

The Chairman handed certificates to those members who had completed recent IT training.

73. PUBLIC QUESTIONS

(a) Street Cleansing – Epping

By Councillor B Rolfe, Epping Town Mayor to Councillor D Jacobs, Portfolio Holder for Environmental Protection

"As a member of Epping Town Council and the current Town Mayor, I have received a number of complaints about the decline in local street cleaning throughout the town. Would the Portfolio Holder for Environmental Protection comment whether this has anything to do with the recent problems concerning the Council's waste contractors delivering their collection services."

Response by Councillor D Jacobs, Portfolio Holder for Environmental Protection

"It is the case that operational difficulties with the Council's waste collection service may sometimes impact upon street cleansing. However, Epping High Street has a dedicated street cleansing resource consisting of two crews, one with a cleansing barrow and the other with a motorised sweeper who are present throughout most of the day. This should result in the main High Street areas being cleansed to a reasonable standard. Councillor Rolfe in his question refers to street cleansing "throughout the town" and it would be helpful if he could provide officers with precise details of the locations so that they can investigate his concerns in detail".

74. REPORTS OF THE CABINET**(a) Supplementary Estimates 2005-06**

(Mover: Councillor J Knapman – Portfolio Holder for Finance and Performance Management)

The Portfolio Holder for Finance and Performance Management presented a report regarding requests for DDF and CSB supplementary estimates.

Report as first moved **ADOPTED**

RESOLVED:

(1) That a DDF supplementary estimate of £9,000 be approved for 2005/06 in order to offset the loss of income and meet the costs associated with providing free car parking spaces at the Quaker Lane car park in Waltham Abbey;

(2) That a DDF supplementary estimate of £110,000 be approved for 2005/06 to enable a one-off payment to be made to the Council's waste management contractor, South Herts Waste Management, relating to end of lease vehicle costs and monthly payments for the contractor in relation to the collection of garden waste; and

(3) That a CSB supplementary estimate of £8,000 be approved for 2005/06 to enable graffiti removal services to be undertaken during the remainder of the municipal year.

(b) Local Area Agreement for Essex

(Mover: Councillor J Knapman – Portfolio Holder for Finance and Performance Management)

The Portfolio Holder for Finance and Performance Management presented a report regarding the Local Area Agreement for Essex which was a contract between local and central government intended to secure improvement across a number of areas for a three year period. The Portfolio Holder reported that since the matter had been considered by the Cabinet a "near final" draft of the Agreement had been released which differed from the one considered by the Cabinet. As a result of the Government's recently launched "Respect Agenda" one of the priorities in the Local Area Agreement had been changed to two priorities. The revised draft had also introduced the possibility of achieving stretch performance and reward grant by incorporating the Local Authority Local Public Service Agreement but no real detail had been given. In view of these changes the Portfolio Holder sought leave of the Council to amend the recommendations of the Cabinet.

Members noted that in relation to the financial implications, the Council would be identifying aligned funds which would mean the sums would contribute towards the priorities but would continue to be managed by the Council.

Report as amended by the Portfolio Holder **ADOPTED**

RESOLVED:

That the Council supports the principles of the Local Area Agreement in general, recognising that all of the targets could see benefits for the population of the Epping Forest District and, in particular, agrees to target its activities on the following priorities and notes the suggested addition of priority 8:

Priority 3 – ensure development is designed to promote healthier living in the built environment (both targets);

(8)(new) – keep vulnerable children and young people safe; these reflect the Council's housing duties and participation in the Crime and Disorder Reduction Partnership (three targets, one of which carries reward grant);

Priority 10 (amended) – reduce crime, the harm caused by illegal drugs and reassure the public, reducing the fear of crime (four targets, one of which carries reward grants);

Priority 11 (amended) – build respect in communities and reduce anti-social behaviour (one target); and

Priority 12 (renumbered) – actively manage our environment (three targets all of which carry a reward grant).

(c) Council Budgets and Council Tax Declaration 2006/07**(Mover: Councillor J Knapman, Finance and Performance Management Portfolio Holder)**

The Portfolio Holder submitted a report on the budgets and Council Tax declaration for 2006/07 and drew attention to two tabled schedules, an amended Annex 3 (revenue expenditure, income and financing) and Annex 7 (analysis of major precepting authorities and a summary of Council Tax rates including all precepts). He apologised for the tabled schedules but pointed that the final grant figures from central government had shown a difference of £630 between the previously rounded-up figures and the actual figures and this had necessitated fresh calculations. Also, the Cabinet at its meeting on 6 February 2006 had considered several further bids for growth in 2006/07 which had to be taken into account. The Portfolio Holder sought leave of the Council to change the figures in recommendations 7(b), (c) and (d) of the report as follows in order to reflect the final grant figure:

(b) £60,149,495;

(c) £18,374,224; and

(d) £8,632,408

The Portfolio Holder reported on the process for preparing the budget which had involved all members through Overview and Scrutiny, the Finance and Performance Management Cabinet Committee and the Cabinet. The Council was informed that the proposed increase of 2.46% in the District Council Tax was the lowest in Essex and as a result, the District Council Tax would be the third lowest in the County. If the Council's guideline to link Council Tax increases to the retail price index only in the following three years was achieved and the two authorities at present setting a lower Council Tax continued with their current trends, this Council would be setting

the lowest District Council Tax in the county in two years time. He said that some members had questioned why the District Council Tax had to be raised at all in view of the Council's favourable financial position. In response he had pointed out that such an approach would result in the Council's longer term guidelines regarding balances being breached in the fourth year of the four year forecast.

The Portfolio Holder drew attention to the main items in the CSB growth/savings schedule. He advised that there would be a net increase in growth of £773,000 which included a sum of £582,000 in respect of changes to the concessionary fares scheme. A net amount of £996,000 was proposed for DDF (one-off expenditure).

The Council noted the four-year forecast for 2006/07-2009/10 including the proposed use of balances over those years.

The Portfolio Holder thanked the members and officers for the work they had undertaken in relation to the budget.

The Head of Finance drew attention to the Annexes regarding the Council's prudential indicators and treasury management strategy and his report as Chief Financial Officer on the robustness of the estimates for the purpose of the Council's 2006/07 budgets and the adequacy of the reserves.

The Portfolio Holder answered questions from members on the proposals. Members thanked the Portfolio Holder and the officers for achieving a prudent budget.

Report as amended by the Portfolio Holder **ADOPTED**

RESOLVED:

Budget

- (1) That the list of CSB growth for the 2006/07 budget (set out in Annex 1) be approved;
- (2) That the list of District Development Fund items for the 2006/07 budget (set out in Annex 2) be approved;
- (3) That the revenue estimates for 2006/07 and the draft Capital Programme for 2006/07 be approved as set out in Annexes 3, 4(a)-(k) and 5 including all contributions to and from reserves as set out in the attached Annexes;
- (4) That the four-year financial forecast be approved as set out in Annexes 8A and 8B;
- (5) That the 2006/07 HRA budget be approved and that the application of rent increases and decreases in accordance with the Government's rent reforms and the Council's approved rent strategy, resulting in an average increase of 5% from £61.10 to £64.15, be approved;

Declaration of Council Tax

- (6) That it be noted that on 2 December 2005, the Finance and Performance Management Portfolio Holder in consultation with the Chairman of the Overview and Scrutiny Committee calculated the following amounts for

the year 2006/07 in accordance with regulations made under Section 33(5) and 34(4) of the Local Government Finance Act 1992:

(a) 53,140.9 being the amount calculated by the Council in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 as the Council Tax Base for the year;

(b) Part of the Council's Area	Band D Equivalents
Essex County Council (General Expenses)	53,140.9
Essex Police Authority	53,140.9
Essex Fire Authority	53,140.9
Epping Forest District Council (General Expenses)	53,140.9
Abbess, Beauchamp & Berners Roding	198.4
Buckhurst Hill	5,116.3
Chigwell	5,906.5
Epping Town	4,942.0
Epping Upland	406.6
Fyfield	413.9
High Ongar	555.0
Lambourne	923.1
Loughton Town	12,701.4
Matching	305.5
Moreton, Bobbingworth and The Lavers	649.0
Nazeing	2,067.1
North Weald Bassett	2,514.2
Ongar	2,571.3
Roydon	1,306.8
Sheering	1,315.7
Stanford Rivers	352.2
Stapleford Abbots	492.1
Stapleford Tawney	56.1
Theydon Bois	1,942.5
Theydon Garnon	59.9
Theydon Mount	103.4
Waltham Abbey Town	8,002.9
Willingale	239.0

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

(7) That the following amounts be now calculated for the year 2006/07 in accordance with sections 32 to 36 of the Local Government Finance Act 1992:

(a) £78,523,719 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) - (e) of the Act;

(b) £60,149,495 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) - (c) of the Act;

(c) £18,374,224 being the amount by which the aggregate at (a) above exceeds the aggregate at (b) calculated by the Council in accordance with Section 32(4) of the Act as its budget requirement for the year;

- (d) £8,632,408 being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed Non Domestic Rates and Revenue Support Grant and increased by the amount the Council estimates will be transferred in the year from its Collection Fund to the General Fund in accordance with Section 97(3) of the Local Government Finance Act 1988 and the amount which the Council estimates will be transferred from the Collection Fund to the General Fund pursuant to the Collection Fund (Community Charges) (England) Directions 1994 made under Section 98(4) of the Local Government Finance Act 1988;
- (e) £183.32 being the amount at (c) above, less the amount at (d) above, all divided by the amount at (6)(a) above, calculated by the Council in accordance with Section 33(1) of the Act as the basic amount of its Council Tax for the year;
- (f) £2,582,129 being the aggregate amount of all special items referred to in Section 34(1) of the Act;
- (g) £134.73 being the amount at (e) above, less the result given by dividing the amount at (f) above by the amount of (6)(a) above, calculated by the Council in accordance with Section 34(2) of the Act as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates;

(h) Part of the Council's Area	Amount £
Abbess, Beauchamp & Berners Roding	152.37
Buckhurst Hill	203.73
Chigwell	164.61
Epping Town	200.49
Epping Upland	160.55
Fyfield	150.68
High Ongar	150.62
Lambourne	161.81
Loughton Town	179.66
Matching	156.01
Moreton, Bobbingworth and The Lavers	150.91
Nazeing	160.92
North Weald Bassett	174.14
Ongar	181.85
Roydon	154.82
Sheering	151.83
Stanford Rivers	163.69
Stapleford Abbots	144.10
Stapleford Tawney	156.12
Theydon Bois	165.65
Theydon Garnon	150.09
Theydon Mount	146.12
Waltham Abbey Town	219.77
Willingale	149.79

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

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

(8) That it be noted that for the year 2006/07 the major precepting authorities have stated that the amounts shown in Annex 7 Part A are the precepts issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown;

(9) That, having calculated the aggregate in each case of the amounts at (7)(i) and (8) above, the Council in accordance with Section 30(2) of the Local Government Finance Act 1992 hereby sets the amounts in Annex 7 Part B as the amounts of Council Tax for the year 2006/07 for each of the categories of dwellings shown;

(10) That the Council's policy of retaining revenue balances at no lower than £3.7M or 25% of the net budget requirement whichever is the higher for the four year period to 2008/09 be amended to no lower than £3.7M or 25% of the net budget requirement whichever is the higher during the four year period up to and including 2009/10;

(11) That the recommendations included in the report on the Prudential Indicators and the Treasury Management Strategy for 2006/07 (set out in Annex 9) be approved; and

(12) That the report of the Chief Financial Officer on the robustness of the estimates for the purposes of the Council's 2006/07 budgets and the adequacy of the reserves be noted.

75. REPORT OF THE DISTRICT DEVELOPMENT CONTROL COMMITTEE - TREE PRESERVATION ORDERS PROCEDURAL CHANGES AND DELEGATED AUTHORITIES

(Mover: Councillor Mrs A Grigg – Chairman of the Committee)

The Chairman of the District Development Control Committee presented a report recommending changes in the way that Tree Preservation Orders were dealt with by the Council which required amendment of the Constitution.

Report as first moved **ADOPTED**

RESOLVED:

(1) That Item (8) (page C12 of the Constitution) of the Terms of Reference of the four Area Plans Sub-Committees be amended to read as follows:

“To determine the confirmation of those Tree Preservation Orders which are opposed”; and

(2) That Item (2) of the Terms of the Reference of the District Development Control Committee be amended to read as follows:

“To determine any recommendation of an Area Plans Sub-Committee which relates to potential decisions liable to give rise to claims for costs or compensation including development control matters and enforcement and planning requirements (including recommendations of no action) but excluding works in relation to Tree Preservation Orders”.

76. DISTRICT COUNCIL ELECTIONS (MAY 2006) - ELECTORAL PILOT

The Returning Officer presented a report on proposals for conducting an electronic electoral pilot in May 2006. Members noted that since the report had been prepared, he had received confirmation from the Department for Constitutional Affairs that the Council's application had been agreed.

The Returning Officer advised that the pilot involved an electronic check of postal votes signatures, provision for electors to track postal votes, e-counting of all ballots, amendment of the ballot paper to change the security mark, removal of the need for a witness signature on the postal vote statement and utilisation of an A4 size ballot paper, conduct of voter engagement with pre-poll information to households and allowing children into polling stations, allowing voters to register after the election is called.

The Returning Officer advised that members would be kept informed about progress with the pilot through the weekly Members' Bulletin and reports to the Constitutional Affairs Standing Scrutiny Panel.

Report as amended by the Returning Officer **ADOPTED**

RESOLVED:

(1) That, in accordance with the requirements of the Department for Constitutional Affairs, the Returning Officer be authorised on behalf of the Council:

(a) to sign a contract with Demsoft (the Government's approved contractor) for the delivery of all elements of the pilot including technical development and support, equipment and systems development;

(b) to agree staged payments to Demsoft as set out in the contract to meet the Company's costs of the pilot, namely £92,700;

(c) to advise Demsoft and the Department for Constitutional Affairs that the actions under (a) and (b) above are subject to written agreement by the Department for Constitutional Affairs to reimburse the total cost of the pilot to

this Council, less the Council's standard election costs, including all payments to Demsoft;

(2) That the Council notes that if any of the conditions set out in (1)(c) above are not met, the Council will be unable to proceed with the pilot; and

(3) That the Council notes that as Demsoft is the Government's approved contractor, there has been no competitive tendering exercise in respect of this contract and, with that in mind, the Council's own Contract Standing Orders have been deemed to be waived.

77. MOTIONS

(a) Pay and Display Car Parks

The Council considered the following motion moved by Councillor M Colling and seconded by Councillor P McMillan:

"This Council calls upon the Portfolio Holder for Civil Engineering and Maintenance to review the current off-street parking arrangements with a view to introducing free parking in all the Council's pay and display car parks on Saturdays".

Amendment moved by Councillor J M Whitehouse and seconded by Councillor M Woollard:

"That the following words be added to the end of the motion:

; and taking into account the following issues:

- (i) the viability of local town centres and particularly retail businesses;
- (ii) the effect on the Continuing Services Budget;
- (iii) any implications for the maintenance of car parks and the Council's aim of providing safer and more secure car parks by upgrading a car park each year; and
- (iv) implications for the parking control contract".

Carried

Motion as amended **ADOPTED**

RESOLVED:

That the following motion stand referred to the Cabinet as an executive matter:

"This Council calls upon the Portfolio Holder for Civil Engineering and Maintenance to review the current off-street parking arrangements with a view to introducing free parking in all the Council's pay and display car parks on Saturdays; and taking into account the following issues:

- (i) the viability of local town centres and particularly retail businesses;
- (ii) the effect on the Continuing Services Budget;

(iii) any implications for the maintenance of car parks and the Council's aim of providing safer and more secure car parks by upgrading a car park each year; and

(iv) implications for the parking control contract".

78. QUESTIONS BY MEMBERS

(a) Handypersons' Scheme

By Councillor Mrs J H Whitehouse to Councillor M Heavens, Portfolio Holder for Housing

"As the funding for the Handypersons' Scheme, which assists older people with minor repairs and falls prevention works, has not been increased since it was started in 1999, would the Portfolio Holder agree to review the funding of this scheme with a view to increasing the money available for the project and for staffing?"

Response by Councillor M Heavens, Portfolio Holder for Housing

"The Handypersons' Scheme is a very successful and important component of the Council's "Care and Repair" service. As the question states it provides a very necessary service to the vulnerable elderly in the District.

In general terms the demand for the service outstrips the resources available and this is managed by restricting individual requests for assistance and the level of financial support. This is therefore an appropriate time to review the service and its funding and I am happy to ask the Chairman of the Overview and Scrutiny Committee to consider placing this matter on the work programme for the Standing Scrutiny Panel on Housing".

By leave of the Council, the Portfolio Holder for Housing added the following supplement to his answer:

"Although the budget for 2006/07 includes a DDF (one-off) increase of £3,000, I am of the view that more funds are needed".

(b) Waste Management Literature

By Councillor Mrs J H Whitehouse to Councillor D Jacobs, Portfolio Holder for Environmental Protection

"Are you aware of the literature which is being delivered in many parts of the District which says that you, as the Portfolio Holder, have "forced through proposals to impose £1,000 fines on householders who persistently leave additional black sacks as well as full wheelie bins" and will you clarify the situation as it seems that your report to Cabinet on 14 November 2005 has been misrepresented?"

Response by Councillor D Jacobs, Portfolio Holder for Environmental Protection

"I am grateful to the Councillor for raising this matter. I think it important for all members to understand the law and how it functions in this regard.

Sections 34 and 46 of the Environmental Protection Act 1990 (EPA) empower waste collection authorities (WCA - district, borough and unitary authorities) to take action in respect of the management of waste in their areas. Section 34 deals with the "Duty of Care", which requires all those who handle waste, including domestic householders, to exercise a duty of care over what happens to it. It means for example that if a householder employs someone to remove waste on their behalf, they must satisfy themselves that the person they employ will handle that waste properly. Section 46 enables a waste collection authority to prescribe how a householder should put out their waste for collection, and this can include the type of container to be used for specific materials and where it should be placed for collection.

Whilst the Duty of Care powers are important, it is section 34 which is of greater significance, especially where a waste collection authority has invested in new systems of collection which require the separation of all recyclable materials from the waste stream. Section 34 empowers a WCA to take legal action against a householder who refuses to comply with these requirements.

Section 45 of the EPA places the Council under a general duty to collect all household waste put out for collection. Defra has issued guidance to WCAs that, provided residents have been properly informed of the requirements to separate out waste and only use the prescribed containers, WCAs do not have to collect waste put out incorrectly e.g. "side waste".

In the event that a WCA feels it necessary to take action because a householder, despite all available help, guidance and assistance being provided, refuses to comply, the EPA empowers action through the Courts or via a fixed penalty notice. The fine is set by statute, and is a maximum of £1,000 for conviction in a Magistrates' Court or £100 if the householder prefers to have the matter dealt with by a fixed penalty notice.

Cabinet were requested in November 2005 to delegate the use of these powers to a range of waste management and other officers. Cabinet agreed to do so, but also resolved that they did not wish to see these powers used until Cabinet had received a report on the first phases of the wheeled bin roll out. This report was intended to be presented to the February 2006 Cabinet but has been delayed because it was thought that Cabinet would be better served in its consideration if more time were to elapse and more wheeled bins implemented. It is therefore proposed to bring that report to Cabinet at its April meeting.

These powers exist to enable WCAs to manage waste effectively. This position has been strengthened recently with the passing into law of the Clean Neighbourhoods and Environment Act 2005, which extend the powers available to local authorities to manage the environment more effectively, through enabling the extended use of, for example, fixed penalty notices. Last week the Government published its consultation on the review of its waste management strategy. This consultation includes, controversially, references to an increased role for incineration in managing the country's waste. The people of Essex when consulted a couple of years ago made their position clear in rejecting incineration and preferring instead a high diversion high recycling strategy. The County Council's strategy, which we have endorsed and signed up to, accepts this preference and excludes incineration as a disposal route.

However, for this strategy to succeed, it is critical that local authorities and their residents recognise the demands that this places upon us to achieve the highest levels of recycling. This Council has recently recognised this position by increasing its recycling target from 36% to 40% by March 2007. As Portfolio Holder I agree wholeheartedly with that aspiration.

As the report to Cabinet in November made clear, enforcement powers are seen as a very last resort, when all other avenues have failed such as education, persuasion, the provision of a larger wheeled bin if justified and if necessary enforcement. However, it is essential that these powers are made available in order to be able to deal with those people, who I am sure will be a very small minority, who simply refuse to comply with our reasonable requests and continue to fail to recycle and continue to put out side waste for collection.

To conclude, I cannot force through anything in Cabinet, as I belong to a group which has only two out of the nine Cabinet places. It requires members of other groups to agree waste collection 'back up powers', Cabinet having agreed to delay implementation until an assessment of the new methodology in practice had been made. To give an operational example, Conservative led Braintree District Council has, for some years, operated an alternate weekly wheeled bin collection service in Witham, as part of a government funded high diversion trial. This has resulted in very high levels of recycling. During this period Braintree's officers have visited homes or sent letters to those households persisting with side waste or not recycling properly, but only six notices under section 46 have had to be served and none of these has resulted in a prosecution. Scrutiny Committee has requested that we aspire to a recycling target of 40% in the near future. I have reported in response that 46% would cover the costs of glass recycling through increased recycling credits. This level of recycling is achievable if we all work together to successfully implement the alternate weekly wheeled bin service and make the EPA 'back up powers' available for use as a last resort. To those who disagree I ask this question – what message would it send to the vast majority who are complying with the scheme and recycling as much as possible if we allowed those who persistently fail to do so to continue in that vein?"

79. LOCAL GOVERNMENT REORGANISATION

The Leader of the Council advised that David Milliband, Minister for Communities and Local Government, had announced that the Government was actively considering the case for reorganisation of the 34 "two-tier" English counties. The vision was one of self-confident councils leading and empowering their communities and working with partners to deliver high quality public services. The Minister had advised that a question to be answered was whether the best relationship was between the County and the Districts or between one or more unitary authorities and local neighbourhoods.

An Office of the Deputy Prime Minister press release had emphasised that Ministers had taken no decisions about reorganising the existing structure and were seeking views on the best arrangements for places. Council Leaders were being invited to attend one of eight regional "round table" discussions hosted by ODPM Ministers as part of a wider dialogue on the issues. It was envisaged that a White Paper would be published in Summer 2006 delivering a clear vision for the long-term future of local government including the issue of structure.

Members noted that Group Leaders had discussed this matter at their meeting on 25 January 2006 and had agreed that each group should submit the initial views of that group as a basis for a debate at this meeting.

The Council considered reports submitted by the Independent Group, the Liberal Democrats Group and the Loughton Residents Association Group.

The Leader of the Conservative Group advised that her Group were of the opinion that the formulation of views should be deferred until the White Paper had been published. She stated that the briefings being given by the Office of the Deputy Prime Minister appeared to be sending out different messages to different tiers of authority. She suggested that the aim of the Government was to introduce regional government. She advised of the need to engage local people in the debate.

The Leader of the BNP Group advised that her Group did not have a lot of confidence in the Government and that changes for changes sake needed to be resisted.

The Leader of the Labour Group advised that her Group would support the abolition of the County Council as it was considered too remote and did not provide value for money.

The Council noted that Essex County Council proposed to establish a small working party under the Leader of that Council to develop an argument to keep the three tiers of authority as currently existed whilst examining the "substantial" back office savings which could come about by amalgamating specialist back office staff so that they could serve the whole county. The Leader of the Council advised that he had been invited to join that working party and he sought the views of the Council on this invitation.

RESOLVED:

- (1) That debate on the proposed restructuring of local government be encouraged among town and parish councils in the District;
- (2) That the "Forester" be used to inform and consult residents on the issues of local government reorganisation;
- (3) That the Leader of the Council be authorised to attend meetings of the working party established by the County Council and to inform members of the outcome of these meetings via the Members' Bulletin;
- (4) That Group Leaders meetings be used for continued discussion with a view to constructing the Council's response to proposals for change; and
- (5) That the Finance and Performance Management Cabinet Committee examine the possible financial consequences for this Council of a reorganisation of local government.

80. CABINET COMMITTEE - WASTE MANAGEMENT CONTRACT

The Council noted that the Cabinet had established a new Cabinet Committee of five Cabinet members to review this contract. The Committee was required to report to the Cabinet by not later than the meeting scheduled to take place on 10 April 2006.

81. LEISURE MANAGEMENT - CONTRACT MONITORING BOARD

The Council was informed that the Cabinet had decided that there should be monthly meetings between the contractor, Sports and Leisure Management Limited (SLM) and officers to consider regular reports and any operational issues. In addition the Cabinet had established a Contract Management Board to allow councillors to meet with the senior management and directors of SLM in order to review the contract at a

more strategic level. The Cabinet had envisaged that the Board would meet three times a year.

Members noted that the Cabinet was proposing that the Board should comprise five cross-party members including the Leisure Portfolio Holder to be appointed each year at the Annual Council meeting. However, as the contract had commenced in January 2006, a meeting of the Board was required before the next Annual meeting in May 2006. The Council considered nominations of Group Leaders to attend the first meeting.

RESOLVED:

That the Council be represented at the first Contract Monitoring Board meeting due to be held in March 2006 by Councillors C Whitbread (Leisure Portfolio Holder), S Barnes, K Faulkner, J Knapman and J M Whitehouse.

82. GARDEN WASTE COLLECTION SERVICE - EMERGENCY AND URGENT FUNDING

(Mover: Councillor D Jacobs, Portfolio Holder for Environmental Protection)

The Portfolio Holder for Environmental Protection submitted a report on urgent action which had been taken in relation to the Council's waste management contract.

Report as first moved **ADOPTED**

RESOLVED:

That the following action authorised as urgent pursuant to paragraph 2.65 of Appendix B to the Council's Financial Regulations and paragraph 21 of the Council's Overview and Scrutiny Rules be noted:

approval of one-off interim funding of £20,000 to support the delivery of the waste collection service for the month of January 2006.

83. ELECTION OF VERDERERS OF EPPING FOREST - 2006

The Council noted that under the Epping Forest Acts 1878 and 1880, an election was held every seven years to appoint verderers to take seats on the Epping Forest and Open Spaces Committee of the Corporation of the City of London.

A meeting of electors for the Northern Forest parishes, including the District Council, would be held on 6 March 2006 for the purpose of nominating and seconding candidates. If a ballot was demanded this would be held on 8 March 2006.

In accordance with Section 100(4)(b) of the Local Government Act 1972, together with paragraphs 6 and 25 of the Council's Procedure Rules, the Chairman had permitted on grounds of urgency, consideration of this item in order to meet the timescale set by the Corporation of the City of London.

RESOLVED:

That the Chairman of the Council, Councillor B Sandler, be authorised to attend the meeting of electors on 6 March 2006 to make any nomination(s) on behalf of the Council and, if necessary, to vote at the poll on 8 March 2006.

CHAIRMAN

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Portfolio	Service	Annex 1						
		Original 2005/06 £000's	Revised 2005/06 £000's	Estimate 2006/07 £000's	Estimate 2007/08 £000's	Estimate 2008/09 £000's	Estimate 2009/10 £000's	
People First	Members Allowances- Spec Resp	36	36	18 *	24	24		
	Members Allowances- Basic			4 *	19			
	Members Allowances- Spec Resp Chair Scrutiny Panels	1	1		4			
	Members Superannuation Employers Costs		10	9 ***				
	Member Electronic Services (Trans from IEG)			5 ***				
	Member Electronic Services Training			2 ***				
	Car Hire/ Civic Awards		(79)					
	Top Management Structure staff savings	(85)						
	A form envelopes	2	2					
	Additional postage re canvassing	1	7	11 ***				
	Changes in arrangements			9 ***				
	Changes in arrangements	2	4					
	Operational Budget	25	11	14 *				
	Scrutiny Support Officer- new post							
	Total People First	(18)	(8)	72	47	24	0	
	Community Wellbeing	Free local travel for over 60s			582 ***			
		Transport For London Free Travel	10	55				
		Statutory County wide scheme - Bus Permits		(40)				
		Statutory County wide scheme - Postage		2				
		New Arrangements - staff costs	15	15				
New Arrangements - Additional income		(52)	(52)					
Increases to Various Grants		6	6					
Furniture Exchange Scheme		16	16					
Homestart rent				3 ***				
Transfer of Mini Buses to Donors				(7) ***				
Community Support Officers		90	70	20 *				
Crime Reduction Assistant- Permanent F/T				17 ***				
Ant Social Behaviour Co-ordinator - Permanent F/T					27			
Graffiti Removal			8	12 ***				
Additional Resources				3 ***				
Emergency Planning Officer- new post		30	22					
New Equipment			8					
EP officer Op set up costs-Airwave Licence & mtce		2	2					
EP officer Op set up costs-Running expenses		5	5					
Total Community Wellbeing		122	117	630	27			

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Portfolio	Service	Original	Revised	Estimate	Estimate	Estimate	Estimate	Annex 1	
		2005/06 £000's	2005/06 £000's	2006/07 £000's	2007/08 £000's	2008/09 £000's	2009/10 £000's		
Finance and Performance Management	Local Taxation	(3)	(10)	(50) ***					
	Local Taxation	(40)	(40)	20 ***					
	Local Taxation			(114) ***					
	Finance Miscellaneous								
	Cashiers	9	9						
	Housing Benefits	(9)							
	Housing Benefits	(5)							
	Housing Benefits	(11)							
	Housing Benefits	43		15 ***					
	Housing Benefits		22						
	Insurance Premiums		(190)						
	Investment Income		(302)	15 ***					
	Brooker Road Indust Estate		(33)	(8) ***					
	Oakwood Hill Indust Estate		(3)	(17) ***					
	Oakwood Hill Work Shop Units		7						
	Langston Road Indust Estate	(26)	(26)						
	David Lloyd Centre		7						
	Unappropriated Buildings	(16)	(16)						
	District Audit	(25)	14						
	Energy Sites	1	2						
		Total Finance and Performance Management	(385)	(556)	(139)				
	Corporate Support Services	Finance General Admin							
		Local Land Charges		100	(15) ***				
		Local Land Charges		25					
Legal Services			20						
Local Land Charges			10						
Car Leasing			(10)	(10) ***					
Office Accommodation			2	4 ***					
Office Accommodation				2 ***					
Office Accommodation				11 ***					
Legal & General Admin			(20)						
Democratic Services		1	1						
ICT				(15) ***					
IEG		170	110	60 *					
IEG		15	15	18 *					
ICT		10		10 *					
ICT				18 ***					
Energy Sites	28	34	38 *						
	Total Corporate Support Services	224	287	121					

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Portfolio	Service	Original		Revised		Estimate		Estimate		Estimate	
		2005/06 £000's	2005/06 £000's	2005/06 £000's	2006/07 £000's	2007/08 £000's	2008/09 £000's	2009/10 £000's			
Housing	Homelessness	10	10								
	Housing Strategy	5	5								
	Private Sector Housing			18	25 ***						
	Private Sector Housing	26	26	18	13 *						
	Total Housing	41	33	38							
Leisure	Leisure Management	(30)	(51)	(152) ***							
	Leisure Management	40	153								
	Leisure Services				(66) ***						
	North Weald Airfield	(13)	(39)								
	North Weald Airfield	10	10								
	Energy Sites	38	61								
	Total Leisure & Health	35	134	(218)	0	0	0	0	0	0	0
Environmental Protection	Waste Management	46	46	139 ***							
	Waste Management	8	8								
	Waste Management	19	19								
	Street Cleansing		17	3 ***							
	Pollution Control			17 **	11	7					
	Pollution Control	25	25	25 *							
		Total Environmental Protection	98	115	184	11	7	0	0	0	0
Planning & Economic Development	Tourism										
	Planning Services		20	76 ***							
	Planning Services			(18) ***							
	Development Control	(68)	(68)								
	Forward Planning		7								
	Conservation Policy	19	19								
	Total Planning & Economic Development	(49)	(22)	58	5	0	0	0	0	0	
Civil Engineering & Maintenance	Off Street Car Parking	(25)	(16)								
	Off Street Car Parking	25	25								
	Highways	(70)									
	Off Street Car Parking			20 ***							
	Energy Sites	6	9	7 ***							
	Building Services										
	Total Civil Engineering & Maintenance	(64)	18	27	0	0	0	0	0	0	
	Total CSB	4	118	773	90	31	0	0	0	0	

Key:

* Items that were originally part of the 2005/06 budget but have slipped.

** Items that were part of the 2005/06 budget cycle but related to future years.

*** New items put forward during the 2006/07 budget cycle.

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DISTRICT DEVELOPMENT FUND		Original	Revised	Estimate	Estimate	Estimate	Estimate
Portfolio	Service	2005/06 £000's	2005/06 £000's	2006/07 £000's	2007/08 £000's	2008/09 £000's	2009/10 £000's
People First	Corporate Policy Making	10	10	10	10	10	10
	Corporate Policy Making		15	30	30	30	30
	Public Relations	31	(40)	31	*		
	Elections						
	Dev of Community Strategy-consulting & printing						
	Top Mgt Structure Salary Increases						
	Improvements to Main Reception Area						
	No District Elections by Thirds in 2005/06						
	Total People First	41	(15)	71			
Community Wellbeing	Business Continuity Plans	30					
	Transport for London - additional costs		23				
	Anti Social Behaviour Officer	25	45				
	HO Grant re Anti Social Behaviour Officer	(25)	(25)				
	Furniture Exchange Scheme	1	1				
	New Arrangements - Additional income- first year	(42)	(50)				
	Total Community Wellbeing	(11)	(6)				
Finance and Performance Management	New revenues and benefits system		31	37	*		
	Finance System Outstanding Commitments	30	10	(52)	***		
	Performance Reward Grant		(52)				
	Potential Central Support Savings (One off costs)			56	***		
	Implementation of Risk Management Strategy		16				
	Property Management System	15	2				
	Consultants Fees- Britannia Sports Ground		5				
	Langston Road Industrial Estate- Development Proposals			50	***		
	Housing Benefit Admin Grant (New Formula)	(126)	(116)	30	***		
	Grant - Verification Framework	(38)	(38)	(119)	***		
	Grant-Admin- Welfare Reforms			(39)	*		
	Welfare Reform Start up costs		78				
	Electronic Document management	15	15				
	Rent Allowances		35	(2)	***		
	Council Tax		25				
	HRA Rent Rebates		109				
	Introduce E Billing	10		10	*		
	Total Finance and Performance Management	(94)	120	(29)			

DISTRICT DEVELOPMENT FUND		Original	Revised	Estimate	Estimate	Estimate	Estimate
Portfolio	Service	2005/06 £000's	2005/06 £000's	2006/07 £000's	2007/08 £000's	2008/09 £000's	2009/10 £000's
Corporate support services and IT	Payroll/HR		9				
	Legal Services		4	7 *			
	Legal Services		6	11 *			
	Legal Services	20	49				
	Legal Services	50	26	24 *			
	Local Land Charges	50	25				
	Human Resources		(150)				
	Legal Services		9				
	Office Accommodation			8 *			
	Office Accommodation		27				
	Office Accommodation		6				
	Office Accommodation	42	48	112 **	33	8	13
	Office Accommodation	50		50 *			
	Office Accommodation	8					
	Office Accommodation		30				
	ICT			8			
	ICT			65			
	ICT		(110)				
	ICT		13				
	WEBSITE			16			
Mobile Phones			1				
			4				
Total Corporate Support Services		123	191	212	33	8	13
Housing	Homelessness	75					
	Private Sector Housing		75	9 ***	9		
Total Housing		75	75	9	9		

DISTRICT DEVELOPMENT FUND		Original	Revised	Estimate	Estimate	Estimate	Estimate	
Portfolio	Service	2005/06 £000's	2005/06 £000's	2006/07 £000's	2007/08 £000's	2008/09 £000's	2009/10 £000's	
Leisure	Ongar Leisure Centre	(109)	(109)	513 **	160			
	Leisure Management	300	153					
	Ongar Leisure Centre	40	40					
	Community Development	23	23					
	Leisure Management		7					
	LLC Development	39	56					
	North Weald Airfield		5					
	North Weald Airfield		54					
	North Weald Airfield		(30)					
	Museum			10 ***				
	Community & Culture	100	107					
	Community & Culture	(100)	(107)					
	Arts Programme	30	4	46 **	20	5		
	Arts Programme	(30)	(4)	(46) **	(20)	(5)		
	Sports Development	24	24	18 **				
	Sports Development	(24)	(24)	(18) **				
	Sports Development	30	30	30 **	30			
	Sports Development	(30)	(30)	(30) **	(30)			
	Youth Strategy	20						
	Youth Strategy	(20)						
	Total Leisure & Health		293	199	523	160	0	
	Environmental	Air Quality	3	3				
Waste Management		64	64	159 ***	106	53		
Waste Management			2					
Waste Management		(7)	(87)					
Waste Management		(41)	(41)	(53) ***	56			
Waste Management		41	41	33 ***	(56)			
Waste Management			47	16 ***				
Waste Management		8	8	7 **				
Waste Management			110	20 ***				
Pollution Control						4	1	
Total Environmental Protection		68	147	182	106	57	1	

DISTRICT DEVELOPMENT FUND		Original 2005/06 £000's	Revised 2005/06 £000's	Estimate 2006/07 £000's	Estimate 2007/08 £000's	Estimate 2008/09 £000's	Estimate 2009/10 £000's	
Portfolio	Service							
Planning & Economic Development	Development Control	50	166					
	Enforcement			24 *				
	Forward Planning	283	70	237 *				
	Enforcement			122 ***				
	Forward Planning	25	17	25 **	8			
	Development Control		100					
	Development Control	35						
	Planning Services	34	30	19 *	15			
	Planning Services	49	42	119 *	10			
	Planning Services	(49)	(49)	(33) *				
	Planning Services		139	39 **				
	Planning Services		(139)	(39) **				
	Planning Services			32 *				
	Building Control		(37)					
	Building Control		37					
Total Planning & Economic Development		427	376	545	33			
Civil Engineering & Maintenance	Highways		145	42 ***				
	Land Drainage			50 ***	50			
	Land Drainage			(50) ***	(50)			
	Land Drainage			100 ***	100	90		
	Civil Engineering Group		3					
	Grounds Maintenance		42					
	Grounds Maintenance		(12)					
	Off Street Parking		9					
	Highways		35					
	Highways		1					
	Total Civil Engineering & Maintenance		0	223	142	100	90	
	Total Portfolio District Development Fund		922	1,310	1,655	441	155	14
	Other Items							
	Reimbursement of Highways Residual Costs			(350)	(233) ***	(117)		
	Transfer from Usable Capital Receipts (Commutation Adjustment)			(270)	(226) ***	(215)		
Local Authority Business Growth Incentives Scheme			(475)	(200) ***				
Total District Development Fund		922	215	996	109	155	14	

DISTRICT DEVELOPMENT FUND		Estimate					
Portfolio	Service	Original 2005/06 £000's	Revised 2005/06 £000's	2006/07 Estimate £000's	2007/08 Estimate £000's	2008/09 Estimate £000's	2009/10 Estimate £000's
SUMMARY	People First	41	(15)	71			
	Community Wellbeing	(11)	(6)				
	Finance and Performance Management	(94)	120	(29)			
	Corporate Support Services	123	191	212	33	8	13
	Housing	75	75	9	9		
	Leisure & Health	293	199	523	160		
	Environmental Protection	68	147	182	106	57	1
	Planning & Economic Development	427	376	545	33		
	Civil Engineering & Maintenance		223	142	100	90	
	Other Items		(1,095)	(659)	(332)		
		922	215	996	109	155	14

Key:

* Items that were originally part of the 2005/06 budget but have slipped.

** Items that were part of the 2005/06 budget cycle but related to future years.

*** New items put forward during the 2006/07 budget cycle.

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REVENUE EXPENDITURE, INCOME AND FINANCING

2005/06 ORIGINAL ALL REVENUE ITEMS £	2005/06 REVISED ALL REVENUE ITEMS £		GENERAL FUND ACCOUNT £	2006/07 ORIGINAL HOUSING REVENUE ACCOUNT £	ALL REVENUE ITEMS £
Gross Expenditure					
2,677,870	2,744,640	People First	4(a) 3,138,190	0	3,138,190
1,426,730	1,483,690	Community Wellbeing	4(b) 2,103,300	0	2,103,300
30,836,400	31,858,610	Finance & Performance Management	4(c) 32,374,630	0	32,374,630
537,500	489,330	Corporate Support Services	4(d) 479,030	0	479,030
51,799,890	53,321,500	Housing	4(e) 2,363,130	54,831,000	57,194,130
9,597,260	9,064,460	Leisure	4(f) 6,586,980	0	6,586,980
3,209,100	2,837,040	Civil Engineering & Maintenance	4(g) 2,946,000	0	2,946,000
3,599,610	3,960,610	Planning & Economic Development	4(h) 4,160,800	0	4,160,800
5,774,190	5,969,420	Environmental Protection	4(i) 6,421,050	0	6,421,050
0	168,280	Internal Trading Organisations	4(j) 150,000	0	150,000
109,458,550	111,897,580	Total Expenditure on Services	60,723,110	54,831,000	115,554,110
(35,246,920)	(37,120,460)	Asset Management Revenue Account	(3,914,520)	(35,698,000)	(39,612,520)
2,366,821	2,366,821	Precepts Paid to Parish Councils	2,582,129	0	2,582,129
76,578,451	77,143,941	Total Gross Expenditure	59,390,719	19,133,000	78,523,719
Gross Income					
29,389,210	29,925,770	Government Subsidies	30,107,159	0	30,107,159
20,727,000	21,216,000	Rents from Dwellings	0	22,157,000	22,157,000
4,777,680	4,948,160	Miscellaneous Rents, Trading Operations etc.	2,680,020	2,409,000	5,089,020
9,414,530	8,879,890	Fees and Charges	5,127,080	1,598,000	6,725,080
49,570	54,240	Interest on Mortgages and Investments	26,050	15,000	41,050
663,270	1,286,070	Grants and Reimbursements by other Bodies	806,960	0	806,960
65,021,260	66,310,130	Total Operational Income	38,747,269	26,179,000	64,926,269
(270,986)	(736,586)	Contribution from/(to) Revenue Reserves	(389,284)	417,000	27,716
(939,000)	(243,000)	FRS 17 Adjustment	(402,000)	0	(402,000)
922,000	160,000	Contribution from/(to) District Development Fund	996,000	0	996,000
(150,000)	(150,000)	Contribution from/(to) Other Reserves	(150,000)	0	(150,000)
(4,655,300)	(4,847,080)	Contribution from/(to) Capital Reserves	2,214,510	(7,463,000)	(5,248,490)
59,927,974	60,493,464	Total Gross Income	41,016,495	19,133,000	60,149,495
16,650,477	16,650,477	To be met from Government Grants and Local Taxation	18,374,224	0	18,374,224
Financed by:					
3,799,115	3,799,115	Revenue Support Grant			1,395,932
3,500,111	3,500,111	Distribution from Non-Domestic Rate Pool			7,231,476
34,000	34,000	Collection Fund Adjustment			5,000
7,333,226	7,333,226	Exchequer Support and Collection Fund Surpluses	7d		8,632,408
6,950,430	6,950,430	District Precept			7,159,687
2,366,821	2,366,821	Parish Council Precepts	7f		2,582,129
16,650,477	16,650,477	Total Financing			18,374,224

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People First

Portfolio Programme 2006/07

Portfolio Holder - Councillor Stephen Barnes

	2005/06 Original £	2005/06 Revised £	Revenue £	Expenditure £	2006/07 Original £
	255,090	205,660		Elections	288,660
	1,684,220	1,748,020		Corporate Activities	2,046,910
	1,109,860	1,095,370		Member Activities	1,234,320
	42,850	82,580		Local Council Liaison	94,050
	151,380	162,350		Customer Services	150,890
	441,120	408,750		Public Relations	467,920
	3,684,520	3,702,730		Total Expenditure	4,282,750
	1,006,650	958,090		Income from Internal Charges	1,144,560
	2,677,870	2,744,640		Net Expenditure (see Annex 3)	3,138,190
				Service Generated Income	
	-	-		Government Subsidies	
	-	-		Rents from Dwellings	
	-	-		Miscellaneous Rents, Trading Operations etc	
	3,010	3,280		Fees and Charges	3,360
	-	-		Interest on Mortgages and Investments	
	3,000	3,000		Grants and Reimbursements by other Bodies	3,000
	6,010	6,280		Total Income	6,360
	2,671,860	2,738,360		To be met from Government Grant and Local Taxation	3,131,830
	-	-		Capital Expenditure (see Annex 5)	-

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Community Wellbeing

Portfolio Programme 2006/07

Portfolio Holder - Councillor Caroline Pond

2005/06 Original £	2005/06 Revised £	Revenue Expenditure	2006/07 Original £
159,550	137,490	Emergency Planning	151,930
367,020	364,360	Voluntary Services	386,210
327,810	358,590	Safer Communities	378,750
363,910	407,570	Travel Schemes	953,800
208,440	215,680	Regulatory Services	232,610
1,426,730	1,483,690	Total Expenditure	2,103,300
-	-	Income from Internal Charges	-
1,426,730	1,483,690	Net Expenditure (see Annex 3)	2,103,300
		Service Generated Income	
-		Government Subsidies	
-		Rents from Dwellings	
8,950	8,950	Miscellaneous Rents, Trading Operations etc	8,950
218,380	234,580	Fees and Charges	187,260
-		Interest on Mortgages and Investments	
35,000	35,000	Grants and Reimbursements by other Bodies	10,250
262,330	278,530	Total Income	206,460
1,164,400	1,205,160	To be met from Government Grant and Local Taxation	1,896,840
-		Capital Expenditure (see Annex 5)	-

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Finance & Performance Management

Portfolio Programme 2006/07

Portfolio Holder - Councillor John Knapman

	2005/06 Original £	2005/06 Revised £	Revenue Expenditure £	2006/07 Original £
	28,835,950	29,582,260	Housing Benefits	29,825,290
	1,423,810	1,468,280	Local Taxation	1,556,140
	741,510	680,520	Land & Property	768,220
	1,077,140	2,015,590	Other Activities	2,180,710
	2,176,830	2,203,440	Financial Services	2,381,570
	1,070,850	1,035,580	Land & Property Services	880,310
	338,280	323,070	Performance Management	331,040
	35,664,370	37,308,740	Total Expenditure	37,923,280
	4,827,970	5,450,130	Income from Internal Charges	5,548,650
	30,836,400	31,858,610	Net Expenditure (see Annex 3)	32,374,630
			Service Generated Income	
	28,671,570	29,194,130	Government Subsidies	29,426,830
	1,051,930	1,068,650	Rents from Dwellings	1,095,750
	317,000	436,230	Miscellaneous Rents, Trading Operations etc	491,320
	-	-	Fees and Charges	
	-	-	Interest on Mortgages and Investments	
	-	-	Grants and Reimbursements by other Bodies	
	30,040,500	30,699,010	Total Income	31,013,900
	795,900	1,159,600	To be met from Government Grant and Local Taxation	1,360,730
	484,000	180,000	Capital Expenditure (see Annex 5)	290,000

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Corporate Support Services & I.T.

Portfolio Programme 2006/07

Portfolio Holder - Councillor Stephen Metcalfe

2005/06 Original £	2005/06 Revised £	Revenue Expenditure	2006/07 Original £
1,766,860	1,743,190	Legal & Administration Services	1,802,150
1,760,870	1,648,860	Other Support Services	1,883,170
2,234,660	2,105,320	Accommodation	2,285,350
1,689,250	1,793,440	Information Communication Technology	2,076,600
373,180	374,380	Telephones	410,550
82,370	77,340	Website	82,550
		Total Expenditure	
7,907,190	7,742,530		8,540,370
		Income from Internal Charges	
7,369,690	7,253,200		8,061,340
		Net Expenditure (see Annex 3)	
537,500	489,330		479,030
		Service Generated Income	
-		Government Subsidies	
-		Rents from Dwellings	
-		Miscellaneous Rents, Trading Operations etc	
564,300	447,160	Fees and Charges	456,510
-		Interest on Mortgages and Investments	
-		Grants and Reimbursements by other Bodies	
		Total Income	
564,300	447,160		456,510
		To be met from Government Grant and Local Taxation	
-	26,800		22,520
		Capital Expenditure (see Annex 5)	
501,000	809,000		1,772,000

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Leisure

Portfolio Programme 2006/07

Portfolio Holder - Councillor Chris Whitbread

	2005/06 Original £	2005/06 Revised £	Revenue Expenditure £	2006/07 Original £
	6,319,150	5,919,040	Leisure Facilities	3,114,030
	769,160	723,470	Arts, Museum and Library	868,070
	651,720	613,870	Parks and Grounds	679,120
	1,018,120	1,172,170	North Weald Centre	1,175,460
	839,110	635,910	Sports Development and Miscellaneous	750,300
	9,597,260	9,064,460	Net Expenditure (see Annex 3)	6,586,980
			Service Generated Income	
	-		Government Subsidies	
	-		Rents from Dwellings	
	1,229,800	1,258,560	Miscellaneous Rents, Trading Operations etc	1,261,570
	3,329,720	2,445,810	Fees and Charges	258,260
	-		Interest on Mortgages and Investments	
	196,000	26,550	Grants and Reimbursements by other Bodies	177,620
	4,755,520	3,730,920	Total Income	1,697,450
	4,841,740	5,333,540	To be met from Government Grant and Local Taxation	4,889,530
	1,303,000	260,000	Capital Expenditure (see Annex 5)	552,000

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Civil Engineering & Maintenance

Portfolio Programme 2006/07

Portfolio Holder - Councillor Don Spinks

	2005/06 Original £	2005/06 Revised £	Revenue Expenditure	2006/07 Original £
	1,354,180	959,350	Highways	867,860
	1,145,540	1,153,400	Car & Lorry Parking	1,183,570
	709,380	724,290	Land Drainage & Sewerage	894,570
	3,209,100	2,837,040	Net Expenditure (see Annex 3)	2,946,000
			Service Generated Income	
	-		Government Subsidies	
	-		Rents from Dwellings	
	22,000	23,000	Miscellaneous Rents, Trading Operations etc	22,000
	1,419,000	1,553,090	Fees and Charges	1,555,600
	-		Interest on Mortgages and Investments	
	-		Grants and Reimbursements by other Bodies	50,000
	1,441,000	1,576,090	Total Income	1,627,600
	1,768,100	1,260,950	To be met from Government Grant and Local Taxation	1,318,400
	1,342,000	634,000	Capital Expenditure (see Annex 5)	4,501,000

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Planning & Economic Development

Portfolio Programme 2006/07

Portfolio Holder - Councillor Robert Glozier

	2005/06 Original £	2005/06 Revised £	Revenue Expenditure	2006/07 Original £
	162,820	133,420	Economic Development	150,090
	15,990	15,960	Tourism	16,340
	12,250	17,250	Bus Shelters	18,060
	224,730	218,400	Countrycare	240,720
	197,510	207,220	Conservation Policy	216,590
	574,490	455,180	Forward Planning	718,140
	2,411,820	2,913,180	Regulatory Services	2,800,860
	3,599,610	3,960,610	Net Expenditure (see Annex 3)	4,160,800
			Service Generated Income	
	-		Government Subsidies	
	-		Rents from Dwellings	
	-		Miscellaneous Rents, Trading Operations etc	
	1,074,810	1,163,430	Fees and Charges	1,149,560
			Interest on Mortgages and Investments	
	107,560	140,550	Grants and Reimbursements by other Bodies	65,410
	1,182,370	1,303,980	Total Income	1,214,970
	2,417,240	2,656,630	To be met from Government Grant and Local Taxation	2,945,830
	-	-	Capital Expenditure (see Annex 5)	-

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Environmental Protection

Portfolio Programme 2006/07

Portfolio Holder - Councillor Derek Jacobs

	2005/06 Original £	2005/06 Revised £	Revenue Expenditure	2006/07 Original £
	1,257,540	1,303,570	Environmental Health	1,392,890
	4,422,750	4,598,170	Waste Collection & Street Cleansing	4,932,470
	93,900	67,680	Environmental Initiatives	95,690
	5,774,190	5,969,420	Net Expenditure (see Annex 3)	6,421,050
			Service Generated Income	
	-		Government Subsidies	
	-		Rents from Dwellings	
	-		Miscellaneous Rents, Trading Operations etc	
	703,450	731,820	Fees and Charges	716,390
	-		Interest on Mortgages and Investments	
	308,120	242,380	Grants and Reimbursements by other Bodies	53,750
	1,011,570	974,200	Total Income	770,140
	4,762,620	4,995,220	To be met from Government Grant and Local Taxation	5,650,910
	871,000	808,000	Capital Expenditure (see Annex 5)	2,082,000

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Portfolio Programme 2006/07

Internal Trading Organisations

	2005/06 Original £	2005/06 Revised £	Revenue Expenditure	2006/07 Original £
	466,590	492,230	Housing Maintenance	470,740
	-	-	Fleet Operations	-
	-	-		
	466,590	492,230	Total Expenditure	470,740
		323,950	Income from Internal Charges	320,740
		168,280	Net Expenditure (see Annex 3)	150,000
			Service Generated Income	
			Government Subsidies	-
			Rents from Dwellings	-
			Miscellaneous Rents, Trading Operations etc	-
		168,280	Fees and Charges	150,000
			Interest on Mortgages and Investments	
			Grants and Reimbursements by other Bodies	
			Contribution from/(to) DSO Reserves	
		168,280	Total Income	150,000
			To be met from Government Grant and Local Taxation	
				-
			Capital Expenditure (see Annex 5)	
				-

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Portfolio Programme 2006/07

Non Service Budgets

2005/06 Original		2005/06 Revised		2006/07 Original	
Total	Total	Revenue Expenditure	General Fund	Housing Revenue	Total
£	£	£	£	£	£
(29,570)	(27,240)	Discounts and Interest on Investments	(26,050)		(26,050)
	(825,000)	Non Portfolio Related Income	(433,000)		(433,000)
(35,246,920)	(37,120,460)	Asset Management Revenue Account	(3,914,520)	(35,698,000)	(39,612,520)
4,655,300	4,847,080	Contribution (from)/to Capital Reserves	(2,214,510)	7,463,000	5,248,490
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(30,621,190)	(33,125,620)		(6,588,080)	(28,235,000)	(34,823,080)
24,893,000	27,062,000	Transferred to Housing Summary	-	28,235,000	28,235,000
<hr/>	<hr/>		<hr/>	<hr/>	<hr/>
(5,728,190)	(6,063,620)		(6,588,080)	-	(6,588,080)
27,986	328,586	Contribution (from)/to Revenue Reserves			389,964
939,000	243,000	FRS 17 Adjustment			402,000
150,000	150,000	Contribution (from)/to Other Reserves			150,000
(922,000)	(160,000)	Contribution from District Development Fund			(996,000)
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(5,533,204)	(5,502,034)	Reduction in Amount to be met from Government Grant and Local Taxation			(6,642,116)
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Portfolio Programme 2006/07

Capital Programme

2005/06 Original		2005/06 Revised		2006/07 Original		Total	
General Fund	Housing Revenue	General Fund	Housing Revenue	General Fund	Housing Revenue	General Fund	Total
£	£	£	£	£	£	£	£
-	-	-	-	-	-	-	-
484,000	-	180,000	-	290,000	-	290,000	-
501,000	484,000	809,000	180,000	1,772,000	-	1,772,000	290,000
1,052,000	501,000	510,000	809,000	1,210,000	7,870,000	9,080,000	1,772,000
1,303,000	8,859,000	260,000	7,539,000	552,000	-	552,000	9,080,000
1,342,000	1,303,000	634,000	260,000	4,501,000	-	4,501,000	552,000
-	1,342,000	-	634,000	-	-	-	4,501,000
871,000	-	808,000	808,000	2,082,000	-	2,082,000	-
-	871,000	-	808,000	-	-	-	2,082,000
-	-	-	-	-	-	-	-
5,553,000	8,859,000	3,201,000	7,539,000	10,740,000	7,870,000	18,277,000	18,277,000
95,000	(36,000)	-	-	-	-	-	-
6,813,000	6,813,000	6,664,000	6,664,000	7,463,000	7,463,000	7,463,000	7,463,000
5,458,000	2,082,000	3,201,000	875,000	4,076,000	407,000	10,814,000	10,814,000
4,646,000	2,082,000	2,615,000	845,000	3,460,000	377,000	9,575,000	9,575,000
280,000	280,000	306,000	306,000	443,000	30,000	796,000	443,000
532,000	532,000	280,000	30,000	766,000	30,000	796,000	796,000
5,458,000	2,082,000	3,201,000	875,000	4,076,000	407,000	10,814,000	10,814,000

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COUNCIL TAX RATES FOR DISTRICT & PARISH/TOWN COUNCILS 2006/07

ANNEX 6

Authorities	Tax Base No.'s	Precept 2006/07	Council Tax Band D	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
		£	£	£	£	£	£	£	£	£	£
District Expenses	53140.9	7,159,687	134.73	89.82	104.79	119.76	134.73	164.67	194.61	224.55	269.46
Abbess, Berners and Beauchamp Roding	198.4	3,500	17.64	101.58	118.51	135.44	152.37	186.23	220.09	253.95	304.74
Buckhurst Hill	5116.3	353,000	69.00	135.82	158.46	181.09	203.73	249.00	294.28	339.55	407.46
Chigwell	5906.5	176,500	29.88	109.74	128.03	146.32	164.61	201.19	237.77	274.35	329.22
Epping Town	4942.0	325,000	65.76	133.66	155.94	178.21	200.49	245.04	289.60	334.15	400.98
Epping Upland	406.6	10,500	25.82	107.03	124.87	142.71	160.55	196.23	231.91	267.58	321.10
Fyfield	413.9	6,600	15.95	100.45	117.20	133.94	150.68	184.16	217.65	251.13	301.36
High Ongar	555.0	8,820	15.89	100.41	117.15	133.88	150.62	184.09	217.56	251.03	301.24
Lambourne	923.1	25,000	27.08	107.87	125.85	143.83	161.81	197.77	233.73	269.68	323.62
Loughton Town	12701.4	570,700	44.93	119.77	139.74	159.70	179.66	219.58	259.51	299.43	359.32
Matching	305.5	6,500	21.28	104.01	121.34	138.68	156.01	190.68	225.35	260.02	312.02
Morson, Bobbingworth and the Lavers	649.0	10,500	16.18	100.61	117.37	134.14	150.91	184.45	217.98	251.52	301.82
Nadon	2067.1	54,137	26.19	107.28	125.16	143.04	160.92	196.68	232.44	268.20	321.84
North Weald Bassett	2514.2	99,095	39.41	116.09	135.44	154.79	174.14	212.84	251.54	290.23	348.28
Ongar Town	2571.3	121,165	47.12	121.23	141.44	161.64	181.85	222.26	262.67	303.08	363.70
Roydon	1306.8	26,250	20.09	103.21	120.42	137.62	154.82	189.22	223.63	258.03	309.64
Sheering	1315.7	22,500	17.10	101.22	118.09	134.96	151.83	185.57	219.31	253.05	303.66
Stanford Rivers	352.2	10,200	28.96	109.13	127.31	145.50	163.69	200.07	236.44	272.82	327.38
Stapleford Abbotts	492.1	4,610	9.37	96.07	112.08	128.09	144.10	176.12	208.14	240.17	288.20
Stapleford Tawney	56.1	1,200	21.39	104.08	121.43	138.77	156.12	190.81	225.51	260.20	312.24
Theydon Bois	1942.5	60,053	30.92	110.43	128.84	147.24	165.65	202.46	239.27	276.08	331.30
Theydon Garnon	59.9	920	15.36	100.06	116.74	133.41	150.09	183.44	216.80	250.15	300.18
Theydon Mount	103.4	1,178	11.39	97.41	113.65	129.88	146.12	178.59	211.06	243.53	292.24
Waltham Abbey Town	8002.9	680,601	85.04	146.51	170.93	195.35	219.77	268.61	317.45	366.28	439.54
Willingale	239.0	3,600	15.06	99.86	116.50	133.15	149.79	183.08	216.36	249.65	299.58
Town and Parish Total	53140.9	2,582,129	48.59	32.39	37.79	43.19	48.59	59.39	70.19	80.98	97.18
District, Town and Parish Total	53140.9	9,741,816	183.32	122.21	142.58	162.95	183.32	224.06	264.80	305.53	366.64

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Authorities	Tax Base No.'s	Precept 2006/07	Council Tax		Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
			Band D	Band D								
Essex County Council	53140.9	£ 51,035,989	£ 960.39	£ 853.68	£ 640.26	£ 746.97	£ 853.68	£ 960.39	£ 1,173.81	£ 1,387.23	£ 1,600.65	£ 1,920.78
Essex Police Authority	53140.9	£ 5,897,046	£ 110.97	£ 98.64	£ 73.98	£ 86.31	£ 98.64	£ 110.97	£ 135.63	£ 160.29	£ 184.95	£ 221.94
Essex Fire Authority	53140.9	£ 3,094,395	£ 58.23	£ 51.76	£ 38.82	£ 45.29	£ 51.76	£ 58.23	£ 71.17	£ 84.11	£ 97.05	£ 116.46
District Expenses	53140.9	£ 7,159,687	£ 134.73	£ 119.76	£ 89.82	£ 104.79	£ 119.76	£ 134.73	£ 164.67	£ 194.61	£ 224.55	£ 269.46

PART B : SUMMARY - COUNCIL TAX RATES INCLUDING ALL PRECEPTS 2006/07

Abbess, Berners and Beauchamp Roding	198.4	3,500	17.64	1,139.52	854.64	997.08	1,139.52	1,281.96	1,566.84	1,851.72	2,136.60	2,563.92
Buckhurst Hill	5116.3	353,000	69.00	1,185.17	888.88	1,037.03	1,185.17	1,333.32	1,629.61	1,925.91	2,222.20	2,666.64
Chigwell	5906.5	176,500	29.88	1,150.40	862.80	1,006.60	1,150.40	1,294.20	1,581.80	1,869.40	2,157.00	2,588.40
Epping Town	4942.0	325,000	65.76	1,182.29	886.72	1,034.51	1,182.29	1,330.08	1,625.65	1,921.23	2,216.80	2,660.16
Epping Upland	406.6	10,500	25.82	1,146.79	860.09	1,003.44	1,146.79	1,290.14	1,576.84	1,863.54	2,150.23	2,580.28
Fyfield	413.9	6,600	15.95	1,138.02	853.51	995.77	1,138.02	1,280.27	1,564.77	1,849.28	2,133.78	2,560.54
High Ongar	555.0	8,820	15.89	1,137.96	853.47	995.72	1,137.96	1,280.21	1,564.70	1,849.19	2,133.68	2,560.42
Lampburne	923.1	25,000	27.08	1,147.91	860.93	1,004.42	1,147.91	1,291.40	1,578.38	1,865.36	2,152.33	2,582.80
Loughton Town	12701.4	570,700	44.93	1,163.78	872.83	1,018.31	1,163.78	1,309.25	1,600.19	1,891.14	2,182.08	2,618.50
Matching	305.5	6,500	21.28	1,142.76	857.07	999.91	1,142.76	1,285.60	1,571.29	1,856.98	2,142.67	2,571.20
Morden, Bobbingworth and the Lavers	649.0	10,500	16.18	1,138.22	853.67	995.94	1,138.22	1,280.50	1,565.06	1,849.61	2,134.17	2,561.00
Nazeing	2067.1	54,137	26.19	1,147.12	860.34	1,003.73	1,147.12	1,290.51	1,577.29	1,864.07	2,150.85	2,581.02
North Weald Bassett	2514.2	99,095	39.41	1,158.87	869.15	1,014.01	1,158.87	1,303.73	1,593.45	1,883.17	2,172.88	2,607.46
Ongar Town	2571.3	121,165	47.12	1,165.72	874.29	1,020.01	1,165.72	1,311.44	1,602.87	1,894.30	2,185.73	2,622.88
Roydon	1306.8	26,250	20.09	1,141.70	856.27	998.99	1,141.70	1,284.41	1,569.83	1,855.26	2,140.68	2,568.82
Sheering	1315.7	22,500	17.10	1,139.04	854.28	996.66	1,139.04	1,281.42	1,566.18	1,850.94	2,135.70	2,562.84
Stanford Rivers	352.2	10,200	28.96	1,149.58	862.19	1,005.88	1,149.58	1,293.28	1,580.68	1,868.07	2,155.47	2,586.56
Stapleford Abbotts	492.1	4,610	9.37	1,132.17	849.13	990.65	1,132.17	1,273.69	1,556.73	1,839.77	2,122.82	2,547.38
Stapleford Tawney	56.1	1,200	21.39	1,142.85	857.14	1,000.00	1,142.85	1,285.71	1,571.42	1,857.14	2,142.85	2,571.42
Theydon Bois	1942.5	60,053	30.92	1,151.32	863.49	1,007.41	1,151.32	1,295.24	1,583.07	1,870.90	2,158.73	2,590.48
Theydon Garnon	59.9	920	15.36	1,137.49	853.12	995.31	1,137.49	1,279.68	1,564.05	1,848.43	2,132.80	2,559.36
Theydon Mount	103.4	1,178	11.39	1,133.96	850.47	992.22	1,133.96	1,275.71	1,559.20	1,842.69	2,126.18	2,551.42
Waltham Abbey Town	8002.9	680,601	85.04	1,199.43	899.57	1,049.50	1,199.43	1,349.36	1,649.22	1,949.08	2,248.93	2,698.72
Willingale	239.0	3,600	15.06	1,137.23	852.92	995.07	1,137.23	1,279.38	1,563.69	1,847.99	2,132.30	2,558.76

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GENERAL FUND FOUR YEAR FORECAST 2006/07 - 2009/10

ORIGINAL 2005/06	REVISED 2005/06		FORECAST 2006/07	FORECAST 2007/08	FORECAST 2008/09	FORECAST 2009/10
£'000	£'000	NET REVENUE EXPENDITURE	£'000	£'000	£'000	£'000
14,156	13,687	Continuing Services Budget	14,485	15,716	17,217	17,766
4	118	CSB - Growth Items	773	1,000	31	0
<hr/>			<hr/>			
14,160	13,805	Total C.S.B	15,258	16,716	17,248	17,766
922	1,310	One - off Expenditure	1,655	441	155	14
150	150	Contribution to/from Insurance reserve	150	150	150	150
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15,232	15,265	Total Net Operating Expenditure	17,063	17,307	17,553	17,930
-922	-1,310	Contribution to/from (-) DDF Balances	-1,655	-441	-155	-14
-26	329	Contribution to/from (-) Balances	390	-346	-377	-470
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14,284	14,284	Net Budget Requirement	15,798	16,520	17,021	17,446
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FINANCING						
6,887	6,887	Government Support (NNDR+RSG)	9,123	9,350	9,537	9,728
412	412	RSG Floor Gains/(-Losses)	-490	-189	-58	-12
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7,299	7,299	Total External Funding	8,633	9,161	9,479	9,716
6,951	6,951	District Precept	7,160	7,339	7,522	7,710
34	34	Collection Fund Adjustment	5	20	20	20
<hr/>			<hr/>			
14,284	14,284	To be met from Government Grants and Local Tax Payers	15,798	16,520	17,021	17,446
<hr/>			<hr/>			
	131.49	Band D Council Tax	134.73	138.10	141.55	145.09
		Percentage Increase %	2.46	2.50	2.50	2.50

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GENERAL FUND FOUR YEAR FORECAST 2006/07 - 2009/10

REVISED 2005/06	FORECAST 2006/07	FORECAST 2007/08	FORECAST 2008/09	FORECAST 2009/10
£'000 REVENUE BALANCES	£'000	£'000	£'000	£'000
5,488 Balance B/forward	5,817	6,207	5,861	5,484
329 Surplus/Deficit(-) for year	390	-346	-377	-470
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5,817 Balance C/Forward	6,207	5,861	5,484	5,014
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DISTRICT DEVELOPMENT FUND				
2,457 Balance B/forward	2,297	1,301	1,192	1,037
1,150 Transfer In	659	332	0	0
-1,310 Transfer Out	-1,655	-441	-155	-14
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2,297 Balance C/Forward	1,301	1,192	1,037	1,023
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CAPITAL FUND (inc Cap Receipts)				
21,241 Balance B/forward	19,416	10,986	8,730	8,198
740 New Usable Receipts	718	713	690	678
895 New Transistional Usable Receipts	427	0	0	0
CR Used to Fund Capital Expenditure				
-895 - Transistional Relief Receipts	-927	-500	0	0
-2,565 - Other Capital Receipts	-8,648	-2,469	-1,222	-932
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19,416 Balance C/Forward	10,986	8,730	8,198	7,944
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27,530 TOTAL BALANCES	18,494	15,783	14,719	13,981
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Report on the Council's Prudential Indicators for 2006/07 to 2008/09 and the Treasury Management Strategy for 2006/07

Recommendations;

1. The Council is recommended to adopt the prudential indicators and limits for 2006/07 to 2008/09 contained within the report. The main indicators are:

	2004/05 Actual	2005/06 Revised	2006/07 Estimated	2007/08 Estimated	2008/09 Estimated
Capital Expenditure	£10.842m	£10.740m	£18.277m	£9.932m	£5.638m
Capital financing requirement	£1.447m	£1.447m	£1.447m	£1.447m	£1.447m
Authorised limit for external debt	£3m	£3m	£3m	£3m	£3m
Operational boundary for external debt	£5m	£5m	£5m	£5m	£5m
Ratio of financing costs to net revenue stream – HRA	-7.15 %	-7.19 %	-6.88 %	-6.57 %	-6.57 %
Ratio of financing costs to net revenue stream – non-HRA	-7.61 %	-7.65 %	-7.32 %	-6.98 %	-6.98 %
Incremental impact of capital investment decisions on the Band D Council Tax	N/a	N/a	£0.00	£0.00	£0.00
Incremental impact of capital investment decisions on housing rents levels	N/a	N/a	£2.92	£1.62	£2.20

2. Approve the treasury management strategy for 2006/07, and the treasury prudential indicators;

Exposure to fixed/variable interest rates	2006/07 Upper	2007/08 Upper	2008/09 Upper
Limits on fixed interest rates	75%	75%	75%
Limits on variable interest rates	75%	75%	75%

Maturity Structure of fixed interest rate borrowing						
	2006/07		2007/08		2008/09	
	Lower	Upper	Lower	Upper	Lower	Upper
Under 12 months	0%		0%		0%	
12 months to 2 years	0%		0%		0%	
2 years to 5 years	0%		0%		0%	
5 years to 10 years	0%		0%		0%	
10 years and above	0%		0%		0%	
Maximum principal sums invested > 364 days	£15 m		£15 m		£15 m	

3. Approve the investment strategy 2006/07 contained in the treasury management strategy, and the detailed criteria included within it, specifically approving:
- The criteria for specified investments
 - The criteria for non-specified investments

INTRODUCTION

- 1 As Members are aware, the Local Government Act 2003 changed the rules surrounding capital finance. From 1 April 2004, the Council has had the ability to undertake “prudential borrowing” for capital purposes. The Prudential Code sets out a framework for self-regulation of capital spending and treasury management, which requires the maintenance of specified indicators to demonstrate that the chosen policies are being adhered to.
- 2 This report shows the Council’s prudential indicators for 2006/07 – 2008/09 and sets out the expected treasury operations for this period. It contains three key Council reporting requirements:
 - The reporting of the prudential indicators as required by the CIPFA Prudential Code for Capital Finance in Local Authorities;
 - The treasury strategy in accordance with the CIPFA Code of Practice on Treasury Management;
 - The investment strategy (in accordance with the ODPM’s investment guidance).

The outturn for the prudential indicators set for 2004/05 was reported to Cabinet on 5 September 2005.

The Prudential Code

- 3 The key objective of the Code is to ensure that capital investment plans are affordable, prudent and sustainable, or in exceptional circumstances, to demonstrate that there is danger of not ensuring this, so that timely remedial action can be taken.
- 4 The Code sets out a number of “Prudential Indicators” that the Council must adopt and monitor. The indicators are purely for internal use by the Council and are not to be used as comparators between councils, as any comparisons would be meaningless and potentially misleading. The prudential indicators are rather to support and demonstrate the results of local choice in a publicly accountable manner. As such the Code will underpin the Council’s Corporate Governance arrangements.
- 5 The primary change was that the former system of credit approvals (BCAs and SCAs) was abolished, leaving no restriction on capital investment (subject to Government reserve powers to restrict borrowing for national economic reasons). Instead, capital investment is supported through Supported Capital Expenditure (Revenue), which will include the single capital pot element (for the BCA portion) and a separate programme element (for the SCA portion).
- 6 Members’ involvement in the prudential indicator setting and monitoring process is essential in order that the Council can demonstrate that capital expenditure plans are affordable, external borrowing is prudent and sustainable and that treasury decisions are taken in accordance with good practice.
- 7 To support capital investment decisions and demonstrate sound treasury management practice, the Prudential Code requires the Council to agree and monitor a minimum of seventeen prudential indicators. For housing authorities such as Epping Forest District Council these are separated for the HRA and non-HRA capital investment. The indicators cover prudence, capital expenditure, external debt, affordability and treasury management. They are listed and numbered below:

Prudence

- **P1** Net borrowing and the Capital Financing Requirement (CFR)

Capital Expenditure

- **P2** Estimates of capital expenditure (split between GF and HRA)

- **P3** Actual capital expenditure (split between GF and HRA)
- **P4** Estimates of the Capital Financing Requirement (for both GF and HRA)
- **P5** Actual Capital Financing Requirement (for both GF and HRA)

External Debt

- **P6** External debt: Authorised Limit
- **P7** External debt: Operational Boundary
- **P8** Actual external debt

Affordability

- **P9** Estimates of ratio of financing costs to net revenue stream (separate GF and HRA ratios)
- **P10** Actual ratio of financing costs to net revenue stream (separate GF and HRA ratios)
- **P11** Estimates of the incremental impact of capital investment decisions on the Council Tax
- **P12** Estimates of the incremental impact of capital investment decisions on housing rents

Treasury Management

- **P13** Adoption of the Treasury Management Code of Practice
- **P14** Interest rate exposures: fixed rates
- **P15** Interest rate exposures: variable rates
- **P16** Maturity structure of borrowing
- **P17** Total principal sum invested for any period longer than 364 days

- 8 Local indicators may be prepared if they aid interpretation, but for the purposes of this report the mandatory indicators alone have been calculated. After careful consideration of the matter, the Head of Finance has drawn the conclusion that additional local indicators would be of little practical value.

CAPITAL EXPENDITURE AND THE CAPITAL FINANCING REQUIREMENT INDICATORS

- 9 One of the major changes introduced by the Code is the calculation of the Capital Financing Requirement (CFR). This figure represents the Council's underlying need to borrow for a capital purpose, and the change year on year will be influenced by the level of capital expenditure in the year and the means by which it is financed.
- 10 The expected movement in the CFR over the next three years is dependent on the level of supported and unsupported capital expenditure decisions taken during the budgeting cycle. The unsupported element is the new capital expenditure freedom allowed under the Prudential Code. It is within this element that the Council has the freedom to enter into projects such as spend to save schemes (which may have previously been limited by the availability of credit approvals), or decisions to allocate additional resource from revenue to capital to enable service enhancements.
- 11 There are two main limiting factors on the Council's ability to undertake unsupported capital expenditure.
- Firstly, the Council itself must ensure that adequate revenue resources are available to support in full the implications of capital expenditure plans, including borrowing costs and running costs. In other words, the Council must be able to afford the full cost implications of the unsupported capital expenditure, including the revenue costs of running the finished project throughout its lifetime.
 - Secondly, central government has powers under the Local Government Act 2003 to restrict the borrowing and capital expenditure of either an individual council or all local authorities. These powers are intended to ensure that any individual council does not

undertake capital expenditure which central government assesses to be unaffordable, and that the total of all councils' plans do not jeopardise national economic policies. These powers have not been used to date.

- 12 The Council's expectations for the CFR over the next three financial years (Indicator P4) are highlighted in columns 4, 5 and 6 in Table 1 below, with the associated expectation for funding. The equivalent CFR actuals for 2004/05 (Indicator P5) and comparators for 2004/05 are shown for information purposes in columns 2 and 3 respectively. Included also are the related capital expenditure figures for each year, split between supported and unsupported spending, and the expected external debt for each year.

Table 1: Capital expenditure programme and its effect on CFR

	2004/05	2005/06	2006/07	2007/08	2008/09
Capital Expenditure	Actual £'000	Revised estimate £'000	Estimate £'000	Estimate £'000	Estimate £'000
Supported Spend	1,288	862	0	0	0
Unsupported Spend	9,554	9,878	18,277	9,932	5,638
Total Spend	10,842	10,740	18,277	9,932	5,638
Financed by:					
Borrowing	0	0	0	0	0
Capital Receipts: Transitional Relief	2,195	895	927	500	0
Capital Receipts: Other	1,509	2,617	8,648	2,469	1,222
Capital Grants	451	564	1,239	210	210
Revenue	7,584	6,664	7,463	6,753	4,206
Total Financed	11,739	10,740	18,277	9,932	5,638
Total Unfinanced brought forward	-897	0	0	0	0
Total Spend	10,842	10,740	18,277	9,932	5,638
Capital Financing Requirements					
CFR - Non Housing (P4 & P5)	24,250	24,250	24,250	24,250	24,250
CFR - Housing (P4 & P5)	-22,803	-22,803	-22,803	-22,803	-22,803
Total CFR	1,447	1,447	1,447	1,447	1,447
Net Movement in CFR	0	0	0	0	0
External Debt					
Borrowing (PWLB)	0	0	0	0	0
Other Long Term Liabilities	0	0	0	0	0
Total Debt as at 31 March	0	0	0	0	0
Less debt transferred to other LAs	-635	-610	-585	-559	-534
Borrowing less Transferred Debt	-635	-610	-585	-559	-534

- 13 **Members are asked to approve the estimates of the CFR indicators P4 and P5 for the years 2005/06 to 2008/09 as highlighted in Table 1 above.**
- 14 A key risk of this indicator is that the level of estimates relating to sources of funding, such as capital receipts, may be subject to change over the years 2006/07 to 2008/09.
- 15 The total CFR figures in the table above indicate that Epping Forest will not need to use its new freedom to borrow to finance the capital schemes currently included in the approved Capital Programme over the next three years. The Council repaid its remaining debt with the PWLB on 29 March 2004 and is now officially debt free.
- 16 Table 2 below shows the approved Capital Programme analysed between the General Fund and HRA, and between each portfolio. Forecasts for 2006/07 to 2008/09 are highlighted in columns 4, 5 and 6 (Indicator P2). The actuals for 2004/05 (Indicator P3)

are shown for information purposes in column 2.

Table 2: Forecast Capital Programme for 2004/05 to 2007/08

Portfolio	2004/05 Actual £000	2005/06 Revised Forecast £000	2006/07 Estimated Forecast £000	2007/08 Estimated Forecast £000	2008/09 Estimated Forecast £000
Finance & Performance Management	0	180	290	350	0
Corporate Support Services & IT	447	809	1,772	1,587	515
Community Wellbeing	14	0	0	0	0
Leisure	345	260	552	50	50
Environmental Protection	99	808	2,082	0	0
Civil Engineering & Maintenance	306	634	4,501	162	337
Housing GF	387	510	1,210	1,000	500
Total General Fund	1,598	3,201	10,407	3,149	1,407
HRA	9,194	7,486	7,820	6,733	4,186
Housing DLO	50	53	50	50	50
Total Housing Revenue Account	9,631	7,539	7,870	6,783	4,236
TOTAL	10,842	10,740	18,277	9,932	5,638

- 17 **Members are asked to confirm their approval of the capital programme shown in Table 2 above, in line with the requirements of Prudential Indicators P2 and P3.**

Comparison of the net borrowing position against CFR

- 18 The first key control over the Council's activity is to ensure that over the medium term, net borrowing will be for capital purposes alone. The Council needs to ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for 2006/07 and the next two financial years.
- 19 Table 3 below shows the actual borrowing and investment position of Epping Forest as at 31 March 2005 and the estimated position at the close of the current financial year and the next three financial years.

Table 3: Comparison of net borrowing against CFR

	2004/05 Actual £000	2005/06 Revised £000	2006/07 Estimate £000	2007/08 Estimate £000	2008/09 Estimate £000
Gross Borrowing	0	0	0	0	0
Less debt transferred to other Las	-635	-610	-585	-559	-534
External Debt Less Transferred Debt	-635	-610	-585	-559	-534
Investments	-44,600	-43,000	-43,000	-40,000	-30,000
Net Borrowing (P1a)	-45,235	-45,610	-42,585	-34,559	-30,534
Total CFR (P1b)	1,447	1,447	1,447	1,447	1,447

- 20 The table illustrates that this Council is forecast to be a net lending authority up to the end of 2008/09, with investments exceeding borrowing by a figure (P1a) much higher than the Council's total CFR (P1b). Current projections indicate that the position will remain fairly constant given the anticipated level of capital receipt generation and the level of capital expenditure in the approved Capital Programme.
- 21 **Members are asked to agree that the Council has complied with the requirement of indicator P1 to keep net borrowing below the relevant CFR in 2004/05, and that no difficulties in this respect are envisaged for the financial years 2005/06 to 2008/09.**

External Debt

- 22 Prudential Indicators P6 and P7 control the overall level of external debt:
- **The authorised limit (P6)** – This represents the limit beyond which borrowing is prohibited. It reflects the level of borrowing which, while not desired, could be afforded in the short term even though it may not be sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. The authorized limit of £5m set below is affordable in the medium term; however, the Council's strategy at present is to maintain its debt-free status, and its treasury operations are aimed at avoiding any need for external borrowing.

Table 4: The authorised limit for external debt (P6)

	2005/06 (Revised) £'000	2006/07 (Estimate) £'000	2007/08 (Estimate) £'000	2008/09 (Estimate) £'000
Borrowing	5,000	5,000	5,000	5,000
Other long term liabilities	0	0	0	0
Total	5,000	5,000	5,000	5,000

- **The operational boundary (P7)** – This indicator is based on the probable maximum amount of external debt during the course of the year; it is not a limit and actual borrowing could vary around this boundary for short times during the year. It should act as an indicator to ensure the authorised limit is not breached.

Table 5: The operational limit for external debt (P7)

	2005/06 (Revised) £'000	2006/07 (Estimate) £'000	2007/08 (Estimate) £'000	2008/09 (Estimate) £'000
Borrowing	3,000	3,000	3,000	3,000
Other long term liabilities	0	0	0	0
Total	3,000	3,000	3,000	3,000
Actual external debt (P8)	0	0	0	0

- 23 Actual external debt is shown in the final row of Table 5 above (Indicator P8) for information only.
- 24 **The Council is asked to approve the above authorised and operational limits in line with Indicators P6 and P7 respectively.**

Affordability Prudential Indicators

- 25 In addition to the overall capital and control of borrowing indicators given above, prudential indicators are also required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the overall Council finances. The Council is asked to approve the following indicators:

Ratio of financing costs to net revenue stream

- 26 This indicator aims to identify the trend in the cost of capital (borrowing costs net of interest and investment income) against the net revenue stream. The ratios for Epping Forest given below are based on estimates of financing costs and net revenue streams including current commitments and proposals as per the budget report.

Table 6: Ratio of financing costs to net revenue stream

	2004/05 Actual	2005/06 Revised estimate	2006/07 Estimated Forecast	2007/08 Estimated Forecast	2008/09 Estimated Forecast
	%	%	%	%	%
HRA (P9 & P10)	-7.15	-7.19	-6.88	-6.57	-6.57
Non HRA (P9 & P10)	-7.61	-7.65	-7.32	-6.98	-6.98

- 27 The ratios are negative because the Council receives investment income and interest on the transferred debts, and no longer has debt financing costs. The proportion of the Council's total interest receivable which has been attributed to the HRA is based on the balance between the HRA and General Fund CFRs.
- 28 **Members are asked to set the ratio of capital financing costs to net revenue stream Indicators P9 and P10 at the levels highlighted in columns 4, 5 and 6 above.**

Estimates of the incremental impact of capital investment decisions on the band D Council Tax

- 29 This indicator aims to identify the trend in the revenue cost of proposed changes in the capital programme and its impact on the Council Tax. The calculation is based on a comparison of the current Capital Programme to that agreed as part of the previous budget cycle. The figures below are based on the proportion of capital financing derived from revenue contributions. As this has not changed between the 2004/05 and 2005/06 capital programmes, the effect on the Council Tax is nil.

Table 7: Incremental impact of capital investment decisions on the Band D Council Tax

	Proposed Budget 2006/07	Forward Projection 2007/08	Forward Projection 2008/09
	£	£	£
Council Tax – Band D	0.00	0.00	0.00

Estimates of the incremental impact of capital investment decisions on the housing rent levels

- 30 Similar to the Council tax calculation, this indicator identifies the trend in the cost of proposed changes in the HRA capital programme, expressed as a change in weekly rent levels. The actual rents paid by tenants will not change as a result of capital investment decisions as the Government's rent restructuring regime fixes rents based on local earnings and property values. However the balance on the HRA will change and expressing the variation in the way prescribed at least shows the effect of capital investment decisions on HRA Revenue. The variation relates to revenue contribution to capital outgoings (RCCO), which has a direct effect on revenue.

Table 8: Incremental impact of capital investment decisions on housing rent levels

	Proposed Budget 2006/07	Forward Projection 2007/08	Forward Projection 2008/09
	£	£	£
Weekly Housing Rents	2.92	1.62	2.20

- 31 **Members are asked to approve the levels of the incremental impact on Council Tax and Housing Rents of the existing Capital Programme as set out in the tables above.**

TREASURY MANAGEMENT STRATEGY 2006/07 – 2008/09

- 32 The treasury management service is an important part of the overall financial management of the Council's affairs. Its importance has increased as a result of the freedoms provided by the Code. It covers the borrowing and investment activities and the effective management of the associated risks.
- 33 Treasury activities are strictly regulated by statutory requirements and by a professional code of practice (the CIPFA Code of Practice on Treasury Management). The Council adopted the Code on 22 April 2002, and as a result adopted a treasury management policy statement (approved by Cabinet on 18 October 2004). This adoption meets the requirements of Prudential Indicator 13.
- 34 The prudential indicators described in previous sections consider the affordability and impact of capital expenditure decisions. The treasury service covers the effective funding of these decisions, and there are specific treasury prudential indicators included in this strategy which need approval.
- 35 In compliance with the Code, an annual report to Cabinet is made on the annual treasury strategy, outlining the expected treasury activity for the forthcoming three financial years. A further report is presented after each year-end, detailing the actual activity for the year. A key requirement of the strategy report is to explain both the risks associated with the treasury service and the management of those risks.

Treasury Management Prudential Indicators and Limits on Activity

- 36 The introduction of the Prudential Code saw the replacement of the s45 limits imposed by the Local Government and Housing Act 1989 with four new prudential indicators:
- Upper limits on variable rate exposure. This indicator identifies a maximum limit for variable interest rates based upon the debt position net of investments.
 - Upper limits on fixed rate exposure. Similar to the previous indicator this covers a maximum limit on fixed interest rates.
 - Maturity structures of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing.
 - Total principal funds invested for periods longer than 364 days. These limits are set to reduce the need for early sale of an investment, and are based on the availability of investments after each year-end.
- 37 The purpose of these prudential indicators is to contain the activity of the treasury function within certain limits, thereby reducing the risk or likelihood of an adverse movement in interest rates impacting negatively on the Council's overall financial position. However, a conscious effort has been made to allow for flexibility and to avoid being too restrictive as this may impair the opportunities to maximize returns.
- 38 **Members are asked to approve the following limits as required by Indicators P14 and P15:**

<u>Table 9: Limits on fixed and variable interest rate exposure on net debt</u>	2006/07 Upper %	2007/08 Upper %	2008/09 Upper %
Limits on fixed interest rate exposure (P14)	75 %	75 %	75 %
Limits on variable interest rate exposure (P15)	75 %	75 %	75 %

- 39 The Council is obliged to set for the forthcoming financial year both upper and lower limits with respect to the maturity structure of its borrowing. The limits represent the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate.

- 40 **Members are asked to set the limits in accordance with Indicator P16 at the levels shown in Table 10 below:**

Table 10: Limits on fixed rate debt exposure	Upper Limit %	Lower Limit %
Under 12 Months	20	0
12 Months and within 24 Months	20	0
24 Months and within 5 Years	50	0
5 Years and within 10 Years	75	0
10 Years and above	90	25

- 41 Following the Council's early repayment of its external debt on 29 March 2004 and the subsequent review of its treasury management operation, the decision was taken to extend the Council's maximum investment term from 364 days to five years. This decision was ratified by Council on 14 December 2004, and members were asked at the same time to change Indicator 17 from zero to £10,000,000, to enable a maximum amount of £10 m to be placed in investments with terms of one to five years.
- 42 Since this indicator was changed, the Council's treasury service has made one investment of £5m for a term of greater than 364 days. The rate obtained for this deal was 0.14% higher than the best rates on offer at the time – an additional £7,000 interest over one year – and 0.29% higher than the current rate offered for investments of 364 day terms.
- 43 **Members are asked to increase Indicator P17 to £15,000,000 for the financial year 2006/07, to allow sufficient flexibility to invest any additional funds resulting from sales of land.**
- 44 The Council's detailed treasury position is set out in Table 11 below. Members should note that the final line is negative, as the Council is a net investor.

TABLE 11: Net debt and net investment position

		31 March 2005 Actual £'000	Rate %	31 March 2006 Estimate £'000	Rate %
Fixed rate debt	PWLB	0		0	
	Market	0		0	
Variable rate debt	PWLB	0		0	
	Market	0		0	
Gross external debt		0		0	
Less transferred debt		-635	4.50	-610	4.50
Total Net Debt		-635		-610	
Fixed Investments		-44,600	4.80	-45,000	4.55
Variable Investments		-1,500	4.50	-3,000	4.50
Total Investments		-46,100		-48,000	
Net Investments		-46,735		-48,610	

- 45 Regardless of whether the Council is a net investor or borrower, interest rates represent a risk, as they affect both borrowing costs and investment returns. This Council employs Butlers, the treasury consultants, to advise on the treasury strategy, to provide economic data and interest rate forecasts, to assist planning and thereby to reduce the impact of unforeseen adverse movements. Their latest estimates of expected movement in interest rates are as follows:

TABLE 12: Forecast movements in average interest rates**(Source: Butlers, November 2005)**

	Base Rate %	5 year Gilt %	20 year Gilt %
2005/06	4.6	4.3	4.5
2006/07	4.3	4.4	4.6
2007/08	4.5	4.6	4.7
2008/09	4.8	4.8	4.7

Borrowing and Debt Strategy 2006/07 – 2008/09

- 46 The Monetary Policy Committee announced the long-awaited cut in base rates following its August meeting. However the downturn in the UK interest rates cycle is expected to be prolonged and shallow with the lowest Bank of England Base Rate expected to be around 4.25% (it is currently 4.5%). GDP growth has been substantially weaker than anticipated as the slowdown in house price inflation and higher debt servicing costs combined to undermine consumer spending growth. Activity has remained weak to the end of 2005, but is expected to stage a recovery in 2006.
- 47 The Bank of England believes that the rebound in consumer activity, together with continued strength in public sector spending and a rise in corporate investment, will encourage higher growth in the future. This is open to debate and it is clear that the forecasting of interest rates in the current climate is difficult and a cautious approach is needed in treasury activity.
- 48 The international economic situation creates further uncertainty in the forecast. UK longer term rates have been influenced by US interest rates, which currently appear to be unrealistically low, and there continues to be a risk of an upward shift in rates. The exact timing of this is, however, difficult to predict.

Investment Policy 2006/07 – 2008/09

- 49 The repeal of Part IV of the Local Government and Housing Act 1989 on 1 April 2004 ended the approved investment regulations which restricted local authorities' choice of investment instruments. In common with the relaxation of borrowing controls in the prudential system, the current regime of investment regulation is governed by guidance from the Office of the Deputy Prime Minister. The most recent guidance was issued by the ODPM on 15 December 2003.
- 50 The key intention of the guidance is to maintain the current requirement for councils to invest prudently, and to ensure that priority is given to security and liquidity before yield. In order to facilitate this objective the guidance requires this Council to have regard to the Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 22 April 2002 and has applied its principles to all investment activity.
- 51 The key requirements of both the Code and the ODPM guidance are to set an annual investment strategy covering the identification and approval of the following:
- The strategy guidelines for decision making on investment decisions, particularly non-specified investments.
 - The principles to be used to determine the amount of funds which can be committed for more than a year, and the minimum to be held in short term investments.
 - Specified investments the Council will use. These are high security (i.e. high credit rating, to a level defined by the Council), and high liquidity investments in sterling, with a maturity of no more than five years.
 - Non-specified investments, clarifying the greater risk implications, identifying the

general types of investment that may be used and a limit to the overall amount invested in any particular category that can be held at any time.

Investment Policy of the Council

- 52 The main principle governing the Council's investment criteria is the security and liquidity of its investments, although the yield or return on the investment will be a consideration, subject to adequate security and liquidity.
- 53 The Council expects to maintain core investment balances of £25m, although this may rise on occasions due to cash flow reasons. The Council will therefore carefully balance the use of short term and specified investments. At least £25m (or 100%) of the core investment balance and any cash flow investments will be maintained as short term or specified investments.
- 54 Expectations on shorter-term interest rates, on which the majority of investment decisions are based, show a strong likelihood of decreasing. The Council's investment decisions are based on comparisons between the movements priced into market rates against the Council's and advisors' own forecasts. The Head of Finance, under delegated powers, will undertake the most appropriate form of investments depending on the prevailing interest rates at the time, taking into account the risks shown in the forecast above. All investments will be made in accordance with the Council's investment policies and prevailing legislation and regulations.
- 55 The Council proposes to invest in specified investments. These are investments maturing within one year with all payments and repayments made in sterling. They are low risk assets where the possibility of loss of principal or investment income is very low. These would include investments with:
- I. The UK Government (such as the Debt Management Office, UK Treasury Bills or a gilt with less than one year to maturity).
 - II. A local authority.
 - III. An investment scheme that has been awarded a high credit rating by a credit rating agency (currently AAA Money Market Fund).
 - IV. A body that has been awarded a high credit rating by a credit rating agency, such as a bank or building society.
- 56 **Members are requested to confirm their approval of the following specified investments for this council:**
- **All Category I investments;**
 - **All Category II investments;**
 - **For category III - money market funds rated AAA by Standard and Poor's, Moody's or Fitch rating agencies.**
 - **For category IV - bodies with a minimum rating of A-1, P-1 and F1 as rated by Standard and Poor's, Moody's or Fitch rating agencies respectively.**
- 57 Non-specified investments are any other type of investment (i.e. not defined as specified above). These would include sterling investments with:
- V. Securities admitted to the Official List of The Stock Exchange, which are guaranteed by the UK Government (such as supranational bonds). These are fixed income bonds although the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.
 - VI. Gilt edged securities with a maturity of greater than one year.
 - VII. Institutions not meeting the basic security requirements under the specified investments.

- VIII. A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society), for deposits with a maturity of greater than one year.
- 58 In the treasury management strategy for 2004/05 it was agreed that non-specified investments would not form part of the Council's investment portfolio. However, as a result of the review of the Treasury Management function in 2004, it was agreed that the Council would extend its approved counterparty listing to include any building society which met the following criteria:
- Listed in the top thirty building societies by capitalization size, as rated by Butler's Building Society Guide (updated annually). This Guide is regarded as the definitive guide to building society rankings by treasury advisors.
 - A minimum capitalization limit of £500m.
- 59 In order to protect the Council further, it was agreed that there should be restrictions on the maximum term and amount of investment in building societies;
- A maximum of £5m may be invested in any of the top ten building societies
 - Societies ranked 11th to 20th should have a maximum investment limit of £3m
 - Approved societies ranked between 21st and 30th should have a maximum investment limit of £2m
 - Investments in building societies with no credit rating and with assets in excess of £1 billion should be for a maximum term of nine months
 - Investments in building societies with no credit ratings and with assets between £500m and £1bn should be for a maximum term of six months
- 60 The same review concluded that the rising level of investments offered some scope for a limited proportion of funds to be invested for periods longer than one year. It was felt that five years was a reasonable maximum term. On the advice of Butlers, any investment of a term of more than one year would be made only with a counterparty possessing a minimum short term credit rating of A- (Fitch), A3 (Moody's) and A (Standard & Poors).
- 61 **Members are requested to confirm that, for the time being, it is intended that non-specified investments will not form part of the Council's investment portfolio, with the exception of;**
- **Building societies meeting the criteria in Point 58 above (subject to the restrictions laid down in Point 59) and**
 - **A maximum of £15,000,000 invested for terms exceeding one year, subject to the credit rating criteria in Point 60 and a maximum term of five years.**
- 62 The credit rating of counterparties will continue to be monitored regularly, as a policy at least monthly. However the Council receives credit rating advice from its advisers, Butlers, as and when ratings change, and counterparties are checked promptly. There will be a minor time delay between rating changes and the Council receiving notification, and on occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Head of Finance, and if required new counterparties which meet the criteria will be added to the list.
- 63 It is not the Council's policy to use external fund managers for all or part of its investment portfolio. The advice given by Butlers in 2005 was that, for portfolios of less than £50m, the charges outweighed the potential income gains and savings. Officers will keep this situation under review.