

EPPING FOREST DISTRICT COUNCIL COUNCIL MINUTES

Committee: Council **Date:** 20 February 2007

Place: Council Chamber, Civic Offices, High Street, Epping **Time:** 7.30 - 9.45 pm

Members Present: Councillors Mrs A Haigh (Chairman), Mrs C Pond (Vice-Chairman), K Angold-Stephens, D Bateman, Mrs D Borton, Mrs P Brooks, K Chana, R Church, Mrs S Clapp, M Colling, Mrs D Collins, J Demetriou, R D'Souza, T Farr, R Frankel, Mrs R Gadsby, P Gode, R Goold, A Green, Mrs A Grigg, Mrs H Harding, J Hart, P House, D Jacobs, D Kelly, J Knapman, R Law, Mrs J Lea, A Lee, Mrs M McEwen, P McMillan, S Metcalfe, G Mohindra, S Murray, Mrs S Perry, Mrs P Richardson, T Richardson, Mrs P K Rush, B Sandler, Mrs M Sartin, P Spencer, Mrs P Smith, D Stallan, Ms S Stavrou, P Turpin, Mrs L Wagland, C Whitbread, Mrs J H Whitehouse, J M Whitehouse, M Woollard, K Wright and J Wyatt

Apologies: Councillors M Cohen, J Markham, R Morgan and D Spinks

Officers Present: P Haywood (Joint Chief Executive), J Scott (Joint Chief Executive), I Willett (Head of Research and Democratic Services), G Lunnun (Democratic Services Manager), R Palmer (Head of Finance), T Tidey (Head of Human Resources and Performance Management) and T Carne (Public Relations and Marketing Officer)

72. WEBCASTING INTRODUCTION

The Chairman reminded everyone present that the meeting would be broadcast live to the Internet, and would be capable of repeated viewing.

73. MINUTES

RESOLVED:

That the minutes of the meeting held on 19 December 2006 be taken as read and signed by the Chairman as a correct record.

74. DECLARATIONS OF INTEREST

There were no declarations of interest pursuant to the Council's Code of Member Conduct.

75. ANNOUNCEMENTS

(a) Chairman's Announcements

(i) Councillors M Cohen and D Spinks

The Chairman announced that she would be writing to Councillor Cohen who had been in hospital recently and to Councillor Spinks who was still unwell.

(ii) 'Celebration of Faith' Civic Service

The Chairman thanked members for their attendance at the service held on 28 January 2007. She advised that the service had showed the rich cultural heritage of the District and a collection taken had raised £400 which would be split equally between her charities.

(iii) Quiz Night

The Chairman reported that the Quiz Night in aid of her charities held on 9 February 2007 had raised almost £1,000. She thanked members for their support.

(iv) Antiques Roadshow

The Chairman encouraged members to attend an Antiques Roadshow being held in aid of her charities on 14 April 2007 at Chigwell School.

(v) Charity Walk

The Chairman reported that with the assistance of Councillor R Morgan, she was making arrangements for a walk through private woodland in aid of her charities on 13 May 2007 to be followed by a ploughman's lunch.

(vi) Abseil – Water Tower, Church Langley

The Chairman encouraged members to volunteer to take part in an abseil in aid of her charities to be held on 5 May 2007.

(vii) Epping Forest District Museum

The Chairman urged members to visit two temporary exhibitions currently being held at the museum. One explored the memories of people who had migrated to this country from the 1950s onwards to work in the glasshouses in the Lee Valley. The other was an exhibition of costumes from the Regency period to the last century.

(viii) Civic Awards and Dinner

The Chairman reported that she had received a good response to the invitations to attend the Civic Awards and dinner on 1 March 2007. She pointed out however, that many of the responses had only recently been received and she encouraged members to respond earlier to such invitations in the future.

(ix) Flowers

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

(b) Leader's Announcements**(i) Inclement Weather – 8 February 2007**

Councillor Mrs D Collins thanked staff for their efforts in attending work on the day of the recent snowfall. She pointed out that although there had been a high level of absenteeism over the country as a whole, the majority of Council staff had managed to attend work on that day.

(ii) Staff Awards

Councillor Mrs Collins gave notice of an intention to propose a staff awards scheme in recognition of good service, innovation etc.

76. PUBLIC QUESTIONS (IF ANY)

No public questions had been received for consideration at the meeting.

77. REPORTS FROM THE LEADER, CHAIRMAN OF THE OVERVIEW AND SCRUTINY COMMITTEE AND MEMBERS OF THE CABINET

The Council received reports (circulated) from the Chairman of the Overview and Scrutiny Committee, the Community Wellbeing Portfolio Holder, the Environmental Protection Portfolio Holder, the Housing Portfolio Holder and the Planning and Economic Development Portfolio Holder.

By leave of the Council, the Leader of the Council made an oral report. Councillor Mrs D Collins advised that members had received presentations on 17 February 2007 from the Council's consultant, officers and lobby groups in respect of the Secretary of State's proposed changes to the draft East of England Plan. She also advised that she had met with representatives of Harlow Renaissance, an interim local delivery vehicle established by local partners to support and take forward regeneration of Harlow. In addition she was due to meet with the Planning and Economic Development Portfolio Holder, representatives of Harlow District Council in order to discuss future development. She reported that Council officers had met with representatives of East Herts District Council. She emphasised that there was a need to discuss and work with neighbouring authorities in order for the Council to retain control of future development.

Councillor Mrs Collins advised that the sale of the T11 Site, Langston Road, Loughton had been advertised and offers were awaited.

78. QUESTIONS BY MEMBERS WITHOUT NOTICE**(a) London Olympic Games and Paralympic Games****By Councillor B Sandler to Councillor Mrs D Collins, Leader of the Council**

What action is being taken to ensure that this Council is involved in preparations for the Olympics?

Response by Councillor Mrs D Collins, Leader of the Council

Together with the Leisure and Young People Portfolio Holder and the Head of Leisure Services I have met County Councillor Stephen Castle who has a seat on the Olympic "Nations and Regions Group", the body charged by the main Olympic organising committee with promoting and encouraging the games outside of the Capital. We have initiated discussions on how we can maximise participation and benefit for both local people and businesses. An event would be arranged with local businesses in order to obtain their views and members would receive details of the event when it had been organised. Discussions were to be held shortly with Broxbourne Borough Council regarding the white water canoeing scheme being

developed in that area. Possible ancillary uses in the Epping Forest District included parking facilities and areas for tented accommodation.

(b) Highway Services – Loughton Roding Ward

By Councillor S Murray to Councillor A Green, Civil Engineering and Maintenance Portfolio Holder

In the Ward I represent there have been street lights out at a major traffic junction for over two months, a major traffic route has potholes and footways are full of potholes and are liable to flooding. Would the Portfolio Holder like to comment on the deplorable level of service offered to this District by Essex County Council Highways?

Response by Councillor A Green, Portfolio Holder for Civil Engineering and Maintenance

I have not been advised of these matters previously but I am happy to take them up with Essex County Council Highways on Councillor Murray's behalf.

(c) Highway Services – Buckhurst Hill East Ward

By Councillor M Woollard to Councillor A Green, Portfolio Holder for Civil Engineering and Maintenance

I would draw the attention of the Portfolio Holder to the disgraceful state of the highways in the Buckhurst Hill East Ward; they are full of potholes and failing reinstatements; lack of money should not be an excuse for poor maintenance; individual Councillors have complained to the County Council but have not received a response; I would ask the Portfolio Holder to make representations on our behalf in the hope that these will carry more weight.

Response by Councillor A Green, Portfolio Holder for Civil Engineering and Maintenance

To save other Councillors from expressing their frustration about the condition of local highways, I am happy to take up concerns regarding the condition of highways across the whole District.

(d) Residual Waste

By Councillor P MacMillan to Councillor S Metcalfe, Portfolio Holder for Customer Services, Media, Communications and ICT

Can the Portfolio Holder confirm that there will be a summer collection of residual waste in 2007; I need to have some assurance before canvassing for the May 2007 elections?

Response by Councillor S Metcalfe, Portfolio Holder for Customer Services, Media, Communications and ICT.

I have asked the officers to put in motion procedures for a weekly summer collection of residual waste and a report will be submitted to the Portfolio Holder Advisory Group in due course; however, I made a pledge that such a collection will take place and it is my intention to fulfil that pledge.

79. MOTIONS

No motions had been received for consideration at the meeting.

80. QUESTIONS BY MEMBERS UNDER NOTICE

(a) To any member of the Cabinet

(i) Planning Appeals – Public Inquiries

By Councillor Mrs P K Rush to Councillor Mrs A Grigg, Planning and Economic Development Portfolio Holder

“Public inquiries following planning appeals are often of interest to members across the District. Would the Portfolio Holder ensure that the dates of these inquiries are published in the Members’ Bulletin at the earliest possible opportunity?”

Response by Councillor Mrs A Grigg, Planning and Economic Development Portfolio Holder

“I agree that planning inquiries are of interest to many members.

There has long been a procedure in place whereby details of all appeals going to a hearing or a full public inquiry are listed in the Council Bulletin (see page 16 item 2 of the Bulletin of 16 February 2007 by way of example).

What Councillor Mrs Rush may be seeking is for earlier notice of such dates; however, when we operated the system on the basis of notification in the Bulletin as soon as a date was suggested, there were two problems. Firstly, it did not act as a reminder because some dates were so far ahead, and secondly, quite a number of such cases had changes to dates or were withdrawn. Far from being of assistance, this resulted in confusion for members. Accordingly, the system now in place seeks to provide details as a reminder closer to the event, and when it is virtually certain that the appeal will go ahead.

Members can also use i-plan to get up-to-date information on individual cases”.

81. REPORTS OF THE CABINET

(a) Top Management Structure

(Mover: Councillor Mrs D Collins – Leader of the Council)

The Leader of the Council presented a report submitting recommendations regarding the process for agreeing and implementing a new structure.

Report as first moved **ADOPTED**

RESOLVED:

Cabinet Sub-Committee – Terms of Reference

(1) That the terms of reference agreed by the Council for the Top Management Cabinet Committee be extended as follows:

(a) to investigate a new Council Management structure for post(s) at Chief Executive level and make recommendations by 24 April 2007 for implementation thereafter which will include Hay evaluation for the posts at this level;

(b) to devise a new structure for posts at Chief Officer level (but excluding the positions of Chief Executive(s) and make recommendations to the Council by the July 2007 meeting for implementation thereafter, which would include Hay evaluation of all posts at this level; and

(c) in order to progress the matter in accordance within the timescale set by the Council, the Cabinet Committee be authorised to report directly to the Council on matters requiring Council approval without prior reference to the Cabinet;

Appointments Panel

(2) That an Appointments Panel be established in accordance with Officer Employment Rule 4(a) in the Constitution in order to carry out all recruitment and selection processes required for the appointment of posts in the Top Management Structure at Chief Officer level (ie below Chief Executive level) and to make appointments;

(3) That Employment Procedure Rule 4(a) be amended as set out below:

“A Panel of 7 members of the Council allocated between political groups in accordance with pro rata rules will interview and, where authorised, appoint Chief Officers. Such a Panel shall include at least one Cabinet member”;

(4) That in order to achieve cross party representation, the Appointments Panel comprise 7 Councillors (including at least one member of the Cabinet) appointed on pro rata lines as follows:

Conservative Group – 4
Liberal Democrats Group – 1
BNP Group – 1
LRA Group – 1;

(5) That the Appointments Panel exclude any member of the Staff Appeals Panel;

(6) That the Council appoint a Chairman and Vice-Chairman and other members of the Appointments Panel at the Annual Council meeting 2007;

Staff Appeals Panel

(7) That the Staff Appeals Panel be authorised to consider and adjudicate on any grievance or appeals arising from the decisions of the Appointments Panel; and

(8) That, for the purposes of (7) above, the Staff Appeals Panel be authorised to deal with any matters arising by reference to the Council's Appeals or Grievance Procedures but subject to any necessary modifications required as Head of Service appointments are involved, such modifications to be the subject of a later report and approval of the Cabinet Committee.

(b) Audit and Governance Committee**(Mover: Councillor Mrs D Collins – Leader of the Council)**

The Leader of the Council presented a report proposing the establishment of an Audit and Governance Committee from the Annual Council meeting in May 2007, having considered proposals made by the Finance and Performance Management Cabinet Committee following consultation with the Constitution and Members Services Scrutiny Standing Panel.

The attention of members was drawn to a supplementary report prepared by the Officer Corporate Governance Group which sought to clarify some points of detail in relation to the proposed new committee.

Report as first moved together with the recommendations of the Corporate Governance Group **ADOPTED**

RESOLVED:

- (1) That an Audit and Governance Committee be appointed at the Annual Council meeting in May 2007;
- (2) That the Audit and Governance Committee comprise five members, two of whom should be co-opted members;
- (3) That the terms of reference of the Audit and Governance Committee be as set out in Appendix 1 to these minutes;
- (4) That the revised terms of reference of the Finance and Performance Management Cabinet Committee be as set out in Appendix 2 to these minutes;
- (5) That the terms of reference of the Interview Panel established for the appointment of an independent person for the Standards Committee be extended to cover the recruitment of co-opted members of the Audit and Governance Committee;
- (6) That the Management Board be authorised, in consultation with the Interview Panel to agree:
 - (a) appropriate interview arrangements;
 - (b) person specifications for the co-optees;
 - (c) training;
 - (d) advertising via website, press releases, Parish Council newsletters and public notices in the local press;
- (7) That co-optee members be deemed to be eligible for a co-optee's allowance; and
- (8) That the Head of Research and Democratic Services be authorised to make consequential amendments to the Constitution as a result of the establishment of the new committee.

(c) Loughton Broadway Town Centre Enhancement Scheme

Councillor Mrs D Collins, Leader of the Council and Chairman of the Cabinet, invited the Planning and Economic Development Portfolio Holder to present this report of the Cabinet.

(Mover: Councillor Mrs A Grigg – Planning and Economic Development Portfolio Holder)

The Portfolio Holder presented a report drawing attention to a projected estimated overspend on the scheme together with proposals for reducing the scope of the scheme and funding any remaining capital shortfall.

Councillor K Angold-Stephens and the Chairman of the Council drew attention to the detrimental effects of the County Council not making traffic regulation orders which had been agreed. Councillor A Green, Portfolio Holder for Civil Engineering and Maintenance was urged to take up this matter with the County Council Portfolio Holder at the earliest opportunity.

Report as first moved **ADOPTED**

RESOLVED:

- (1) That the projected estimated overspend on The Broadway Town Centre Enhancement Scheme be noted;
- (2) That in order to save an estimated £228,500, the scope of the scheme be reduced by the removal of the following options:
 - (a) the additional granite paving; and
 - (b) the central wind vane feature; and
- (3) That the Capital Contingency Fund be utilised to fund any remaining capital shortfall.

(d) Supplementary Estimates – 2006/07

Councillor Mrs D Collins, Leader of the Council and Chairman of the Cabinet, invited the Finance, Performance Management and Corporate Support Services Portfolio Holder to present this report of the Cabinet.

(Mover: Councillor J Knapman – Finance, Performance Management and Corporate Support Services Portfolio Holder)

The Portfolio Holder submitted requests for supplementary estimates.

Report as first moved **ADOPTED**

RESOLVED:

- (1) That a General Fund CSB supplementary estimate of £12,000 and a Housing Revenue Account CSB supplementary estimate of £67,000 be approved in order to meet the anticipated increase in gas costs for Council premises; and

(2) That a DDF supplementary estimate of £4,300 be approved for the costs incurred in respect of the District Council bye-election for the Grange Hill Ward held on 14 December 2006.

(e) Budgets and Council Tax Declaration 2007/08

Councillor Mrs D Collins, Leader of the Council and Chairman of the Cabinet, advised that the proposed budget did not involve any cuts to services, met the Council's guidelines for expenditure and resulted in a District Council Tax increase below the Retail Price Index. She invited the Finance, Performance Management and Corporate Support Services Portfolio Holder to present this report of the Cabinet.

(Mover: Councillor J Knapman – Finance, Performance Management and Corporate Support Services Portfolio Holder)

By leave of the Council, the Portfolio Holder made the following amendment to Recommendation (4) in the report in order to reflect that it had been recognised that a new medium term financial strategy would be required to ensure that reserves did not fall below the Council's guideline:

“(4) That the medium-term financial forecast be noted as a basis for a new medium-term financial strategy which will be developed to ensure that reserves do not fall below the guideline level throughout the period covered by the strategy.”

Carried

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 in order to meet the ceiling for CSB net expenditure, net growth for 2007/08 had been restricted to £138,000 compared with a revised estimate figure of £1,738,000,000 in 2006/07. Net DDF expenditure for 2007/08 amounted to £876,000 which would be offset by transfers in of £317,000. The increase in the District Council Tax had been restricted to 3.5%.

The Portfolio Holder advised that some provision had been made for the expected increased costs of waste management. He also drew attention to the decision of the Department for Communities and Local Government in relation to the Council's application for a capitalisation direction regarding pension deficits.

The Portfolio Holder drew attention to the Annexes regarding the Council's Prudential Indicators and Treasury Management Strategy and to the report of the Chief Financial Officer on the robustness of the estimates for the purposes of the Council's 2007/08 budgets and the adequacy of the reserves.

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

Councillor Mrs D Collins thanked the Portfolio Holder for his work in co-ordinating matters and ensuring that the Council's guidelines had been met.

Report as amended **ADOPTED**

RESOLVED:

Budget

- (1) That the list of CSB growth for the 2007/08 budget (set out in Annex 1 attached) be approved;
- (2) That the list of District Development Fund items for the 2007/08 budget (set out in Annex 2 attached) be approved;
- (3) That the revenue estimates for 2007/08 and the draft Capital Programme for 2007/08 be approved as set out in Annexes 3, 4 (a-k) and 5 including all contributions to and from reserves as set out in the attached Annexes;
- (4) That the medium-term financial forecast be noted as a basis for a medium term financial strategy which will be developed to ensure that reserves do not fall below the guideline level throughout the period covered by the strategy.
- (5) That the 2007/08 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 £64.65 to £67.88, be approved.

Declaration of Council Tax

- (6) That it be noted that on 8 December 2006, the Finance, Performance Management and Corporate Support Services Portfolio Holder in consultation with the Chairman of the Overview and Scrutiny Committee calculated the following amounts for the year 2007/08 in accordance with regulations made under Section 33(5) and 34(4) of the Local Government Finance Act 1992:
 - (a) 53,748.6 being the amount calculated by the Council in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 as the Council Tax Base for the year;

(b) Part of the Council's Area	Tax Base
Essex County Council (General Expenses)	53,748.6
Essex Police Authority	53,748.6
Essex Fire Authority	53,748.6
Epping Forest District Council (General Expenses)	53,748.6
Abbess, Beauchamp & Berners Roding	199.5
Buckhurst Hill	5,176.8
Chigwell	5,940.6
Epping Town	4,998.4
Epping Upland	404.8
Fyfield	419.1
High Ongar	553.1
Lambourne	939.7
Loughton Town	12,830.2
Matching	311.0
Moreton, Bobbingworth and The Lavers	655.5

Nazeing	2,075.9
North Weald Bassett	2,520.9
Ongar	2,696.9
Roydon	1,317.8
Sheering	1,356.9
Stanford Rivers	355.2
Stapleford Abbotts	498.9
Stapleford Tawney	54.8
Theydon Bois	1,964.3
Theydon Garnon	65.7
Theydon Mount	108.3
Waltham Abbey Town	8,062.2
Willingale	242.1

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 2007/08 in accordance with sections 32 to 36 of the Local Government Finance Act 1992:

- (a) £98,665,315 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) £79,219,148 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) £19,446,167 being the amount by which the aggregate at (a) above exceeds the aggregate at (b) calculated by the Council in accordance with Section 32(4) of the Act as its budget requirement for the year;
- (d) £9,161,106 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) £191.35 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) £2,787,075 being the aggregate amount of all special items referred to in Section 34(1) of the Act;
- (g) £139.50 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	154.54
Buckhurst Hill	207.69
Chigwell	171.74
Epping Town	212.52
Epping Upland	166.27
Fyfield	157.16
High Ongar	156.24
Lambourne	169.30
Loughton Town	185.58
Matching	165.22
Moreton, Bobbingworth and The Lavers	156.28
Nazeing	197.28
North Weald Bassett	184.69
Ongar	188.03
Roydon	159.42
Sheering	157.19
Stanford Rivers	168.22
Stapleford Abbots	148.85
Stapleford Tawney	161.40
Theydon Bois	170.85
Theydon Garnon	153.81
Theydon Mount	153.42
Waltham Abbey Town	227.56
Willingale	155.20

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

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

(8) That it be noted that for the year 2007/08 the major precepting authorities have stated that the amounts shown in Annex 7 Part A (attached) 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 (attached) as the amounts of Council Tax for the year 2007/08 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 2009/10 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 2010/11;

(11) That the recommendations included in the report on the Prudential Indicators and the Treasury Management Strategy for 2007/08 (set out in Annex 9 attached) 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 2007/08 budgets and the adequacy of the reserves be noted.

82. REPORT OF THE CONSTITUTION AND MEMBER SERVICES SCRUTINY PANEL

Review of Contract Standing Orders, Financial Regulations and Officer Delegation

(Mover: Councillor Mrs J H Whitehouse – Vice-Chairman of Overview and Scrutiny Committee on behalf of the Panel Chairman)

In the absence of the Chairman of the Constitution and Members Services Scrutiny Panel and the Chairman of the Overview and Scrutiny Committee, and the Vice-Chairman of the Panel, Councillor Mrs J H Whitehouse presented a report following a review of Contract Standing Orders and Officer Delegation. Councillor Mrs J H Whitehouse advised that she had presented the report to the Cabinet on 19 February 2007 at which meeting the recommendations of the Scrutiny Panel had been endorsed.

The meeting noted that the Constitution and Members Services Scrutiny Panel planned to review Financial Regulations and to report thereon to the Council meeting in April 2007.

Report as first moved **ADOPTED**

RESOLVED:

(1) That the revised Contract Standing Orders be approved and incorporated into the Council's Constitution;

(2) That the schedule of changes to Officer Delegation be adopted and incorporated into the Council's Constitution;

(3) That in future an annual review be carried out in respect of Contract Standing Orders, Financial Regulations and Officer Delegations, in accordance with recommended best practice of the Audit Commission; and

(4) That a review of Financial Regulations be submitted to the next meeting of the Council in April 2007.

83. AREA PLANS SUB-COMMITTEE 'A'**(a) Review of Operation****(Mover: Councillor J Hart – Chairman of Area Plans Sub-Committee 'A')**

Councillor J Hart presented a report following an operational review by the Sub-Committee in recognition of the decision made by the Council to increase membership to the 25 ward councillors for Area 'A'.

Report as first moved **ADOPTED**

RESOLVED:

(1) That the following measures in order to make a 25 member sub-committee workable be introduced from the commencement of the 2007/08 Council year:

(a) acknowledging that some Councillors representing wards in Area 'A' may not wish to serve on the Sub-Committee, membership be determined by the Council at the commencement of each municipal year by requiring members to signify in writing that they wish to serve on the Sub-Committee for that year;

(b) those Councillors who opt into membership should do so for the whole of the Council year;

(c) those Councillors who do not opt in be deemed not to be members of the Sub-Committee for the municipal year in question;

(d) the quorum for meetings of this Sub-Committee be set at one quarter (rounded up to the nearest whole number) of the total members who have opted in to membership or five whichever is the greater;

(e) the Head of Research and Democratic Services be authorised to amend the Council's Constitution to reflect these changes;

(2) That the following operational measures be introduced for the Sub-Committee from the commencement of the 2007/08 Council year and reviewed by the Sub-Committee after six months (ie November 2007):

(a) a revised layout for meetings at Roding Valley High School;

(b) precedence to be given to ward members during discussion of planning applications;

(c) more rigorous controls on repetition in debates;

(d) addition of relevant district wards on each planning application report.

84. AREA PLANS SUB-COMMITTEE 'B' AND 'C' (COMBINED) - IMPLEMENTATION

Members considered the question of the chairmanship and vice-chairmanship of the combined Sub-Committee for the remainder of the current municipal year.

The Leader of the Council reported on proposals to continue with joint chairmen and joint vice-chairmen until May 2007 on a rota arrangement with the Council appointing one chairman and one vice-chairman for the year 2007/08 at its Annual Meeting.

RESOLVED UNANIMOUSLY:

- (1) That the remaining meetings of the combined Sub-Committee in the current year be chaired jointly by the chairmen/vice-chairmen of the former Area Plans Subs 'B' and 'C';
- (2) That at each meeting of the combined Sub-Committee those items in each of the former areas 'B' and 'C' be chaired by the appropriate chairmen of the former Sub-Committees;
- (3) That a single chairman and vice-chairman for the combined Sub-Committee be appointed at the Annual Council meeting for 2007/08 and in succeeding years;
- (4) That the Council's Protocol regarding allocation of chairmen and vice-chairmen positions between political groups be amended accordingly for the remainder of the current Council year; and
- (5) That the chairman of the District Development Control Committee be authorised to sign as a correct record the minutes of the final meetings of Area Plans Sub-Committees 'B' and 'C' held on 17 January and 24 January 2007 respectively.

85. MEMBERSHIP OF COMMITTEES, SUB-COMMITTEES AND PANELS

Members were advised of the steps taken since the last meeting of the Council to fill the vacancy on the District Development Control Committee.

RESOLVED:

That the appointment of Councillor R Frankel as a member of the District Development Control Committee for the remainder of the current municipal year be noted.

86. WEST ESSEX JOINT HIGHWAYS PANEL

The Council considered the appointment of a member deputy to attend members of the Joint Panel in the absence of the member representative, for the remainder of the current municipal year.

RESOLVED:

That Councillor Mrs P Smith be appointed as a member deputy for the remainder of the current municipal year.

87. JOINT ARRANGEMENTS AND EXTERNAL ORGANISATIONS

There were no reports for consideration under this heading.

88. EXCLUSION OF PUBLIC AND PRESS**RESOLVED:**

(1) That, in accordance with Section 100(A)(4) of the Local Government Act 1972, the public and press be excluded from the meeting for the item of business set out below as it would involve the likely disclosure of exempt information as defined in the paragraphs of Part 1 of Schedule 12A of the Act indicated and the exemption is considered to outweigh the potential public interest in disclosing the information:

Agenda Item No	Subject	Exempt Information Paragraph Numbers
18	Report of the Cabinet – Top Management Structure	1,2 and 4

(2) That except for the Head of Human Resources and Performance Management, the Head of Research and Democratic Services and the Democratic Services Manager, all officers be excluded from the meeting for the remaining item of business.

89. REPORT OF THE CABINET**(a) Top Management Structure**

(Mover: Councillor Mrs D Collins – Leader of the Council)

Councillor Mrs D Collins presented a report following discussions held with the two Joint Chief Executives.

By leave of the Council, Councillor Mrs D Collins proposed two changes to the recommendations designed to make clearer the position of the Joint Chief Executive (Community) and to deal with the financial impact of the post holder's redundancy and early retirement.

Report as amended **ADOPTED**

RESOLVED:

(1) That with effect from 1 August 2007, the structure at Chief Executive level be amended by the deletion of the posts of Joint Chief Executive (Community) and Joint Chief Executive (Resources) and the creation of a single post of Chief Executive;

(2) That the Joint Chief Executive (Community) leave the Council's service on 31 July 2007 on grounds of redundancy and early retirement under the Council's Severance Scheme as applicable at that time;

(3) That, pursuant to (2) above, a supplementary estimate of a maximum of £175,000 be approved to reflect the cost of early retirement and redundancy with the Top Management Cabinet Committee being authorised on behalf of the Council to approve at its next meeting on 13 March 2007 the final figure once all the costs are calculated; and

(4) That John Scott, the Joint Chief Executive (Community) be thanked for his valuable contribution to the work of the Council and the community.

CHAIRMAN

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Appendix 1

AUDIT AND GOVERNANCE COMMITTEE – DRAFT CONSTITUTION

1. Title

The Committee should be entitled “Audit and Governance Committee” of Epping Forest District Council.

2. Purpose

The purpose of the Audit and Governance Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority’s financial and non-financial performance to the extent that it affects the authority’s exposure to risk and weakens the control environment, and to oversee the financial reporting process.

3. Authority

The Committee is authorised by the Council to:

- (a) Investigate, or cause to be investigated, any activity within its terms of reference;
- (b) Seek any information that it requires from any Member or employee of the Council, and require all Members and employees to co-operate with any request made by the Committee;
- (c) Meet for despatch of its business, adjourn and otherwise regulate its business as it shall see fit, including approving items of business by the written resolution procedure set out in the Council’s Constitution.

4. Role and Responsibilities

The Audit and Governance Committee will have the following role and function:-

- (a) To consider the effectiveness of the Council's Risk Management arrangements, the control environmental and associated anti-fraud and anti-corruption arrangements.
- (b) To seek assurances that action is being taken on risk related issues, identified by Auditors and Inspectors.
- (c) To be satisfied that the Council's Assurance Statements, including the Statement on Internal Control, properly reflect the risk environment and any actions required to improve it.
- (d) To agree the Council's Internal Audit Strategy Plan, Annual Audit Plan and monitor performance against all associated plans.

- (e) To review summary Internal Audit reports and the main issues arising and seek assurance that action has been taken where necessary.
- (f) To receive an Annual Report from the Chief Internal Auditor.
- (g) To ensure that there are effective relationships between External and Internal Audit, Inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- (h) To review financial statements, including the Council's Statement of Accounts, External Auditor's opinion and reports to Members, and monitor management action in response to the issues raised by External Audit.
- (i) Review, and challenge where necessary, the actions and judgements of Management, in relation to the Council's Statement of Accounts, paying particular attention to:
 - (i) critical accounting policies and practices, and any changes to them;
 - (ii) decisions requiring a major element of judgement;
 - (iii) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
 - (iv) significant adjustments resulting from the audit; and
 - (v) any material weakness in internal control reported by the Internal or External Auditor.
- (j) Consider other reports of External Audit and inspection agencies which are relevant to the functions of the Committee.
- (k) Briefing meetings for members of the Committee will be held as and when necessary separately and at least once a year with the External Auditor and Chief Internal Auditor.
- (l) To consider performance and best value issues to the extent that they relate to the audit and control environment and risk management issues of the Council.

5. Membership

- 5.1 The Committee shall comprise 5 members, including 3 Councillors and 2 co-opted persons.
- 5.2 All members of the Committee shall be appointed at the annual Council meeting of Epping Forest District Council for a term of office of one year and shall be eligible for re-appointment for further terms of office.
- 5.3 Casual vacancies on the Committee which occur shall be filled at the next available Council meeting with a term of office expiring on the date of the next annual Council meeting.

6. Eligibility for membership

6.1 Councillor members

Councillors appointed to the Audit and Governance Committee may not also be members of the Cabinet, any Cabinet Committee, or any panel appointed by the Overview and Scrutiny Committee with responsibility for reviewing the Council's finances or financial procedures.

6.2 Co-opted members

Co-opted members shall be appointed by the Council on the basis of their professional expertise, experience and background as relevant to the role and responsibilities of the Audit and Governance Committee. Initial appointments of co-opted members and the filling of casual vacancies shall be made following public advertisement and interviews, the latter conducted in accordance with arrangements agreed by the Council. If the number of suitable applicants exceeds the number of co-opted places on the Committee, the Council shall keep a waiting list of suitable applicants should casual vacancies occur.

7. Chairman

7.1 The Chairman of the Audit and Governance Committee shall be appointed at each annual meeting of the Epping Forest District Council from the District Councillors appointed as members of the Committee.

7.2 The Chairman of the Audit and Governance Committee shall be appointed for an initial term of one year expiring on the date of the next annual Council meeting but will be eligible for reappointment for further terms of office.

7.3 Casual vacancies in the position of Chairman shall be filled in the same way as required in respect of members of the Committee (see paragraph 5.3 above).

8. Vice-Chairman

8.1 The Vice-Chairman of the Audit and Governance Committee shall be appointed at the Annual Council meeting from among the co-opted members appointed to the Committee.

9. Meetings of the Committee

9.1 The Committee shall meet at least four times each year.

9.2 All meetings shall be open to the press and public except where the Committee resolves that exempt or confidential business must be considered in private session.

9.3 The Committee shall be entitled to require any Member, Heads of Service, their representatives or any other officer to attend their meetings in order to discuss any matters under discussion including the annual audit programme.

10. Quorum

10.1 No business may be transacted at a meeting of the Committee unless there are two Councillor members and one co-opted member present.

11. Decision Making

11.1 Only the Councillors serving on the Committee shall be entitled to vote.

11.2 Co-opted members shall not be entitled to vote but, in all other respects, shall be entitled to all documents, advice and facilities relevant to their membership of the Committee.

12. Other requirements

12.1 All members of the Committee shall respect the confidentiality of Council information and proceedings where appropriate, particularly where exempt or confidential business is involved.

12.2 All co-opted members of the Committee shall be required to make a statutory registration of interests in the same form as those required of serving councillors and to be aware at all times of the requirement to clear any interest relating to their work on the Committee.

**FINANCE AND PERFORMANCE MANAGEMENT CABINET COMMITTEE –
REVISED TERMS OF REFERENCE**

- 1.1 To advise and make recommendations to the Cabinet on the annual budget for Council services, the Capital Programme and the setting of the Council tax.
 - 1.2 To monitor expenditure by the Cabinet and other Committees within the framework of the Council's budgetary policy and financial objectives and to keep the Cabinet informed of the Council's overall position.
 - 1.3 To consider the financial management aspects of the annual Statutory Statement of Accounts, in particular, any significant variations from the Council's budget for the year in question and the medium term financial strategy.
 - 1.4 To receive final draft reports from External Audit (including the Audit Management letter and the External Audit Plan) from time to time received by the Council and to make recommendations thereon to the Cabinet.
 - 1.5 To consider the work programme of Internal Audit and to make recommendations thereon to the Audit and Governance Committee.
 - 1.6 To advise and make recommendations to the Cabinet on risk management and insurance issues.
 - 1.7 To be responsible for corporate performance management and the preparation of the Best Value Performance Plan.
 - 1.8 This Committee comprises 5 Cabinet members and is chaired by the Portfolio Holder for Finance and Performance Management. A Vice-Chairman will also be appointed by the Council from members of the Cabinet.
- NB. In the event that the Council's Cabinet is constituted according the pro rata membership requirements of the Local Government & Housing Act 1989, any political group not having representation on the Committee by virtue of one of the named Cabinet portfolios shall nominate one member of the Cabinet to serve on this Committee.

In the event that seats on the Cabinet are allocated by the Council solely to one political group, or to an alliance of one or more groups forming an administration, seats on the Sub Committee shall only be allocated to members of that group or alliance who have seats on the Cabinet.

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CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST											
Portfolio	Service	Original 2006/07 £000's	Revised 2006/07 £000's	Estimate 2007/08 £000's	Estimate 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's				
Leaders Portfolio	Civic and Member	18	18								
	Civic and Member	4	4								
	Civic and Member	9	9	(12)							
	Civic and Member	5	5								
	Civic Ceremonial	2	2								
	Civic Ceremonial			5							
	Elections	9	21								
	Elections			3							
	Electoral Registration/Voting	11	11								
	Electoral Registration		6								
	Democratic Services	14	15								
	Democratic Services	(15)	(15)								
	Local Land Charges		(15)								
		Total Leader's Portfolio	57	61	(2)	0	0	0			
	Community Wellbeing		582	482							
Grants to Voluntary Organisations		3	3								
Welfare Transport		(7)	(7)								
Safer Communities		20	20								
Safer Communities		17	17								
Safer Communities		12	12								
		Total Community Wellbeing	627	527							
Finance, Performance Management, and Corporate Support Services	Local Taxation			(2)							
	Local Taxation	(50)	(50)	(21)							
	Finance Miscellaneous			4							
	Housing Benefits/Local Taxation			16	16	4					
	Finance Miscellaneous	(114)	(114)								
	Local Taxation	20	20								
	Housing Benefits	15	15								
	Investment Income	15	15								
	Brooker Road Indust Estate	(8)	(3)								
	Oakwood Hill Industrial Estate	(17)	(17)								
	Finance & General Admin	(15)	(15)								
	Car Leasing	(10)	(32)	(10)							
	Office Accommodation	4									
	Office Accommodation	2	2								
	Office Accommodation	11	15	7							
	All Services			(38)							
	All Services			(35)							
	All Services			(4)							
	Human Resources		(50)								
	Energy Sites	38	46	44							

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST											
Portfolio	Service	2006/07 £000's	Original £000's	2006/07 £000's	Revised £000's	2007/08 £000's	Estimate £000's	2008/09 £000's	Estimate £000's	2009/10 £000's	Estimate £000's
	Total Finance, Performance Management and Corporate Support Services		(109)	(183)		(39)		16		4	0
Customer Services, Media, Communications & ICT											
	Total Customer Services, Media, Communications & ICT		106	106							
	Homelessness										
	Private Sector Housing		25	22							
	Private Sector Housing		13	13							
	Private Sector Housing			19	19	**					
	Private Sector Housing			41	41	***					
	Private Sector Housing			5	5	***					
	Reinstatement Grants							331			1
	Housing Strategy			2	2	***					
	Handyman Scheme		3	3	3	***					
	Total Housing		41	59	59	178		331		1	1
	Leisure Management										
	Leisure Management		(152)	(152)							
	Leisure Management					(50)	***				
	Waltham Abbey Leisure Centre					(10)	***				
	Leisure Services		(66)	(66)			***				
	Leisure Services					10	***				
	Total Leisure		(218)	(218)	(218)	(50)		0		0	0
	Waste Management										
	Waste Management		139								
	Waste Management			1,500							
	Waste Management			(262)							
	Street Cleansing		3	3							
	Pollution Control										
	Pollution Control		17	17	17	11	**	7			
	Pollution Control		25	25							
	Total Environmental Protection		184	1,283	1,283	11		7		0	0

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST										
Portfolio	Service	Original 2006/07 £000's	Revised 2006/07 £000's	Estimate 2007/08 £000's	Estimate 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's			
Planning & Economic Development	Tourism			5	**					
	Building Control		(27)	(9)	***					
	Building Control		27	9	***					
	Planning Services	76	90							
	Building Control	(18)	(18)							
	Total Planning & Economic Development	58	72	5						
Civil Engineering & Maintenance	Off Street Car Parking	20	20							
	Off Street Car Parking			75	***					
	Civil Engineering	7	7	(45)	***					
	Grounds Maintenance/Car Parking		4	5	***					
		Total Civil Engineering & Maintenance	27	31	35	0	0	0		
	Total CSB	773	1,738	138	354	5	0			

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		Original 2006/07 £000's	Bf from 2005/06 £000's	Revised 2006/07 £000's	Estimate 2007/08 £000's	Estimate 2008/09 £000's	Estimate 2009/10 £000's	Estimate 2010/11 £000's
DISTRICT DEVELOPMENT FUND								
Portfolio	Service							
Leader's Portfolio	Corporate Policy Making	10		10	10			
	Corporate Policy Making	30		30				
	Civic and Member				2			
	Local Land Charges		11	11				
	Dev of Community Strategy-consulting & printing							
	Top Map Structure Salary Increases							
	Audit & Governance Committee Training							
	New IT system							
	Total Leader's Portfolio	40	11	51	12			
Community Wellbeing				(100)				
	Total Community Wellbeing	0	0	(100)				
Finance, Performance Management and Corporate Support Services								
	Housing Benefits			40	40			
	Insurance/Risk Management			2	9			
	Office Accommodation	112	11	88	66	24	12	
	Housing Benefits	(119)		(117)	(123)			
	Housing Benefits	30		(18)	(44)			
	Housing Benefits/Local Taxation					40		
	Industrial Estates	50		50				
	Langston Road Industrial Estate- Development Proposals							
	Investment Income			(100)				
	Unappropriated Land			5				
	Housing Benefits/Local Taxation		26	26				
	Housing Benefits	(39)						
	Welfare Reform Start up costs		42	42				
	Housing Benefits		15	15				
	Housing Benefits							
	Rent Allowances*	(2)						
	Local Taxation	10						
	Finance Miscellaneous	37		17	20			
	Finance Miscellaneous	(52)		(52)				
	Finance Miscellaneous	56		55				
	Payroll/HR		2	2				
	Legal Services	7	4	2	9			
	Legal Services	11	6	2	17			
	Legal Services		43	2	41			
	Legal Services	24						
	Human Resources							
	Legal Services							
	Office Accommodation	8	5	5				
	Office Accommodation		14	14				
	Office Accommodation		1	1				
	Office Accommodation	50		50				
	Office Accommodation		4	4				
	Works to Committee rooms for Scrutiny meetings							
	Total Finance, Performance Management and Corporate Support Services	183	184	156	115	64	12	0
Customer Services, Media, Communications & ICT								
	Public Relations	31			31			
	Improvements to Main Reception Area							
	Total Customer Services, Media, Communications & ICT	31	0	0	31	0	0	0
Housing								
	Homelessness	9		9				
	Homelessness Prevention Officers							

DISTRICT DEVELOPMENT FUND		Original	2006/07	2006/07	Revised	Estimate	Estimate	Estimate	Estimate	Estimate
		2006/07	2006/07	2006/07	2006/07	2007/08	2008/09	2009/10	2010/11	
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Portfolio	Service									
	Private Sector Housing			34	30	4 *				
	Private Sector Housing					10 ***				
	Private Sector Housing			3		3 **				
	Private Sector Housing									
	Total Housing		9	37	39	26	10	10		
Leisure	Alternative Management		513		507	151 **				
	Community Development			15	8	7 *				
	Waltham Abbey S.C.				10					
	North Weald Airfield			5	5					
	North Weald Airfield									
	Roding Valley Development					(50) ***				
	Museum		10		7					
	Community & Culture				10					
	Community & Culture			95	25					
	Community & Culture			(95)	(25)					
	Arts Programme		20		20	20 **				
	Arts Programme		(20)		(20)	(20) **				
	Sports Development		18		18					
	Sports Development		(18)		(18)					
	Sports Development		30		30	30 **				
	Sports Development		(30)		(30)	(30) **				
	Total Leisure & Health		523	20	547	108	0	0	0	
Environmental	Waste Management		33		33	56 **				
	Waste Management				300					
	Waste Management		159		0					
	Waste Management		16		16					
	Waste Management		(53)		(53)	(56) **				
	Waste Management		7		7					
	Waste Management			136	496					
	Waste Management				(25)					
	Waste Management		20		20					
	Waste Management				195					
	Environmental Health				65					
	Pollution Control									4
	Total Environmental Protection		182	136	1,054	0	4	4	1	1

DISTRICT DEVELOPMENT FUND		Original	2006/07	2006/07	Revised	Estimate	Estimate	Estimate	Estimate	Estimate	
Portfolio	Service	2006/07	2006/07	2006/07	2006/07	2007/08	2008/09	2009/10	2010/11		
		£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	
Planning & Economic Development	Forward Planning	25	(1)	10	18	**	4				
	Planning Services	19	5	24	15	**					
	Planning Services	119	16	121	24	**					
	Planning Services	(33)	(33)	(33)		**					
	Planning Services	39	65	73	10	**	14				
	Planning Services	(39)		(39)							
	Planning Services			56			40				
	Planning Services			(56)			(40)				
	Planning Services				15	***					
	Planning Services				(15)	***					
	Planning Services	32	(6)	26							
	Development Control	New IT system		53	53						
	Development Control	Agency Staff		24	24						
	Enforcement	Paynes Lane Traveller Incursion	122				122	*			
	Enforcement	Temporary Staffing	24								
Forward Planning	Local Plan Amendment plus temporary Local Plan Officer	237	27	103	160	*					
Building Control	New IT system		25	25							
Building Control	New IT system		(25)	(25)							
	Total Planning & Economic Development	545	183	362	349		18				
Civil Engineering & Maintenance	Land Drainage	100		1	199	**	90				
	Land Drainage	50		50	50	**					
	Land Drainage	(50)		(50)	(50)	**					
	Grounds Maintenance		10	10							
	Grounds Maintenance		(3)	(3)							
	Car Parking			10							
	Highways	42		46	36	**					
		Total Civil Engineering & Maintenance	142	7	64	235		90			
		Total District Development Fund	1,655	578	2,173	876		186	13	0	
		Other Items									
	Reimbursement of Highways Residual Costs	(233)		(233)	(117)	**					
	Transfer from useable capital receipts	(226)		(500)	(200)	***					
	Local Authority Business Growth Incentives Scheme	(200)									
	Total Portfolio Related District Development Fund	996	578	1,440	559		186	13	0		
SUMMARY	People First	40	11	51	12						
	Community Wellbeing		(100)								
	Finance and Performance Management	183	184	156	115		64		12		
	Corporate Support Services	31		31							
	Housing	9	37	39	26		10				
	Leisure & Health	523	20	547	108						
	Environmental Protection	182	136	1054			4		1		
	Planning & Economic Development	545	183	362	349		18				
	Civil Engineering & Maintenance	142	7	64	235		90				
	Other Items	(659)		(733)	(317)						
		996	578	1,440	559		186	13	0		

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REVENUE EXPENDITURE, INCOME AND FINANCING

2006/07 ORIGINAL ALL REVENUE ITEMS £	2006/07 REVISED ALL REVENUE ITEMS £		GENERAL FUND ACCOUNT £	2007/08 ORIGINAL HOUSING REVENUE ACCOUNT £	ALL REVENUE ITEMS £
Gross Expenditure					
3,394,300	3,260,560	Leaders	4(a) 3,211,130	0	3,211,130
1,836,290	1,616,550	Community Wellbeing	4(b) 1,741,790	0	1,741,790
31,635,810	34,433,530	Finance Performance Mgt & Corporate Support Services	4(c) 35,820,290	0	35,820,290
113,380	175,850	Customer Services, Media Communications & ICT	4(d) 168,210	0	168,210
34,205,920	34,798,880	Housing	4(e) 3,258,460	31,887,000	35,145,460
5,484,820	5,415,550	Leisure & Young People	4(f) 5,157,420	0	5,157,420
2,394,480	2,269,850	Civil Engineering & Maintenance	4(g) 2,542,550	0	2,542,550
4,202,520	3,987,890	Planning & Economic Development	4(h) 3,956,130	0	3,956,130
6,607,980	8,818,170	Environmental Protection	4(i) 7,928,150	0	7,928,150
150,000	175,000	Internal Trading Organisations	4(j) 168,110	0	168,110
90,025,500	94,951,830	Total Expenditure on Services	63,952,240	31,887,000	95,839,240
35,000	46,000	Interest Payable (Inc HRA)	1,761,000	(1,722,000)	39,000
2,582,129	2,582,129	Precepts Paid to Parish Councils	2,787,075	0	2,787,075
92,642,629	97,579,959	Total Gross Expenditure	68,500,315	30,165,000	98,665,315
Gross Income					
30,107,159	32,721,419	Government Subsidies	34,299,600	0	34,299,600
22,157,000	22,094,000	Rents from Dwellings	0	23,467,000	23,467,000
5,089,020	5,096,300	Miscellaneous Rents, Trading Operations etc.	2,817,600	2,476,000	5,293,600
6,686,880	6,909,940	Fees and Charges	5,378,270	1,509,000	6,887,270
2,227,000	2,696,000	Interest on Mortgages and Investments	2,680,000	18,000	2,698,000
804,460	1,093,740	Grants and Reimbursements by other Bodies	521,860	0	521,860
67,071,519	70,611,399	Total Operational Income	45,697,330	27,470,000	73,167,330
27,716	1,007,186	Contribution from/(to) Revenue Reserves	321,868	(367,000)	(45,132)
(402,000)	(83,000)	FRS 17 Adjustment	(64,000)	0	(64,000)
996,000	1,440,000	Contribution from/(to) District Development Fund	559,000	0	559,000
(150,000)	(150,000)	Contribution from/(to) Other Reserves	0	0	0
6,725,170	6,380,150	Contribution from/(to) Capital Reserves	2,539,950	3,062,000	5,601,950
74,268,405	79,205,735	Total Gross Income	49,054,148	30,165,000	79,219,148
18,374,224	18,374,224	To be met from Government Grants and Local Taxation	19,446,167	0	19,446,167
Financed by:					
1,395,932	1,395,932	Revenue Support Grant			1,316,489
7,231,476	7,231,476	Distribution from Non-Domestic Rate Pool			7,844,617
5,000	5,000	Collection Fund Adjustment			0
8,632,408	8,632,408	Exchequer Support and Collection Fund Surpluses	7d		9,161,106
7,159,687	7,159,687	District Precept			7,497,986
2,582,129	2,582,129	Parish Council Precepts	7f		2,787,075
18,374,224	18,374,224	Total Financing			19,446,167

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Leaders Portfolio

Portfolio Programme 2007/08

Portfolio Holder - Councillor Diana Collins

	2006/07 Original £	2006/07 Revised £	Revenue £	Expenditure £	2007/08 Original £
	288,660	331,290		Elections	343,350
	2,046,910	1,926,530		Corporate Activities	1,967,480
	1,234,320	1,130,730		Member Activities	1,121,750
	94,050	30,290		Local Council Liaison	34,210
	406,900	480,660		Local Land Charges	414,860
	505,570	455,460		Democratic Services	464,080
	4,576,410	4,354,960		Total Expenditure	4,345,730
	1,182,110	1,094,400		Income from Internal Charges	1,134,600
	3,394,300	3,260,560		Net Expenditure (see Annex 3)	3,211,130
				Service Generated Income	
	-	-		Government Subsidies	
	-	-		Rents from Dwellings	
	-	-		Miscellaneous Rents, Trading Operations etc	
	387,840	408,200		Fees and Charges	402,170
	-	-		Interest on Mortgages and Investments	
	3,000	22,500		Grants and Reimbursements by other Bodies	22,500
	390,840	430,700		Total Income	424,670
	3,003,460	2,829,860		To be met from Government Grant and Local Taxation	2,786,460
	-	30,000		Capital Expenditure (see Annex 5)	-

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Community Wellbeing

Portfolio Programme 2007/08

Portfolio Holder - Councillor Syd Stavrou

	2006/07 Original £	2006/07 Revised £	Revenue Expenditure	2007/08 Original £
	1,836,290	1,616,550	Total Expenditure	1,741,790
	-	-	Income from Internal Charges	-
	1,836,290	1,616,550	Net Expenditure (see Annex 3)	1,741,790
			Service Generated Income	
	-		Government Subsidies	
	-		Rents from Dwellings	
	8,950	10,120	Miscellaneous Rents, Trading Operations etc	10,120
	13,130	13,130	Fees and Charges	13,590
	-	-	Interest on Mortgages and Investments	
	-	-	Grants and Reimbursements by other Bodies	
	22,080	23,250	Total Income	23,710
	1,814,210	1,593,300	To be met from Government Grant and Local Taxation	1,718,080
	-	-	Capital Expenditure (see Annex 5)	-

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Finance, Performance Management & Corporate Support Services

Portfolio Programme 2007/08

Portfolio Holder - Councillor John Knapman

2006/07 Original £	2006/07 Revised £	Revenue Expenditure	2007/08 Original £
29,825,290	32,461,380	Housing Benefits	33,919,420
1,556,140	1,623,450	Local Taxation	1,651,330
316,370	304,670	Land & Property	280,960
2,180,710	2,315,030	Other Activities	2,303,130
2,397,920	2,294,470	Financial Services	2,329,240
1,707,570	1,595,360	Legal & Administration Services	1,661,120
1,926,350	2,013,020	Accommodation Services	2,043,450
2,260,280	2,194,190	Other Support Services	2,256,330
42,170,630	44,801,570	Total Expenditure	46,444,980
10,534,820	10,368,040	Income from Internal Charges	10,624,690
31,635,810	34,433,530	Net Expenditure (see Annex 3)	35,820,290
		Service Generated Income	
29,426,830	31,804,010	Government Subsidies	33,332,050
1,095,750	1,086,390	Rents from Dwellings	1,086,390
563,350	561,850	Miscellaneous Rents, Trading Operations etc Fees and Charges	586,770
-	-	Interest on Mortgages and Investments	
-	-	Grants and Reimbursements by other Bodies	
31,085,930	33,452,250	Total Income	35,005,210
549,880	981,280	To be met from Government Grant and Local Taxation	815,080
299,000	334,000	Capital Expenditure (see Annex 5)	423,000

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Customer Services, Media Communications & ICT

Portfolio Programme 2007/08

Portfolio Holder - Councillor Stephen Metcalfe

	2006/07 Original £	2006/07 Revised £	Revenue Expenditure	2007/08 Original £
	150,890	175,740	Customer Services	168,100
	468,290	434,280	Public Relations & Information	467,390
	2,038,980	2,356,860	Information Communication Technology	2,025,590
	410,550	411,420	Telephones	419,570
	82,550	92,500	Website	112,540
	3,151,260	3,470,800	Total Expenditure	3,193,190
	3,037,880	3,294,950	Income from Internal Charges	3,024,980
	113,380	175,850	Net Expenditure (see Annex 3)	168,210
			Service Generated Income	
	-		Government Subsidies	
	-		Rents from Dwellings	
	-		Miscellaneous Rents, Trading Operations etc	
	110	110	Fees and Charges	110
	-		Interest on Mortgages and Investments	
	-		Grants and Reimbursements by other Bodies	
	110	110	Total Income	110
	113,270	175,740	To be met from Government Grant and Local Taxation	168,100
	1,763,000	651,000	Capital Expenditure (see Annex 5)	637,000

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Housing Portfolio

Portfolio Programme 2007/08

Portfolio Holder - Councillor David Stallan

2006/07 Original	2006/07 Revised	Revenue Expenditure	General Fund £	2007/08 Original Housing Revenue £	Total £
31,809,000	31,424,000	Council Housing		31,887,000	31,887,000
885,940	1,495,660	Private Sector Housing	1,669,020		1,669,020
599,200	675,250	Homelessness	673,310		673,310
47,280	47,650	Housing Investment Programme	44,850		44,850
726,180	1,011,830	Housing Associations Grants	721,620		721,620
138,320	144,490	Leasehold Services Administration	149,660		149,660
34,205,920	34,798,880	Net Expenditure (see Annex 3)	3,258,460	31,887,000	35,145,460
Service Generated Income					
675,010	912,090	Government Subsidies	967,550		967,550
22,157,000	22,094,000	Rents from Dwellings		23,467,000	23,467,000
2,700,750	2,742,500	Miscellaneous Rents, Trading Operations etc	390,970	2,476,000	2,866,970
1,756,820	1,803,490	Fees and Charges	185,660	1,509,000	1,694,660
15,000	22,000	Interest on Mortgages and Investments		18,000	18,000
24,180	24,110	Grants and Reimbursements by other Bodies	24,110		24,110
5,213,000	4,815,000	HRA Interest & Reversal of Depn		4,784,000	4,784,000
417,000	505,000	Use of Balances		(367,000)	(367,000)
32,958,760	32,918,190	Total Income	1,568,290	31,887,000	33,455,290
1,247,160	1,880,690	To be met from Government Grant and Local Taxation	1,690,170	-	1,690,170
9,080,000	10,315,000	Capital Expenditure (see Annex 5)	1,855,000	6,254,000	8,109,000

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Leisure & Young People

Portfolio Programme 2007/08

Portfolio Holder - Councillor Chris Whitbread

	2006/07 Original £	2006/07 Revised £	Revenue Expenditure £	2007/08 Original £
	2,389,830	2,420,160	Leisure Facilities	2,035,590
	817,070	795,450	Arts, Museum and Library	793,630
	656,700	677,310	Parks and Grounds	697,590
	870,920	820,680	North Weald Centre	850,040
	750,300	701,950	Sports Development and Miscellaneous	780,570
	5,484,820	5,415,550	Net Expenditure (see Annex 3)	5,157,420
			Service Generated Income	
	-		Government Subsidies	
	-		Rents from Dwellings	
	1,261,570	1,236,290	Miscellaneous Rents, Trading Operations etc	1,308,120
	219,950	200,920	Fees and Charges	264,440
	-		Interest on Mortgages and Investments	
	175,120	104,630	Grants and Reimbursements by other Bodies	25,020
	1,656,640	1,541,840	Total Income	1,597,580
	3,828,180	3,873,710	To be met from Government Grant and Local Taxation	3,559,840
	552,000	613,000	Capital Expenditure (see Annex 5)	50,000

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Civil Engineering & Maintenance

Portfolio Programme 2007/08

Portfolio Holder - Councillor Andrew Green

	2006/07 Original £	2006/07 Revised £	Revenue Expenditure	2007/08 Original £
	2,394,480	2,269,850	Highways	573,870
			Car & Lorry Parking	1,061,940
			Land Drainage & Sewerage	906,740
			Net Expenditure (see Annex 3)	2,542,550
			Service Generated Income	
			Government Subsidies	
			Rents from Dwellings	
		21,000	Miscellaneous Rents, Trading Operations etc	22,000
		1,591,670	Fees and Charges	1,623,010
		50,000	Interest on Mortgages and Investments	50,000
			Grants and Reimbursements by other Bodies	
	1,627,600	1,662,670	Total Income	1,695,010
			To be met from Government Grant and Local Taxation	847,540
	766,880	607,180		
	4,501,000	2,645,000	Capital Expenditure (see Annex 5)	2,282,000

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Planning & Economic Development

Portfolio Programme 2007/08

Portfolio Holder - Councillor Anne Grigg

	2006/07 Original £	2006/07 Revised £	Revenue Expenditure	2007/08 Original £
	150,090	109,190	Economic Development	85,100
	16,340	15,890	Tourism	15,860
	18,060	20,120	Bus Shelters	20,210
	240,720	219,270	Countrycare	219,620
	216,590	195,190	Conservation Policy	223,970
	718,140	513,820	Forward Planning	629,680
	45,870	84,650	Town Centre Enhancements	113,470
	2,796,710	2,829,760	Regulatory Services	2,648,220
	4,202,520	3,987,890	Net Expenditure (see Annex 3)	3,956,130
			Service Generated Income	
	-		Government Subsidies	
	-		Rents from Dwellings	
	-		Miscellaneous Rents, Trading Operations etc	
	1,149,560	1,224,880	Fees and Charges	1,204,340
	-		Interest on Mortgages and Investments	
	65,410	105,750	Grants and Reimbursements by other Bodies	26,940
	1,214,970	1,330,630	Total Income	1,231,280
	2,987,550	2,657,260	To be met from Government Grant and Local Taxation	2,724,850
	-	-	Capital Expenditure (see Annex 5)	-

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Environmental Protection

Portfolio Programme 2007/08

Portfolio Holder - Councillor Mary Sartin

	2006/07 Original £	2006/07 Revised £	Revenue Expenditure	2007/08 Original £
	1,382,940	1,466,940	Environmental Health	1,432,420
	4,896,740	7,008,100	Waste Collection & Street Cleansing	6,143,900
	95,690	91,620	Environmental Initiatives	98,580
	232,610	251,510	Licensing	253,250
	6,607,980	8,818,170	Net Expenditure (see Annex 3)	7,928,150
			Service Generated Income	
	-		Government Subsidies	
	-		Rents from Dwellings	
	-		Miscellaneous Rents, Trading Operations etc	
	890,520	930,690	Fees and Charges	930,070
	-		Interest on Mortgages and Investments	
	53,750	53,750	Grants and Reimbursements by other Bodies	56,290
	944,270	984,440	Total Income	986,360
	5,663,710	7,833,730	To be met from Government Grant and Local Taxation	6,941,790
	2,082,000	892,000	Capital Expenditure (see Annex 5)	1,300,000

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Portfolio Programme 2007/08

Internal Trading Organisations

	2006/07 Original £	2006/07 Revised £	Revenue Expenditure	2007/08 Original £
	2,873,510	2,098,530	Housing Maintenance	3,001,090
	409,220	365,770	Fleet Operations	371,910
	3,282,730	2,464,300	Total Expenditure	3,373,000
	3,132,730	2,289,300	Income from Internal Charges	3,204,890
	150,000	175,000	Net Expenditure (see Annex 3)	168,110
			Service Generated Income	
	-	-	Government Subsidies	-
	-	-	Rents from Dwellings	-
	-	-	Miscellaneous Rents, Trading Operations etc	-
	150,000	175,000	Fees and Charges	168,110
	-	-	Interest on Mortgages and Investments	-
	-	-	Grants and Reimbursements by other Bodies	-
	-	-	Contribution from/(to) DSO Reserves	-
	150,000	175,000	Total Income	168,110
	-	-	To be met from Government Grant and Local Taxation	-
	-	-	Capital Expenditure (see Annex 5)	-

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Portfolio Programme 2007/08

Non Service Budgets

	2006/07 Original	2006/07 Revised		2007/08 Original	Total
	£	£	Revenue Expenditure	£	£
	(2,212,000)	(2,674,000)	Interest & Investment Income	(2,680,000)	(2,680,000)
			Highways Residual Cost Reimbursement	(117,000)	(117,000)
	(200,000)	(500,000)	Local Authority Business Growth Scheme	(200,000)	(200,000)
	35,000	46,000	Interest Payable (Inc HRA)	1,761,000	39,000
	4,591,830	3,947,850	Contribution (from)/to Capital Reserves	(2,539,950)	3,684,050
	2,214,830	819,850		(3,775,950)	726,050
	3,854,000	3,111,000	Transferred to Housing Summary	-	3,062,000
	6,068,830	3,930,850		(3,775,950)	3,788,050
	389,284	(502,000)	Contribution (from)/to Revenue Reserves		(321,000)
	402,000	83,000	FRS 17 Adjustment		64,000
	150,000	150,000	Contribution (from)/to Other Reserves		-
	(996,000)	(1,440,000)	Contribution from District Development Fund		(559,000)
	6,014,114	2,221,850	Reduction in Amount to be met from Government Grant and Local Taxation		2,972,050

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Portfolio Programme 2007/08

Capital Programme

2006/07 Original		2006/07 Revised		2007/08 Original		2007/08 Original	
General Fund	Housing Revenue	General Fund	Housing Revenue	General Fund	Housing Revenue	General Fund	Housing Revenue
£	£	£	£	£	£	£	£
-	-	30,000	-	-	-	-	-
299,000	-	-	30,000	-	-	-	-
1,763,000	299,000	334,000	-	423,000	-	423,000	-
1,210,000	1,763,000	651,000	334,000	637,000	423,000	637,000	423,000
552,000	7,870,000	2,396,000	7,919,000	1,855,000	6,254,000	1,855,000	6,254,000
4,501,000	9,080,000	613,000	10,315,000	2,282,000	8,109,000	2,282,000	8,109,000
-	552,000	2,645,000	613,000	-	50,000	-	50,000
2,082,000	4,501,000	892,000	2,645,000	1,300,000	2,282,000	1,300,000	2,282,000
-	2,082,000	-	892,000	-	-	-	-
-	-	-	-	-	-	-	-
10,407,000	7,870,000	7,561,000	7,919,000	6,547,000	6,254,000	6,547,000	6,254,000
18,277,000	18,277,000	15,480,000	15,480,000	12,801,000	12,801,000	12,801,000	12,801,000
-	-	-	-	-	-	-	-
7,463,000	7,463,000	7,217,000	7,217,000	6,224,000	6,224,000	6,224,000	6,224,000
407,000	407,000	702,000	702,000	30,000	30,000	30,000	30,000
10,814,000	10,814,000	8,263,000	8,263,000	6,577,000	6,577,000	6,577,000	6,577,000
9,198,000	377,000	6,320,000	672,000	5,421,000	5,421,000	5,421,000	5,421,000
443,000	443,000	656,000	656,000	841,000	841,000	841,000	841,000
766,000	30,000	585,000	30,000	285,000	30,000	285,000	30,000
10,407,000	407,000	7,561,000	702,000	6,547,000	30,000	6,547,000	30,000
10,814,000	10,814,000	8,263,000	8,263,000	6,577,000	6,577,000	6,577,000	6,577,000

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COUNCIL TAX RATES FOR DISTRICT & PARISH/TOWN COUNCILS 2007/08

ANNEX 6

Authorities	Tax Base No.'s	Precept 2007/08	Council Tax Band D	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
		£	£	£	£	£	£	£	£	£	£
District Expenses	53748.6	7,497,986	139.50	93.00	108.50	124.00	139.50	170.50	201.50	232.50	279.00
Abbess, Berners and Beauchamp Roding	199.5	3,000	15.04	103.03	120.20	137.37	154.54	188.88	223.22	257.57	309.08
Buckhurst Hill	5176.8	353,000	68.19	138.46	161.54	184.61	207.69	253.84	300.00	346.15	415.38
Chigwell	5940.6	191,500	32.24	114.49	133.58	152.66	171.74	209.90	248.07	286.23	343.48
Epping Town	4998.4	365,000	73.02	141.68	165.29	188.91	212.52	259.75	306.97	354.20	425.04
Epping Upland	404.8	10,835	26.77	110.85	129.32	147.80	166.27	203.22	240.17	277.12	332.54
Fyfield	419.1	7,400	17.66	104.77	122.24	139.70	157.16	192.08	227.01	261.93	314.32
High Ongar	553.1	9,261	16.74	104.16	121.52	138.88	156.24	190.96	225.68	260.40	312.48
Lampbourne	939.7	28,000	29.80	112.87	131.68	150.49	169.30	206.92	244.54	282.17	338.60
Loughton Town	12830.2	591,250	46.08	123.72	144.34	164.96	185.58	226.82	268.06	309.30	371.16
Matchingham	311.0	8,000	25.72	110.15	128.50	146.86	165.22	201.94	238.65	275.37	330.44
Moffon, Bobbingworth and the Lavers	655.5	11,000	16.78	104.19	121.55	138.92	156.28	191.01	225.74	260.47	312.56
Nazeing	2075.9	119,946	57.78	131.52	153.44	175.36	197.28	241.12	284.96	328.80	394.56
North Weald Bassett	2520.9	113,925	45.19	123.13	143.65	164.17	184.69	225.73	266.77	307.82	369.38
Ongar Town	2696.9	130,876	48.53	125.35	146.25	167.14	188.03	229.81	271.60	313.38	376.06
Roydon	1317.8	26,250	19.92	106.28	123.99	141.71	159.42	194.85	230.27	265.70	318.84
Sheering	1356.9	24,000	17.69	104.79	122.26	139.72	157.19	192.12	227.05	261.98	314.38
Stanford Rivers	355.2	10,200	28.72	112.15	130.84	149.53	168.22	205.60	242.98	280.37	336.44
Stapleford Abbotts	498.9	4,667	9.35	99.23	115.77	132.31	148.85	181.93	215.01	248.08	297.70
Stapleford Tawney	54.8	1,200	21.90	107.60	125.53	143.47	161.40	197.27	233.13	269.00	322.80
Theydon Bois	1964.3	61,576	31.35	113.90	132.88	151.87	170.85	208.82	246.78	284.75	341.70
Theydon Garnon	65.7	940	14.31	102.54	119.63	136.72	153.81	187.99	222.17	256.35	307.62
Theydon Mount	108.3	1,507	13.92	102.28	119.33	136.37	153.42	187.51	221.61	255.70	306.84
Waltham Abbey Town	8062.2	709,942	88.06	151.71	176.99	202.28	227.56	278.13	328.70	379.27	455.12
Willingale	242.1	3,800	15.70	103.47	120.71	137.96	155.20	189.69	224.18	258.67	310.40
Town and Parish Total	53748.6	2,787,075	51.85	34.57	40.33	46.09	51.85	63.37	74.89	86.42	103.70
District, Town and Parish Total	53748.6	10,285,061	191.35	127.57	148.83	170.09	191.35	233.87	276.39	318.92	382.70

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Authorities	Tax Base No.'s	Precept 2007/08	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	53748.6	53,960,907	£	1,003.95	669.30	780.85	892.40	1,003.95	1,227.05	1,450.15	1,673.25	2,007.90
Essex Police Authority	53748.6	6,259,562	£	116.46	77.64	90.58	103.52	116.46	142.34	168.22	194.10	232.92
Essex Fire Authority	53748.6	3,221,691	£	59.94	39.96	46.62	53.28	59.94	73.26	86.58	99.90	119.88
District Expenses	53748.6	7,497,986	£	139.50	93.00	108.50	124.00	139.50	170.50	201.50	232.50	279.00

PART B : SUMMARY - COUNCIL TAX RATES INCLUDING ALL PRECEPTS 2007/08

Abbess, Berners and Beauchamp Roding	199.5	3,000	15.04	889.93	1,038.25	1,186.57	1,334.89	1,631.53	1,928.17	2,224.82	2,669.78
Buckhurst Hill	5176.8	353,000	68.19	925.36	1,079.59	1,233.81	1,388.04	1,696.49	2,004.95	2,313.40	2,776.08
Chigwell	5940.6	191,500	32.24	901.39	1,051.63	1,201.86	1,352.09	1,652.55	1,953.02	2,253.48	2,704.18
Epping Town	4998.4	365,000	73.02	928.58	1,083.34	1,238.11	1,392.87	1,702.40	2,011.92	2,321.45	2,785.74
Epping Upland	404.8	10,835	26.77	897.75	1,047.37	1,197.00	1,346.62	1,645.87	1,945.12	2,244.37	2,693.24
Fyfield	419.1	7,400	17.66	891.67	1,040.29	1,188.90	1,337.51	1,634.73	1,931.96	2,229.18	2,675.02
Higginbotham	553.1	9,261	16.74	891.06	1,039.57	1,188.08	1,336.59	1,633.61	1,930.63	2,227.65	2,673.18
Lambourne	939.7	28,000	29.80	899.77	1,049.73	1,199.69	1,349.65	1,649.57	1,949.49	2,249.42	2,699.30
Loughton Town	12830.2	591,250	46.08	910.62	1,062.39	1,214.16	1,365.93	1,669.47	1,973.01	2,276.55	2,731.86
Matching	311.0	8,000	25.72	897.05	1,046.55	1,196.06	1,345.57	1,644.59	1,943.60	2,242.62	2,691.14
Moreton, Bobbingworth and the Lavers	655.5	11,000	16.78	891.09	1,039.60	1,188.12	1,336.63	1,633.66	1,930.69	2,227.72	2,673.26
Nazeing	2075.9	119,946	57.78	918.42	1,071.49	1,224.56	1,377.63	1,683.77	1,989.91	2,296.05	2,755.26
North Weald Bassett	2520.9	113,925	45.19	910.03	1,061.70	1,213.37	1,365.04	1,668.38	1,971.72	2,275.07	2,730.08
Ongar Town	2696.9	130,876	48.53	912.25	1,064.30	1,216.34	1,368.38	1,672.46	1,976.55	2,280.63	2,736.76
Roydon	1317.8	26,250	19.92	893.18	1,042.04	1,190.91	1,339.77	1,637.50	1,935.22	2,232.95	2,679.54
Sheering	1356.9	24,000	17.69	891.69	1,040.31	1,188.92	1,337.54	1,634.77	1,932.00	2,229.23	2,675.08
Stanford Rivers	355.2	10,200	28.72	899.05	1,048.89	1,198.73	1,348.57	1,648.25	1,947.93	2,247.62	2,697.14
Stapleford Abbotts	498.9	4,667	9.35	886.13	1,033.82	1,181.51	1,329.20	1,624.58	1,919.96	2,215.33	2,658.40
Stapleford Tawney	54.8	1,200	21.90	894.50	1,043.58	1,192.67	1,341.75	1,639.92	1,938.08	2,236.25	2,683.50
Theydon Bois	1964.3	61,576	31.35	900.80	1,050.93	1,201.07	1,351.20	1,651.47	1,951.73	2,252.00	2,702.40
Theydon Garnon	65.7	940	14.31	889.44	1,037.68	1,185.92	1,334.16	1,630.64	1,927.12	2,223.60	2,668.32
Theydon Mount	108.3	1,507	13.92	889.18	1,037.38	1,185.57	1,333.77	1,630.16	1,926.56	2,222.95	2,667.54
Waltham Abbey Town	8062.2	709,942	88.06	938.61	1,095.04	1,251.48	1,407.91	1,720.78	2,033.65	2,346.52	2,815.82
Willingale	242.1	3,800	15.70	890.37	1,038.76	1,187.16	1,335.55	1,632.34	1,929.13	2,225.92	2,671.10

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Report on the Council's Prudential Indicators for 2007/08 to 2009/10 and the Treasury Management Strategy for 2007/08

Recommendations;

1. The Council is recommended to adopt the prudential indicators and limits for 2007/08 to 2009/10 (summarised in the table below):

	2005/06 Actual	2006/07 Revised	2007/08 Estimate	2008/09 Estimate	2009/10 Estimate
Capital Expenditure	£9.537 m	£15.480 m	£12.801 m	£9.835 m	£6.563 m
Capital financing requirement	-£0.784 m	-£0.784 m	-£0.784 m	-£0.784 m	-£0.784 m
Authorised limit for external debt	£5.0 m	£5.0 m	£5.0 m	£5.0 m	£5.0 m
Operational boundary for external debt	£0.5 m	£0.5 m	£0.5 m	£0.5 m	£0.5 m
Ratio of financing costs to net revenue stream – General Fund	-7.32 %	-8.51 %	-8.41 %	-7.30 %	-6.98 %
Ratio of financing costs to net revenue stream – HRA	-7.56 %	-8.79 %	-8.69 %	-7.54 %	-7.21 %
Incremental impact of capital investment decisions on the Band D Council Tax	N/a	£0.00	£0.00	£0.00	£0.00
Incremental impact of capital investment decisions on weekly housing rents levels	N/a	£0.43	£0.57	£0.28	£0.87

2. Members are recommended to approve the treasury management strategy for 2007/08. The treasury prudential indicators as set out in the tables below;

Exposure to fixed/variable interest rates	2007/08 Upper	2008/09 Upper	2009/10 Upper
Limits on fixed interest rates	100%	100%	100%
Limits on variable interest rates	30%	30%	30%

Maturity Structure of fixed interest rate borrowing						
	2007/08		2008/09		2009/10	
	Lower	Upper	Lower	Upper	Lower	Upper
Under 12 months	0%	100%	0%	100%	0%	100%
12 months to 2 years	0%	0%	0%	0%	0%	0%
2 years to 5 years	0%	0%	0%	0%	0%	0%
5 years to 10 years	0%	0%	0%	0%	0%	0%
10 years and above	0%	0%	0%	0%	0%	0%
Maximum principal sums invested > 364 days	£30 m		£30 m		£30 m	
Investment returns to exceed the 7 day LIBID rate by;	0.10 %		0.15%		0.20%	

3. Members are recommended to approve an increase in maximum investment limits
 - for high rated counterparties from £8m to £12m
 - for investments of terms between one and five years from £15m to £30m
4. Members are recommended to approve the investment strategy for 2007/08 contained in the treasury management strategy, and the detailed criteria included within it, specifically approving:
 - The criteria for specified investments
 - The criteria for non-specified investments

The Prudential Indicators 2007/08 – 2008/09

1. The Local Government Act 2003 required the Council to adopt the CIPFA Prudential Code and to produce prudential indicators. This report revises the indicators for 2006/07, 2007/08 and 2008/09, and introduces new indicators for 2009/10. Each indicator either summarises the expected activity or introduces limits upon the activity, and reflects the outcome of the Council's underlying capital appraisal systems.
2. Within this overall prudential framework there is a clear impact on the Council's treasury management activity, either through borrowing or investment activity. As a consequence, the treasury management strategy for 2007/08 and the treasury indicators form part of this report.

Capital Expenditure Plans

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

Portfolio	2005/06 Actual £'000	2006/07 Revised Estimate £'000	2007/08 Original Estimate £'000	2008/09 Original Estimate £'000	2009/10 Original Estimate £'000
Finance & Performance Management	71	334	423	215	0
Leader of the Council	0	30	0	0	0
Customer Services, Media & IT	647	651	637	2,245	594
Community Wellbeing	0	0	0	0	0
Leisure	210	613	50	50	50
Environmental Protection	780	892	1,300	0	0
Civil Engineering & Maintenance	723	2,645	2,282	337	262
Housing GF	492	2,396	1,855	700	700
Total General Fund	2,923	7,561	6,547	3,547	1,606
HRA	6,560	7,869	6,204	6,238	4,907
Housing DLO	54	50	50	50	50
Total Housing Revenue Account	6,614	7,919	6,254	6,288	4,957
TOTAL	9,537	15,480	12,801	9,835	6,563

The Council's Capital Financing Requirement

7. The Council's Capital Financing Requirement (CFR) is the total capital expenditure which has not yet been financed from either revenue contributions or capital income. It is essentially a measure of the Council's underlying borrowing need; any unfinanced capital expenditure will increase the Council's CFR. Table 2 demonstrates that all projected capital expenditure over the current and the next three financial years is expected to be financed, and that the Council's CFR is expected to remain unchanged.
8. **Members are asked to agree that the Council has complied with the requirement of Prudential Indicator 1 by keeping net borrowing below the appropriate CFR in 2005/06, and that no difficulties are envisaged for the financial years 2006/07 to 2009/10.**
9. **Members are further asked to approve Prudential Indicators 4 and 5, the Capital Financing Requirement from 2005/06 to 2009/10, contained within Table 2**

General Fund	2005/06 Actual £'000	2006/07 Revised £'000	2007/08 Estimate £'000	2008/09 Estimate £'000	2009/10 Estimate £'000
Capital Expenditure	2,923	7,561	6,547	3,547	1,606
Financed by:					
Capital receipts	2451	6,320	5,421	3,372	1,431
Capital grants	472	1,241	1,126	175	175
Revenue Contributions	0	0	0	0	0
Total Financed Expenditure	2,923	7,561	6,547	3,547	1,606
Net financing need for the year	0	0	0	0	0
Opening CFR	23,844	23,844	23,844	23,844	23,844
Net Financing Requirement arising during the year	0	0	0	0	0
Closing CFR	23,844	23,844	23,844	23,844	23,844
HRA	2005/06 Actual £'000	2006/07 Revised £'000	2007/08 Estimate £'000	2008/09 Estimate £'000	2009/10 Estimate £'000
Capital Expenditure	6,614	7,919	6,254	6,288	4,957
Financed by:					
Capital receipts	1,667	672	0	0	0
Capital grants	255	30	30	30	30
Revenue Contributions	4,692	7,217	6,224	6,258	4,927
Total Financed Expenditure	6,614	7,919	6,254	6,288	4,957
Net financing need for the year	0	0	0	0	0
Opening CFR	- 24,628	- 24,628	- 24,628	- 24,628	- 24,628
Net Financing Requirement arising during the year	0	0	0	0	0
Closing CFR	- 24,628	- 24,628	- 24,628	- 24,628	- 24,628
General Fund CFR	23,844	23,844	23,844	23,844	23,844
HRA CFR	- 24,628	- 24,628	- 24,628	- 24,628	- 24,628
Total CFR	- 0.784	- 0.784	- 0.784	- 0.784	- 0.784

Limits to Borrowing Activity

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

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

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

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

	2006/07 Revised £ m	2007/08 Estimate £ m	2008/09 Estimate £ m	2009/10 Estimate £ m
Authorised limit	5.0	5.0	5.0	5.0
Operational boundary	0.5	0.5	0.5	0.5

13. In order to comply with Prudential Indicator 8 the Council must ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2007/08 and next two financial years. This allows some flexibility for limited early borrowing for future years.

14. The Head of Finance confirms that the Council has complied with this prudential indicator throughout the current year and does not envisage difficulties for the foreseeable future. This view takes into account current commitments, existing plans, and the proposals contained within this budget report. The Council's net debt position as at 31 March 2006 and its estimated position as at 31 March 2007 is shown for information in Table 4.

	31 March 2006 Actual £'000	Rate %	31 March 2007 Estimate £'000	Rate %
External debt	0		0	
Less transferred debt	- 610	4.50	- 585	5.10
Total Net Debt	- 610		- 585	
Fixed Investments	-43,000	4.59	-53,000	5.40
Variable Investments	-1,516	4.50	-3,000	5.00
Total Investments	-44,516		-56,000	
Net Investments	-45,126		-56,585	

Affordability Prudential Indicators

15. The previous sections cover prudential indicators designed to examine capital expenditure and control of borrowing: prudential indicators in this section are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's financial affairs, and identify the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.
16. The estimates of financing costs include current commitments and the proposals in this budget report.
17. Prudential Indicators 9 and 10 are the actual and estimated ratios of financing costs to net revenue stream for the General Fund and Housing Revenue Accounts, and are shown in Table 5. As the Council is debt-free, these are based on investment income and are therefore negative.

	2005/06 Actual	2006/07 Revised Estimate	2007/08 Estimated Forecast	2008/09 Estimated Forecast	2009/10 Estimated Forecast
	%	%	%	%	%
General Fund	- 7.32	- 8.51	- 8.41	- 7.30	- 6.98
HRA	- 7.56	- 8.79	- 8.69	- 7.54	- 7.21

18. Prudential Indicator 11 concerns an estimate of the incremental impact of capital investment decisions on the Band D Council tax over the next three financial years, and is shown in Table 6. This indicator identifies the revenue costs associated with new schemes introduced to the capital programme recommended in this budget report, compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget, but will invariably include some estimates, such as the level of government support, which are not published over a three year period.
19. Prudential Indicator 12 examines estimates of the incremental impact of capital investment decisions on housing rent levels over the next three financial years. Similar to the Council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme recommended in this budget report compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

	2006/07 Revised	2007/08 Estimate	2008/09 Estimate	2009/10 Estimate
	£	£	£	£
Band D Council Tax	0.00	0.00	0.00	0.00
Housing rents levels	0.43	0.57	0.28	0.87

20. It should be emphasised that these are theoretical, and do not imply an actual requirement to raise either Council tax (should this indicator rise above £0.00) or housing rent levels. Any move to raise housing rent levels will be constrained by the rent restructuring controls.

Treasury Management Strategy 2007/08 – 2009/10

21. The treasury management service is an important part of the overall financial management of the Council's affairs. The prudential indicators considered so far relate to the affordability and impact of capital expenditure decisions and govern the Council's overall capital framework. The treasury service considers the effective funding of these decisions. Together they form part of the process which ensures that the Council meets the "balanced budget" requirement under the Local Government Finance Act 1992. There are specific treasury prudential indicators included within this strategy which require approval.
22. The Council's treasury activities are strictly regulated by statutory requirements and a professional code of practice (the CIPFA Code of Practice on Treasury Management). This Council adopted the Code of Practice on Treasury Management on 22 April 2002, and as a result formulated a Treasury Management Policy Statement (approved by Cabinet on 18 October 2004). This adoption meets the requirements of the first of the treasury prudential indicators (Prudential Indicator 13).
23. The Council's Treasury Management policy requires an annual strategy to be reported to Council in advance of the first financial year to which it relates, outlining the expected treasury activity for the following three financial years. A key requirement of this report is to explain both the risks and the management of the risks associated with the treasury service. A further treasury report is produced within six months of the year-end to report on actual activity for the year.
24. This strategy covers:
 - The Council's debt and investment projections;
 - The expected movement in interest rates;
 - The Council's borrowing and investment strategies;
 - Treasury performance indicators;
 - Specific limits on treasury activities;

Debt and Investment Projections 2007/08 – 2009/10

25. The borrowing requirement comprises the expected movement in the CFR and any maturing debt which will need to be re-financed. Table 7 shows this effect on the treasury position over the next three years. It also highlights the expected change in investment balances, although as a matter of prudence it does not include an estimate for capital receipts from proposed land sales.
26. Although the Council is debt-free and expects to remain so for the foreseeable future, there is a reducing element of debt taken out on behalf of other local authorities. The underlying external debt has been paid in full; the authorities concerned are paying the Council their share of the debt plus interest in instalments. This is shown as negative debt, as it represents income to the Council.

Table 7: Treasury position as at 31 March, 2006/07 to 2009/10				
	2006/07 Revised £'000	2007/08 Estimate £'000	2008/09 Estimate £'000	2009/10 Estimate £'000
External Debt				
External debt	0	0	0	0
Less transferred debt	- 585	- 559	- 534	- 508
Total debt at 31 March	- 585	- 559	- 534	- 508
Investments				
Investment portfolio	53,000	52,000	47,000	44,000
Funds held in short notice accounts	3,000	3,000	3,000	3,000
Total investments at 31 March	56,000	55,000	50,000	47,000
Investment change during the year	+11,484	- 1,000	-5,000	-3,000
Investment interest income	2,681	2,650	2,300	2,200

Economic Forecast

Table 8: Expected movements in interest rates (Source: Butlers)				
Rates shown are averages	Base Rate %	5-year Gilt %	20-yr Gilt %	50-yr Gilt %
2006/07	4.8	4.9	4.4	4.0
2007/08	5.1	4.9	4.6	4.0
2008/09	4.8	4.5	4.3	3.9
2009/10	4.5	4.5	4.3	3.9

27. Buoyant economic activity in 2006 and the strength of external cost pressures prompted a tightening of monetary policy as the Monetary Policy Committee sought to contain a rise in inflation to the upper levels of the Government's target range.
28. The continued risks of a revival in inflation pressures via increased pay settlements, buoyant consumer spending and rising unit costs suggest the Bank of England will maintain a cautious policy approach to rates through much of 2007.
29. Higher rates in the UK, US and Euro-zone will eventually lead to a deceleration in economic activity and a diminution of inflation pressures. This will leave some scope for a modest reduction in short-term interest rates, a trend that will be followed by longer term fixed rates.

Borrowing Strategy 2007/08 – 2009/10

30. The uncertainty over future interest rates increases the risks associated with treasury activity. As a result the Council will take a cautious approach to its treasury strategy.
31. Long-term fixed interest rates are expected to rise modestly. Until recently, the Bank of England Base Rate, on which all major UK financial institutions base their own rates, was expected to peak at 5.25%. However, the unexpected rise in base rate to 5.25% in January 2007 has prompted speculation that the final peak will be 5.50%. The Head of Finance, under delegated powers, will consider interest rate forecasts available from professional advisors and their associated risks, and will take the most appropriate form of investment depending on the prevailing interest rates at the time.

Investment Counterparty and Liquidity Framework

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

- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.
- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment sections below.

33. The Head of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criteria is separate to that which chooses Specified and Non-Specified investments as it selects which counterparties the Council will invest with rather than defining what form its investments will take.

- **Banks** – the Council will invest in banks which have the following Fitch or equivalent ratings as a minimum:
 - **Short Term** – F1 (F1+ for total investments over £5m)
 - **Long Term** – A (AA- for total investments over £5m)
 - **Individual / Financial Strength** – C (Fitch / Moody's only)
 - **Support** – 3 (Fitch only)
- **Building Societies** – Listed in the top 30 according to ranking by total capitalisation, with some further restrictions;
 - The society must have a minimum of £500m in capital assets
 - A maximum of £5m may be invested in building societies ranked in the top ten
 - Societies ranked 11 to 20 may hold a maximum total investment of £3m
 - Societies ranked 21 to 30 may hold a maximum total investment of £2m
 - Societies with no credit rating are subject to a maximum investment term of;
 - i. Nine months (capital assets of at least £1,000m)
 - ii. Six months (capital assets between £500m and £1,000m)
- **Money Market Funds** – AAA
- **UK Government** (including gilts and the DMO)
- **Local Authorities, Parish Councils etc**

With the current increase in investment portfolio balances and the proposed land sales planned for 2007/08, the Head of Finance feels that the maximum investment limit for the higher rated counterparties should be raised from £8m to £12m to allow sufficient flexibility in placing investments.

34. Members are recommended to increase the maximum investment limit with higher rated counterparties from £8m to £12m.

35. The time limits for institutions on the Council's counterparty list are five years, unless other restrictions are specified above (these will cover both specified and non-specified Investments). Investments for terms exceeding 364 days are subject to approval by the Head of Finance. The proposed criteria for specified and non-specified investments are shown in paragraphs 51 to 58 for approval.

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

Treasury Management Prudential Indicators and Limits on Activity

37. There are four more treasury prudential indicators. The purpose of these prudential indicators is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However if these are set to be too restrictive they will impair the opportunities to reduce costs. The indicators are:
- Upper limits on fixed interest rate exposure (Prudential Indicator 14). This indicator identifies a maximum limit for fixed interest rates based upon the debt position net of investments
 - Upper limits on variable interest rate exposure (Prudential Indicator 15). Similar to the previous indicator, this covers a maximum limit on variable interest rates.
 - Maturity structures of borrowing (Prudential Indicator 16). These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing; upper and lower limits of each category are required.
 - Total principal funds invested for greater than 364 days (Prudential Indicator 17). These limits are set to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.
38. 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.
39. The Treasury Strategy Report presented to Council on 21 February 2006 increased the maximum limit of investments made for terms exceeding 364 days from £10 m to £15 m, to allow some flexibility in the light of the expected capital receipt from the sale of the Parade Ground at North Weald Airfield.
40. Since this indicator was changed, the Council's treasury service has made two investments of £5m for terms of greater than 364 days. The rate obtained for the first 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. The second such deal, also for £5m, improved on the rate offered that day for deals of 364 day terms by 0.55 %, representing an interest gain of £27,500 over the course of one year.
41. With the possibility of two further land sales in the coming financial year, the Head of Finance holds the opinion that it would be an advantage to increase the maximum total investment allowed for terms exceeding 364 days. This would allow the possibility of swift action to take advantage of good deals, without the necessity for a lengthy delay while the necessary approval is sought.
42. With this in mind, the Head of Finance recommends that Prudential Indicator 17 (the maximum cumulative limit of investments made for terms over 364 days) be increased to £30m, to allow for further flexibility in future investment strategy.

43. **Members are recommended to approve the contents of Tables 9 and 10 as Prudential Indicators 14, 15, 16 and 17, representing an increase in Prudential Indicator 17 from the current limit of £15m to £30m.**

Table 9: Exposure to fixed/variable interest rates (Prudential Indicators 14 and 15)			
	2007/08 Upper	2008/09 Upper	2009/10 Upper
Limits on fixed interest rates	100%	100%	100%
Limits on variable interest rates	30%	30%	30%

Table 10: Maturity structure of fixed interest rate borrowing and limits on longer term investments (Prudential Indicators 16 and 17)						
	2007/08		2008/09		2009/10	
	Lower	Upper	Lower	Upper	Lower	Upper
Under 12 months	0%	100%	0%	0%	0%	0%
12 months to 2 years	0%	0%	0%	0%	0%	0%
2 years to 5 years	0%	0%	0%	0%	0%	0%
5 years to 10 years	0%	0%	0%	0%	0%	0%
10 years and above	0%	0%	0%	0%	0%	0%
Maximum principal sums invested > 364 days	£30 m		£30 m		£30 m	

Performance Indicators

44. The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. As a debt free council with no externally managed funds, the only effective performance indicator that can be set is an achievement margin in excess of the 7 day LIBID rate, the London Interbank Bid rate, which is the accepted benchmark for local authority treasury operations. The results of these indicators will be reported in the Treasury Annual Report for 2006/07.

45. **Members are recommended to approve the local performance indicators set out in Table 11.**

Table 11: Performance indicator for the Council's Treasury operations			
	2007/08 %	2008/09 %	2009/10 %
Returns to exceed the 7 Day LIBID rate by:	0.10	0.15	0.20

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

46. The Office of the Deputy Prime Minister (now DCLG) issued Investment Guidance on 12th March 2004, and this forms the structure of the Council's policy below.
47. The key intention of the Guidance is to maintain the current requirement for Councils to invest prudently, and 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 CIPFA publication "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes". This Council adopted the Code on 18 April 2002 and will continue to apply its principles to all investment activity. In accordance with the Code, the Head of Finance has produced treasury management practices. This part, TMP 1(5), covering investment counterparty policy requires approval each year.
48. The key requirements of both the Code and the investment guidance are to set an annual investment strategy as part of its annual treasury strategy for the following year, to be approved by full Council and covering the identification and approval of:
- The strategy guidelines for decision making on investments, particularly non-specified investments.
 - The principles to be used to determine the maximum periods for which funds can be committed.
 - Specified investments the Council will use. These are high security (i.e. high credit rating, although this is defined by the Council, and no guidelines are given), and high liquidity investments in sterling and with a maturity of no more than a year.
 - Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.
49. The investment policy proposed for the Council for the forthcoming financial year is based on Butler's forecast of economic conditions. Expectations on shorter-term interest rates, on which investment decisions are based, were expected to peak at 5.25% in early 2007. However, the unexpected rise in the Base Rate to 5.25% in January 2007 – a month before the quarterly Inflation Bulletin which often prompts such rises – has led to speculation that the rate may peak at 5.50%, and market advisors are keenly awaiting the minutes of the January rate setting meeting to assess the Monetary Policy Committee's strength of feeling on this issue.
50. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts. It is likely that investment decisions will be made for longer periods with fixed investments rates to lock in good value and security of return if opportunities arise. The Head of Finance, under delegated powers, will undertake the most appropriate form of investments depending on liquidity requirements and the prevailing interest rates at the time, taking into account the risks shown in the forecast above.

Specified and Non-Specified Investments

51. Specified investments are sterling investments with original investment terms of not more than one year, or those which are agreed for a longer period where the Council has the right to be repaid within 12 months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is small. These include investments with:
- I The UK Government (such as the Debt Management Office, UK Treasury Bills or a Gilt with less than one year to maturity).
 - II A local authority, parish council or community council.
 - III Pooled investment vehicles (such as money market funds) that have been awarded a high rating by a credit rating agency.
 - IV A financial body such as a bank or building society that has been awarded a high rating by a credit rating agency.
52. The Council proposes to invest in specified investments, with further restrictions related to credit ratings.
53. **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.**
- 54 Non-specified investments are any other type of investment (i.e. not defined as specified above). These would include sterling investments with:
- I. Securities which are guaranteed by the UK Government (such as supranational bonds). These are fixed income bonds although the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.
 - II. Gilt edged securities with a maturity of greater than one year.
 - III. Institutions not meeting the basic security requirements under the specified investments.
 - IV. A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society), for deposits with a maturity of greater than one year.
- 55 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 unrated building society which met the following criteria:
- Listed in the top thirty building societies by capitalisation 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, and
 - A minimum capitalisation limit of £500m.

- 56 In order to protect the Council further, it was agreed that there should be restrictions on the maximum term and amount of investment in unrated 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
 - Investments in any financial body with a credit rating are subject to the following limits;
 - £5m total cumulative investment in bodies with minimum credit ratings of F1 short term) or equivalent (P1, A1) C (individual rating) 3 (support rating) C (financial strength) and a long term rating of A- or equivalent.
 - £8 m total cumulative investment in bodies with minimum credit ratings of F1+ (short term) or equivalent, and a long-term rating of AA- or equivalent.
- 57 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).
- 58 **Members are requested to confirm that, for the time being, it is intended that non-specified investments will not form part of the Council's investment portfolio, with the exception of;**
- **Building societies meeting the criteria in Paragraph 55 above (subject to the restrictions laid down in Paragraph 56) and**
 - **A maximum of £30,000,000 invested for terms exceeding one year, subject to the credit rating criteria in Paragraph 57 and a maximum term of five years.**
- 59 The credit rating of counterparties will be monitored regularly. The Council receives credit rating advice from its advisers, Butlers, on a daily basis as and when ratings change, and counterparties are checked promptly. 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 new counterparties which meet the criteria will be added to the list. Existing investments with the downgraded counterparty will be allowed to run to maturity, unless there is reason to believe that an attempt should be made to retrieve the funds beforehand.
- 60 The Council is aware that external fund managers are potentially able to achieve higher returns on an investment portfolio than in-house staff with limited time and specialist financial expertise. However, these potential high returns are offset by the managers' fees. The Council has considered the net returns available through the use of external managers, and has decided to retain its policy of retaining the entire portfolio in-house. This policy will be kept under review each year.

Table 12: Returns achieved by the in-house Treasury team compared to the industry average net returns for external fund management teams

	2003/04 %	2004/05 %	2005/06 %
In-house team	3.64%	4.67%	4.73%
External management (net of charges)	3.05%	4.69%	4.60%
Difference	0.59%	(0.02%)	0.13%

