

EPPING FOREST DISTRICT COUNCIL COUNCIL MINUTES

Committee: Council **Date:** 16 February 2010
Place: Council Chamber, Civic Offices, High Street, Epping **Time:** 7.30 pm - 10.25 am

Members Present: Councillors Mrs P Smith (Chairman), Mrs A Grigg (Vice-Chairman), K Angold-Stephens, R Barrett, R Bassett, A Boyce, Mrs R Brookes, Mrs P Brooks, A Clark, M Cohen, J Collier, Mrs D Collins, D Dodeja, Miss C Edwards, R Frankel, Mrs R Gadsby, P Gode, A Green, Ms J Hedges, J Knapman, R Law, Mrs J Lea, A Lion, J Markham, Mrs M McEwen, R Morgan, S Murray, J Philip, Mrs C Pond, G Pritchard, W Pryor, Mrs P Richardson, B Rolfe, B Sandler, Mrs M Sartin, P Spencer, D Stallan, Ms S Stavrou, Mrs J Sutcliffe, H Ulkun, Mrs L Wagland, C Whitbread, Mrs J H Whitehouse, J M Whitehouse, D Wixley and J Wyatt

Apologies: Councillors K Chana, Mrs S Clapp, Miss R Cohen, Mrs A Haigh, J Hart, D Jacobs, G Mohindra, P Turpin, A Watts and Mrs E Webster

Officers Present: P Haywood (Chief Executive), D Macnab (Deputy Chief Executive), C O'Boyle (Director of Corporate Support Services), R Palmer (Director of Finance and ICT), I Willett (Assistant to the Chief Executive), G Lunnun (Assistant Director (Democratic Services)), J Boreham (Assistant Public Relations and Information Officer) and S G Hill (Senior Democratic Services Officer)

129. WEBCASTING INTRODUCTION

Mr I Willett, Assistant to the Chief Executive, reminded all present that the meeting would be broadcast live to the Internet, and that the Council had adopted a protocol for the webcasting of its meetings.

130. MINUTES

RESOLVED:

(1) That the minutes of the Council meeting held on 22 December 2009 be taken as read and signed by the Chairman as a correct record subject to the outcome of further consideration of Minute 119 (Contract of Employment – Post XEX01) later in the meeting after the exclusion of the public and press; and

(2) That the minutes of the Extraordinary Council Meeting held on 19 January 2010 be taken as read and signed by the Chairman as a correct record.

131. DECLARATIONS OF INTEREST

(a) Pursuant to the Council's Code of Member Conduct, Councillor S Murray declared a personal interest in agenda item 12 (Report of the Cabinet – Sports Leisure Management – Contract Extension Negotiations – Supplementary Capital

Estimate) by virtue of being a member of the Loughton Leisure Centre. The Councillor advised that he had determined that his interest was prejudicial and that he would leave the meeting for the consideration and voting on the matter.

(b) Pursuant to the Council's Code of Member Conduct, Councillors M Cohen and J Markham declared personal interests in agenda item 12 (Report of the Cabinet – Sports Leisure Management – Contract Extension Negotiations – Supplementary Capital Estimate) by virtue of being members of the Loughton Leisure Centre. The Councillors advised that they had determined that their interests were not prejudicial and that they would remain in the meeting for the consideration and voting on the matter.

(c) Pursuant to the Council's Code of Member Conduct, Councillor D Stallan declared a personal interest in agenda item 12 (Report of the Cabinet – Sports Leisure Management – Contract Extension Negotiations – Supplementary Capital Estimate) by virtue of his wife and children being members of Ongar Leisure Centre. The Councillor advised that he had determined that his interest was not prejudicial and that he would remain in the meeting for the consideration and voting on the matter.

(d) Pursuant to the Council's Code of Member Conduct, Councillor J M Whitehouse declared a personal interest in agenda item 12 (Report of the Cabinet – Sports Leisure Management – Contract Extension Negotiations – Supplementary Capital Estimate) by virtue of being a member of Epping Sports Centre. The Councillor advised that he had determined that his interest was not prejudicial and that he would remain in the meeting for consideration and voting on the matter.

(e) Councillors J Collier and W Pryor advised that they would not be voting on Item 14 (Report of the Cabinet – Budgets and Council Tax Declaration 2010/11).

132. ANNOUNCEMENTS

(a) Announcements by the Chairman of the Council

The Chairman, Councillor Mrs P Smith, reminded members that a quiz in aid of her charity would be held at Theydon Bois Village Hall on 19 February 2010. She advised that the quiz was now fully booked.

The Chairman reported that she would be sending the flowers from tonight's Council meeting to Councillor Rebecca Cohen who was recovering from recent surgery.

(b) Announcements by the Leader of the Council and other Members of the Cabinet

Councillor Mrs M Sartin, Environment Portfolio Holder, reported that councils in partnership with Keep Britain Tidy would be launching a countywide campaign on 26 February 2010 against fast food litter. The campaign would include press releases, the display of over 1000 posters, litter awareness and targeted litter monitoring services. The aim would be to work closely with local businesses to reduce litter and make areas cleaner and more attractive. Councillor Mrs Sartin advised that this District was one of five which would receive a visit from an Ad Van displaying the anti litter message. The Ad Van would be visiting this District on 22 February 2010. She advised that more information would be made available following the visit of the Ad Van and agreed to respond to any specific questions from members about the campaign at a later date.

133. PUBLIC QUESTIONS (IF ANY)

The Council noted that there were no public questions for this meeting.

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

The Council received written reports from the Chairman of the Overview and Scrutiny Committee, the Community Safety and Transport Portfolio Holder, the Environment Portfolio Holder, the Housing Portfolio Holder, the Leisure and Wellbeing Portfolio Holder and the Performance Management Portfolio Holder.

The Chairman invited the Leader, the Chairman of the Overview and Scrutiny Committee and Members of the Cabinet to provide an oral report or an oral update of their written reports.

(a) Leader of the Council

Councillor Mrs Collins announced that together with Councillor Ms Stavrou she had interviewed staff nominated for staff awards and had been impressed with the hard and innovative of work demonstrated. A lunch was to be held for the nominated officers, their Directors and appropriate Portfolio Holders on 23 February 2010 at which the winners would be announced. A formal presentation of awards to the winners would take place at the Civic Awards Dinner on 18 March 2010.

The Leader advised that she had attended a dinner at Harlow Civic Centre to celebrate the liaison between Harlow College and Anglia Ruskin University which would provide higher education in the town from September 2010.

Councillor Mrs Collins reported that two meetings had been held regarding the Gypsy and Traveller Development Plan Document. Officers had been summoned to Go East to meet senior civil servants and had been questioned on the need for a meeting with a Minister and on the Council's approach to the Direction to make suitable provision for Gypsies and Travellers in the District. She advised that she was now waiting to hear whether the Minister would agree to meet Council members and officers. The Leader reported that if a meeting was to be held it would be with Shahid Malik, Parliamentary Under Secretary of State for Communities and Local Government and not the Minister of Housing and Planning. The Council's representatives at a meeting would be herself, Councillor Mrs A Grigg, the Director of Planning and Economic Development and the Assistant Director of Planning (Policy and Conservation). Members noted that Eleanor Laing M.P. and Bill Rammell M.P. had also expressed a wish to be present at any meeting.

The Leader advised that following a meeting with Counsel a number of bullet points had been identified for discussion with the Minister and officers had produced additional graphs as suggested at the meeting with Go East officials showing the Council's performance in relation to authorities in the Eastern Region as opposed to authorities only in Essex. She explained that the graphs showed the Epping Forest District as being the fifth highest provider of sites in the Eastern Region and emphasised the inconsistent approach which had been taken by central government in only making Directions in relation to Epping Forest District, Brentwood Borough and South Cambridgeshire District. She pointed out that the graphs also showed that only an additional 10 to 15 pitches needed to be found by the end of 2011 in order to meet the required number of tolerated sites. She suggested that this could be achieved through the normal planning process and that there was therefore no justification in maintaining the Direction. However, Counsel had advised that whilst

the Minister might be persuaded to suspend the Direction he was unlikely to revoke it at this stage.

The Leader reminded members that the Council was investing in the future of young people. Working across Epping Forest, Harlow and Uttlesford the Local Strategic Partnerships had succeeded with 30 partners in a bid of just over £1,000,000 to bring career opportunities to young unemployed people in the three districts from the Government's Future Jobs Fund. The Council was already employing some of these young people and was at interview stage with others. She advised that there were only two such schemes running in the East of England and that if the scheme in West Essex could be seen as successful there was a possibility of attracting additional Government funds.

(b) Environment Portfolio Holder

Councillor Mrs M Sartin confirmed that she would be attending the launch of the campaign against fast food litter with Keep Britain Tidy on 26 February 2010, following which she would provide members with more information.

135. QUESTIONS BY MEMBERS WITHOUT NOTICE

(a) Local Businesses Rateable Values

Councillor Mrs L Wagland drew attention to the meeting of the Overview and Scrutiny Committee of 28 January 2010 at which members had questioned the District Valuation Officer in relation to the setting of local business rateable values. She advised that the Valuation Officer had confirmed that he would be impartial between the Government and business rate payers in the setting of rateable values and that he had agreed to reconsider the recent increases in the area and the effect they were having on local businesses. She asked the Chairman of the Overview and Scrutiny Committee what steps would be taken to ensure that the position was reconsidered.

Councillor Morgan, Chairman of the Overview and Scrutiny Committee advised that he would pursue the matter and report back to members.

(b) Gritting of Highways

Councillor P Spencer asked the Community Safety and Transport Portfolio Holder to confirm that Queen's Road, Buckhurst Hill would in future be on the schedule of roads to be gritted at times of adverse weather.

Councillor Ms S-A Stavrou stated that she would raise this matter at the next meeting with Highways Officers.

(c) Shared Ownership of Residential Properties

Councillor Mrs J H Whitehouse drew attention to the report of the Housing Portfolio Holder in relation to Leader Lodge, North Weald. She questioned why the building was being converted into flats to be sold on a shared ownership basis to first time buyers and asked the Portfolio Holder what he considered to be the right balance between rented properties and properties which could be sold.

Councillor Stallan stated that some members would recall that his predecessor (former Councillor Michael Heavens), had proposed that Leader Lodge be demolished and sold for private residences. Councillor Stallan continued that Area

Plans Sub-Committee East had refused permission for that scheme and that when he had become Housing Portfolio Holder he had pursued a scheme to retain the building and to convert it into four flats with an annex providing an additional two flats. He said he was always aware of the need to balance the provision of social housing with the opportunity of assisting those wishing to acquire their own property. In relation to Leader Lodge it had been decided that sale of the flats on a shared ownership basis to first time buyers was more appropriate. Councillor Stallan continued that he did not know what was the right balance between social housing and making provision for those wishing to get onto the housing market and that on each occasion all appropriate options were considered before a decision was reached.

(d) Waltham Abbey Swimming Pool – New Sports Hall

Councillor Mrs P Brooks asked the Leisure and Wellbeing Portfolio Holder whether the proposal to build a new Sports Hall at Waltham Abbey Swimming Pool was still going ahead.

Councillor B Rolfe, Leisure and Wellbeing Portfolio Holder, stated that a feasibility study was being undertaken and that pending consideration of that study nothing definite had been decided.

(e) Performance Improvement and Savings

Councillor K Angold-Stephens asked the Performance Management Portfolio Holder how he proposed to achieve £600,000 savings in 2012 and further savings in future years as the written report which he had provided did not identify any savings of that level.

Councillor R Bassett, Performance Management Portfolio Holder, advised that together with officers steps were being taken to identify areas where it might be possible to improve efficiency or save money. He advised that within two to three months approximately £100,000 of savings had already been identified towards the target figure of £300,000 for the current year. He advised that other areas were being investigated but that figures were not yet available. He pointed out that officers were very receptive to finding savings and were reviewing all areas to identify ways in which efficiency could be improved or money saved. He stated that he would continue to update members on progress throughout the year.

(f) Waste Recycling Sacks

Councillor R Frankel asked the Environment Portfolio Holder if residents could be advised that they could use stocks of garden waste sacks for dry recycling.

Councillor Mrs M Sartin, Environment Portfolio Holder, stated that she saw no reason why this advice could not be given and she would approach officers.

(g) Waste Management – Review of Collection Service During Recent Adverse Weather Conditions

Councillor S Murray drew attention to the review to be undertaken with a report to the Safer, Cleaner, Greener Standing Scrutiny Panel.

He asked the Environment Portfolio Holder if arrangements could be made for a wider input from Councillors not on the Panel and suggested that a pro forma could be included within a future Council Bulletin.

Councillor Mrs M Sartin, Environment Portfolio Holder, advised that officers were currently collating information following which reports would be made to SITA and the Waste Partnership Board before the matter was considered by the Safer, Cleaner, Greener Standing Scrutiny Panel. She confirmed that all members could contribute to the review either in response to a pro forma in the Bulletin if that was thought appropriate or by email or letter to the Environment and Street Scene Directorate.

(h) Epping Parking Review

Councillor J M Whitehouse asked the Community Safety and Transport Portfolio Holder when she expected notice to be given of the Epping Parking Review.

Councillor Ms S-A Stavrou stated that it had been expected that notice would be given by mid February but that the matter was still with legal officers and hopefully notices would be displayed by the end of the month.

(i) Forest Road, Loughton – Bus Service

Councillor Mrs P Richardson asked the Community Safety and Transport Portfolio Holder if she was aware of concern being expressed by residents in Forest Road regarding the use of that road as part of a proposed new bus route and whether the residents could make representations to seek a diversion of the route.

Councillor Ms S-A Stavrou stated that she was not sure whether the Councillor was referring to public transport or possibly to the Shopping and Leisure Bus which was being trialled from High Beach Village to Loughton with County Council support. She stated that this bus would be running once a week but that she was not sure whether the route had yet been finalised. She advised that if the proposal related to public transport the matter should be taken up with Essex County Council but that she would investigate the situation regarding the Shopping and Leisure Bus and that if any residents wished to express their concern to her she would take forward those concerns.

(j) Mother and Baby Unit – Ongar

Councillor G Pritchard asked the Housing Portfolio Holder if the Mother and Baby Unit in Ongar was still on course to be delivered in June 2010.

Councillor D Stallan, Housing Portfolio Holder, stated that although a recent planning application had been refused he understood that the opening date was still set for June 2010.

(k) Buckhurst Hill Parish Council – Lease of Land in Roding Valley

Councillor P Spencer asked the Leisure and Wellbeing Portfolio Holder about the budget implications of the Buckhurst Hill Parish Council not having signed a lease in relation to the recreational area.

Councillor B Rolfe, Leisure and Wellbeing Portfolio Holder stated that he was aware of the situation but that no provision had been made in the budget. He agreed to advise members when he had further information about the situation.

136. MOTIONS

The Council was advised that there were no motions for consideration at this meeting.

137. QUESTIONS BY MEMBERS UNDER NOTICE**(a) Brookways, Roundhills, Waltham Abbey – Accident****By Councillor A Watts to Councillor D Stallan, Housing Portfolio Holder**

In the absence of Councillor Watts, the Chairman read his question to the meeting.

“In the light of the recent unfortunate accident at Brookways on Roundhills, could the Housing Portfolio Holder please assure myself and the residents that lighting within this area will be reviewed”.

Response read by Councillor D Stallan, Housing Portfolio Holder.

“Firstly, I would like to express my sincere condolences to the family of this man who was so tragically killed as a result of this very unfortunate accident. The Police are still investigating the circumstances of the accident, so I am unable to answer any questions relating to the incident.

Although we won't know what role lighting may, or may not have played in this tragedy until the Police investigation is complete, I have asked officers in Housing to look at the lighting of the car park. We will carry out our own review as quickly as possible to establish what changes or enhancements to the area could be appropriate. Once we have completed the assessment we will then be able to compare it to other sites and prioritise it accordingly.”

138. REPORT OF THE CABINET - FUTURE DEVELOPMENT OF KEY SITES WITHIN THE DISTRICT - SUPPLEMENTARY ESTIMATE**Mover: Councillor M Cohen – Legal and Estates Portfolio Holder**

The Portfolio Holder submitted a report seeking a DDF supplementary estimate in order to procure specialist external advice on the development potential of key sites within the District.

Councillor P Spencer questioned whether one of the sites was the car park in Church Hill, Loughton.

Councillor Cohen advised that the advice was required in relation to sites in general and was not directly applicable to any particular site.

Report as first moved ADOPTED**RESOLVED:**

That a DDF supplementary estimate for 2009/10 in the sum of £15,000 be approved in order to procure specialist external advice on the development potential of key sites within the District.

139. REPORT OF THE CABINET - REPLACEMENT OF VEHICLE - GROUNDS MAINTENANCE - SUPPLEMENTARY CAPITAL ESTIMATE

Mover: Councillor Mrs M Sartin – Environment Portfolio Holder

The Portfolio Holder submitted a report seeking a supplementary capital estimate to acquire a new vehicle for the Council's Grounds Maintenance Section.

Report as first moved ADOPTED

RESOLVED:

That a supplementary capital estimate in the sum of £26,000 for 2009/10 be approved in order to fund the purchase of a Ford Transit LWB Double Chassis Cab 2.4 TDCI for the Council's Grounds Maintenance Section in place of a present leased vehicle.

140. REPORT OF THE CABINET - SPORTS LEISURE MANAGEMENT - CONTRACT EXTENSION NEGOTIATIONS - SUPPLEMENTARY CAPITAL ESTIMATE

Mover: Councillor B Rolfe – Leisure and Wellbeing Portfolio Holder

The Portfolio Holder submitted a report seeking a supplementary capital estimate to undertake infrastructure works at Loughton Leisure Centre and to replace equipment at Epping Sports Centre and Ongar Leisure Centre.

Councillor J M Whitehouse asked if a contract extension with Sports Leisure Management would be flexible enough to allow for discussions to take place regarding the possible relocation of Epping Sports Centre to a more appropriate location if that opportunity arose during the course of the contract.

Councillor Ms R Brooks requested that in negotiating an extension of the contract, Sports Leisure Management be advised that whilst the Council acknowledged the need for savings there was an expectation that the facilities would be open as much as possible and would provide a good service for residents.

Councillor Rolfe confirmed that these matters would be taken into consideration.

Report as first moved ADOPTED

RESOLVED:

That a supplementary capital estimate of £930,000 for 2009/10 be approved for infrastructure works at Loughton Leisure Centre and replacement equipment at Epping Sports Centre and Ongar Leisure Centre with consequent reductions in management fees for Sports Leisure Management.

141. REPORT OF THE CABINET - 148 BROOKER ROAD, WALTHAM ABBEY - PURCHASE OF LEASEHOLD

Mover: Councillor M Cohen – Legal and Estates Portfolio Holder

The Portfolio Holder submitted a report seeking a supplementary capital estimate in order to acquire the leasehold interest in the property.

Councillor Cohen advised that the decision of the Cabinet had been to request a capital supplementary estimate of £220,000. However that figure had included a sum of rent arrears which would be written off. The sum required to purchase the leasehold interest was £210,000 and he asked the Council to agree this sum for the capital supplemental estimate and not £220,000.

In accordance with Section 100B(4) of the Local Government Act 1972 and Council Procedure Rule 3.2, the Chairman had deemed this item as urgent business in order to prevent any undue delay in completing the purchase.

Report as first moved ADOPTED.

RESOLVED:

That a capital supplementary estimate for 2009/10 in the sum of £210,000 be approved for the purchase of the leasehold interest of 148 Brooker Road, Waltham Abbey.

142. REPORT OF THE CABINET - CALENDAR OF COUNCIL MEETINGS - 2010/11

Mover: Councillor Mrs D Collins – Leader’s Portfolio

The Leader of the Council submitted a report proposing a calendar of meetings for the period May 2010-May 2011.

Councillor Mrs L Wagland drew attention to the proposal to hold meetings of the Finance and Performance Management Cabinet Committee and the Finance and Performance Management Scrutiny Panel on the same evening when considering the prospective budget for 2011/12 in January 2011. She questioned whether it would be more appropriate for the Cabinet Committee to be held before the Scrutiny Panel on that evening.

Councillor J Philip asked if it would be possible for the meeting of full Council approving budgets and declaring the Council Tax in February 2011 not to be held during school half term.

Councillor M Cohen advised that 8 September 2010 was a Jewish holiday and requested that the meeting of Area Plans Sub-Committee South scheduled for that day be changed.

It was agreed that the rationale for holding the Finance and Performance Management Scrutiny Panel before the Finance and Performance Management Cabinet Committee be explained to Councillor Wagland in writing. Members noted that the full Council meeting in February 2011 had to be held during school half term having regard to the notification of precepts from other authorities and the need to declare the Council Tax and get bills printed etc. The Council agreed that officers should find an alternative date for the meeting of Area Plans Sub-Committee South currently scheduled for 8 September 2010.

Report as amended ADOPTED

RESOLVED:

That the calendar of meetings from the period May 2010 – May 2011 attached as an Appendix to the report be adopted subject to the meeting of

Area Plans Sub-Committee South due to be held on 8 September 2010 being rescheduled.

143. REPORT OF THE CABINET - BUDGETS AND COUNCIL TAX DECLARATION 2010/11

Mover: Councillor C Whitbread – Finance and Economic Development Portfolio Holder

The Portfolio Holder submitted a report regarding Budgets and Council Tax Declaration for 2010/11.

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.

Councillor Whitbread advised that the Council could not operate in a vacuum and had suffered the same pressures as businesses and individuals. He asked members to take account of the state of the economy in considering the budget. He suggested that recovery from the recession was very fragile and that it would be easy to step back into recession.

Councillor Whitbread drew attention to the latest version of the Medium Term Strategy which required significant savings from 2011 onwards and he referred to the work already underway to achieve those savings.

The Portfolio Holder advised that the Council had continued to assist residents and local businesses in coping with the recession. For the second year running it had been possible to freeze parking charges and to maintain free parking on Saturdays in many car parks. He pointed out that the Council had assisted businesses in The Broadway, Loughton by reducing their rents if they had been adversely affected by the Town Centre Enhancement works. He stated that during the past year as the Council's Business Champion he had attended a number of Business Forums. The revaluation of Business Rates had been a matter of great concern. Businesses had suffered from the rises and it was apparent that many small businesses would now fall outside of small business rate relief. He stated that he estimated possibly up to 250 local businesses would be affected and that he would continue to look at ways in which the Council could support them.

Councillor Whitbread drew attention to some key issues which had been addressed in setting budgets. He advised that there was likely to be a reduction in grant as part of the next Comprehensive Spending Review (CSR). Best estimates were that the grant would fall at 10% over the next CSR but it could be higher possibly between 15% and 20%.

Councillor Whitbread advised that the Council's CSB contained a number of income streams that had been adversely affected, to varying degrees, by the current state of the housing market. The main areas of income related to the housing market were Land Charges, Building Control and Development Control. Investment income was also less than the estimate as interest rates had fallen lower than anticipated and seemed set to remain at 0.5% for months to come.

The Portfolio Holder advised that a key priority for 2010/11 would be to use some of the budget allocated for the Customer Transformation Programme to improve the Housing Benefit reception area. He also drew attention to the pressure on Housing

Benefits due to the recent recession with an increase of claimants of between 25% and 30%.

Councillor Whitbread drew attention to the next triennial valuation of the Pension Scheme and the future of the National Concessionary Fares Scheme. A potential threat beyond 2010/11 was the removal of the National Concessionary Fares function from districts and the associated reworking of the grant formula which could adversely impact on the Council's overall financial position. Councillor Whitbread stated that this was an example of how councils' services changed and evolved over time and required a flexible approach.

The Portfolio Holder advised that the budget as submitted produced a District Council Tax (Band D) of £148.77 for 2010/11, (£146.61 for 2009/10) which represented a 1.5% increase. This represented the second lowest District Council Tax in the county and taking account of the four year Medium Term Strategy of not increasing the tax by more than 2.5% per annum the Council was on course of having the lowest District Council Tax in the county. He emphasised that in becoming the lowest the aim would be to maintain that position.

Councillor Whitbread drew attention to the substantial reserves in the Council's Capital Account and the Housing Revenue Account. He advised that the Capital Programme provided for £55,000,000 expenditure over the next five years with emphasis being placed on schemes which would either cut revenue costs or generate income.

The meeting noted that the average rent increase for 2010/11 was 2.4% for Council dwellings.

The Portfolio Holder commended the budget to the Council.

Amendment moved by Councillor J M Whitehouse and Seconded by Councillor R Frankel

“(1) That recommendations (3) and (4) be deleted and replaced with:

(3) That the revenue estimates for 2010/11 and the draft capital programme for 2010/11 be approved as set out in Annexes 3, 4, (a-i) and 5 including all contributions to and from reserves as set out in the attached Annexes with the exception that:

the contribution from revenue reserves shall be set at £675,296 (General Fund £668,296/HRA £7,000) resulting in the sum of £20,454,498 to be met from government grants and local taxation (figure 7c) and thus a Council Tax increase of 0.0%.

and that the medium term financial forecast set out in Annexes 8a and 8b be amended as necessary; and

(2) That the following figures be substituted for those currently set out in recommendation (7).

7b - £92,657,826 (total gross income)
 7c - £20,454,498 (sum to be met from government grants and local taxation)
 7e - £203.04 (basic amount of Council Tax including parish precept)
 7g - £146.61 (Band D Council Tax)
 7h – Part of the Council's Area amount

Abbess, Beauchamp and Berners Roding £173.86
Buckhurst Hill £215.86
Chigwell £182.27
Epping Town £228.19
Epping Upland £174.51
Fyfield £168.67
High Ongar £175.24
Lambourne £178.45
Loughton Town £195.79
Matching £176.31
Moreton Bobbingworth and the Lavers £163.67
Nazeing £180.99
North Weald Basset £197.89
Ongar £215.25
Roydon £168.16
Sheering £167.63
Stanford Rivers £174.21
Stapleford Abbots £159.76
Stapleford Tawney £165.90
Theydon Bois £198.88
Theydon Garnon £162.28
Theydon Mount £160.45
Waltham Abbey Town £241.07
Willingale £164.94

7i – Consequential amendments”

Lost

Report as first moved ADOPTED

RESOLVED:

- (1) That the list of CSB growth for the 2010/11 budget (set out in Annex 1) be approved;
- (2) That the list of District Development Fund items for the 2010/11 budget (set out in Annex 2) be approved;
- (3) That the revenue estimates for 2010/11 and the draft Capital Programme for 2010/11 be approved as set out in Annexes 3, 4 (a-i) and 5 including all contributions to and from reserves as set out in the attached Annexes;
- (4) That the medium term financial forecast be approved as set out in Annexes 8 a and 8 b;
- (5) That the 2010/11 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 2.4% from £74.81 to £76.61, be approved.

Declaration of Council Tax

- (6) That it be noted that on 26 October 2009, the Finance and Economic Development Portfolio Holder in consultation with the Chairman of the Overview and Scrutiny Committee calculated the following amounts for the year 2010/11 in accordance with regulations made under Section 33(5) and

34(4) of the Local Government Finance Act 1992:

(a) 54,370.4 being the amount calculated by the Council in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 as the Council Tax Base for the year;

(b) Part of the Council's Area	Tax Base
Essex County Council (General Expenses)	54,370.4
Essex Police Authority	54,370.4
Essex Fire Authority	54,370.4
Epping Forest District Council (General Expenses)	54,370.4
Abbess, Beauchamp & Berners Roding	201.8
Buckhurst Hill	5,288.1
Chigwell	5,998.6
Epping Town	5,025.8
Epping Upland	412.2
Fyfield	411.5
High Ongar	558.8
Lambourne	937.8
Loughton Town	12,928.4
Matching	330.5
Moreton, Bobbingworth and The Lavers	677.2
Nazeing	2,095.3
North Weald Bassett	2,578.3
Ongar	2,750.0
Roydon	1,324.2
Sheering	1,358.0
Stanford Rivers	369.6
Stapleford Abbots	504.9
Stapleford Tawney	71.5
Theydon Bois	1,976.0
Theydon Garnon	61.9
Theydon Mount	108.9
Waltham Abbey Town	8,155.6
Willingale	245.5

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 2010/11 in accordance with sections 32 to 36 of the Local Government Finance Act 1992:

(a) £113,112,324 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) £92,540,386 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) - (c) of the Act;

(c) £20,571,938 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) £9,415,130 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) £205.20 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) £3,068,124 being the aggregate amount of all special items referred to in Section 34(1) of the Act;
- (g) £148.77 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	176.02
Buckhurst Hill	218.02
Chigwell	184.43
Epping Town	230.35
Epping Upland	176.67
Fyfield	170.83
High Ongar	177.40
Lambourne	180.61
Loughton Town	197.95
Matching	178.47
Moreton, Bobbingworth and The Lavers	165.83
Nazeing	183.15
North Weald Bassett	200.05
Ongar	217.41
Roydon	170.32
Sheering	169.79
Stanford Rivers	176.37
Stapleford Abbots	161.92
Stapleford Tawney	168.06
Theydon Bois	201.04
Theydon Garnon	164.44
Theydon Mount	162.61
Waltham Abbey Town	243.23
Willingale	167.10

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 2010/11 the major precepting authorities have stated that the amounts shown in Annex 7 Part A (tabled) are the precepts issued to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each of the categories of dwellings shown;

(9) That, having calculated the aggregate in each case of the amounts at (7)(i) and (8) above, the Council in accordance with Section 30(2) of the Local Government Finance Act 1992 hereby sets the amounts in Annex 7 Part B (tabled) as the amounts of Council Tax for the year 2010/11 for each of the categories of dwellings shown;

(10) That the Council's policy of retaining revenue balances at no lower than £4.0M or 25% of the net budget requirement whichever is the higher for the four year period to 2012/13 be amended to no lower than £4.0M or 25% of the net budget requirement whichever is the higher during the four year period up to and including 2013/14;

(11) That the recommendations included in the report on the Prudential Indicators and the Treasury Management Strategy for 2010/11 (set out in Annex 9) be approved; and

(12) That the report of the Chief Financial Officer on the robustness of the estimates for the purposes of the Council's 2010/11 budgets and the adequacy of the reserves (see Annex 10) be noted.

144. REPORT OF THE OVERVIEW AND SCRUTINY COMMITTEE - ANNUAL REVIEW OF CONTRACT STANDING ORDERS

Mover: Councillor R Morgan, Chairman of the Overview and Scrutiny Committee

Councillor Morgan submitted a report recommending amendments to Contract Standing Orders following the annual review.

Report as first moved ADOPTED

RESOLVED:

(1) That the amendments to Contract Standing Orders set out in Appendix 1 to these minutes be approved; and

- (2) That the revised Contract Standing Orders be published in the Constitution.

145. REPORT OF THE DISTRICT DEVELOPMENT CONTROL COMMITTEE - ESSEX COUNTY COUNCIL REVISED PARKING STANDARDS - ADOPTION AS SUPPLEMENTARY GUIDANCE

Mover: Councillor B Sandler, Chairman of the District Development Control Committee

Councillor Sandler submitted a report proposing adoption of supplementary guidance of new parking standards issued by Essex County Council.

Report as first moved ADOPTED

RESOLVED:

That, having given further consideration to the representations made by Go East, the new parking standards issued by Essex County Council, entitled "Parking Standards Design and Good Practice for Essex" be adopted as supplementary guidance.

146. STANDARDS COMMITTEE - INDEPENDENT MEMBER VACANCIES

The Council considered a report of the Monitoring Officer drawing attention to two Independent Member vacancies on the Standards Committee which would arise in May 2010.

RESOLVED:

(1) That five members together with the current Independent Chairman of the Standards Committee as a non-voting Chairman form a Standards Committee Selection Panel;

(2) That the Group Leaders of the four groups on the Council each nominate one member and that a fifth member representing members not affiliated to a group form the Selection Panel;

(3) That in the event of more than one non-affiliated member expressing an interest to take part, the place be decided by the drawing of lots;

(4) That the Selection Panel be authorised to:

(a) agree a short-list of applicants for interview for the Independent member vacancies on the Standards Committee which will arise in May 2010;

(b) interview the persons short-listed; and

(c) make recommendations to the Council on appointments;

(5) That the Monitoring Officer be authorised to:

(a) place an advertisement in a local newspaper and on the Council's website inviting applications;

- (b) prepare an applicant's pack, including application form, a job description, person specification and terms of reference of the Committee; and
- (c) make arrangements for suitable training of the new members when appointed; and
- (6) That in the event of only one appointment being made Grenville Weltch continue to be an Independent Member of the Committee until May 2011.

147. LOCAL HIGHWAYS PANEL - CHAIRMAN

Members noted that at the Annual Council meeting on 24 May 2009 the Council had elected Councillor R Bassett as Chairman and appointed Ms S-A Stavrou as Vice-Chairman of the Local Highways Panel. This had been recognised as an interim arrangement pending the latter becoming fully familiar with her new Portfolio Holder responsibilities.

The Leader of the Council advised that there had now been four meetings of the Panel and it was considered appropriate to change the Chairman and Vice-Chairman to reflect their current Portfolio Holder responsibilities.

RESOLVED:

- (1) That Councillor Ms S-A Stavrou be elected Chairman of the Panel for the remainder of the current municipal year; and
- (2) That Councillor R Bassett be appointed Vice-Chairman of the Panel for the remainder of the current municipal year.

148. NORTH WEALD AIRFIELD AND ASSETS MANAGEMENT CABINET COMMITTEE - TERMS OF REFERENCE

The Leader of the Council reported that in accordance with paragraph 4.1 of the Council's Scheme of Delegation, the terms of reference for the North Weald Airfield Strategy Cabinet Committee had been amended so as to enable that Committee to review all of the Council's property assets not just those at North Weald Airfield. Members noted that the change had been made to recognise the contribution which asset rationalisation would have to improving service provision and assisting with the Council budgets and financial planning.

RESOLVED:

That the following decisions taken by the Leader of the Council be noted;

- (a) extension of the terms of reference of the North Weald Airfield Strategy Cabinet Committee as set out in paragraphs 2.1 – 2.5 of Appendix 2 to these minutes;
- (b) renaming of the Committee "North Weald Airfield and Asset Management Cabinet Committee" and
- (c) authorising all appropriate amendments to Appendix 4 of Part 3 of the Constitution (Responsibilities for Functions).

149. JOINT ARRANGEMENTS AND EXTERNAL ORGANISATIONS**(a) West Essex Children's Trust Board**

Councillor Mrs L Wagland reported that she had attended her first meeting of the West Essex Children's Trust Board. She advised that a considerable amount of time had been spent debating the remit of the Board and its relationship to equivalent bodies. Councillor Mrs Wagland stated that, bearing in mind that the intention was for the Board to only meet five times a year and this had been the second meeting of the current year, she had concerns about the way in which the Board was functioning. Councillor Wagland reported that there had been a workshop on Obesity amongst Children an issue which was being well addressed in Essex. However, it appeared that little attention was being given to Safeguarding Children an area in which Essex performed particularly badly.

Councillor Mrs Wagland advised that it had also been proposed that there should be an agreement in relation to the pooling of resources between Uttlesford, Harlow and Epping Forest and she had expressed views about this suggestion to the Leader of the Council and the Chief Executive as it was likely the proposals would be coming before the Council shortly.

Councillor Mrs Wagland drew attention to a summary of a serious case review in Doncaster which had criticised the equivalent body in that area. In the light of her experiences of the first meeting of the Board she stated that she had real concerns and together with District Council officers was working hard to try to make sense of the approach being taken.

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

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 items of business set out below as they would involve the likely disclosure of exempt information as defined in the paragraph 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 No
2	Minutes of the Council Meeting held on 22 December 2009	1
22	Contract of Employment – Post XEX01	1

151. MINUTES OF THE COUNCIL MEETING HELD ON 22 DECEMBER 2009

The Leader of the Council suggested that there had been an omission from the minutes of this meeting and invited the Council to agree an amendment to those minutes.

Motion moved by Councillor Mrs D Collins and seconded by Councillor C Whitbread.

“That the words “and stated that she had no input whatsoever in either the contract of 2007 or the negotiations” be added to the end of the third paragraph of the preamble of Minute 119 (Contract of Employment – Post XEX 01)”.

Carried

RESOLVED:

That the minutes of the Council meeting held on 22 December 2009 be taken as read and signed by the chairman as a correct record subject to the addition of the words “and stated that she had no input whatsoever in either the contract of 2007 or the negotiations” at the end of the third paragraph of the preamble of Minute 119 – Contract of Employment – Post XEX 01.

152. CONTRACT OF EMPLOYMENT - POST XEX/01

Councillors M Cohen and J M Whitehouse submitted a report seeking changes to the delegated authority approved by the Council in August 2009 relating to the contract of employment of Post XEX01.

The Chairman of the Council had determined that this matter should be deemed urgent business in accordance with Section 100(B)(4) of the Local Government Act 1972 and referred to this meeting for consideration in order to progress the matter.

RESOLVED:

(1) That the following recommendations of Councillor M Cohen (with the support of Councillor J M Whitehouse) be adopted:

Delegated Authority to conduct negotiations

(a) that the delegated authority set out in Council Minute 62(e) of the Council meeting 17 August 2009 be amended by substituting “Councillors M Cohen and J M Whitehouse” for “Leader and Deputy Leader” so as to read:

“authorises Councillor M Cohen and Councillor J M Whitehouse to negotiate directly with the post holder to achieve a resolution of this matter and the terms of any such agreement”.

(b) that Councillors M Cohen and J M Whitehouse be authorised to negotiate with the post holder regarding the cost of his fair and reasonable legal expenses incurred solely in relation to obtaining legal advice on the terms of this agreement, whether a completed agreement is entered into or

not and subject to those charges being fully particularised in the said account, notwithstanding the ceiling of £1,000 previously advised;

(c) that Councillors M Cohen and J M Whitehouse be authorised to take such steps as might be necessary to regularise any procedural or constitutional irregularity (if any) that may exist or be necessary to complete this matter and to expend such sums as may be reasonable and properly required (within the budget already approved for external legal advice) to ensure that the Council's position is protected;

(2) That an extraordinary Council meeting be held before the next ordinary Council meeting in April 2010 in order to:

(a) approve the terms of the compromise agreement to be further negotiated with the post holder;

(b) approve arrangements for signing of the compromise agreement on behalf of the Council; and

(c) receive a report on the correctness of the constitutional procedures adopted in this matter, following external legal advice as requested at the Council meeting on 22 December 2009 (Minute 119(1)).

CHAIRMAN

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Directorate	Service		Original 2009/10 £000's	Revised 2009/10 £000's	Estimate 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's	Estimate 2013/14 £000's
Chief Executive	Democratic Services	Committee Attendance		2				
	Civic & Member	Members courses & conferences			(5)			
	Total Chief Executive		0	2	(5)	0	0	0
Corporate Support Services	Human Resources	Recruitment & Retention savings	(20)	(20)				
	Local Land Charges	Personal Charges- Increase from £11 to £22		(4)	(17)			
	Industrial Estates- Brooker Rd	Reduced Rental Income		24				
	Industrial Estates- Oakwood Hill	Increased Rental Income		(48)				
	Industrial Estates- O Hill Workshops	Reduced Rental Income		4				
	Industrial Estates- O Hill Workshops	NNDR on Voids		(7)				
	Licensing & Registration	Legal Expenses		2				
	Hackney Carriage Licensing	Legal Expenses		4				
	Fleet Operations	MOT Income		(50)				
	Energy Sites	Energy Costs Offices		7				
	Energy Sites	Energy Costs Depots		(2)				
	Civic Offices	Statutory Energy Conservation Reports		5				
	Civic Offices	Energy Savings - Heating				(20)		
	Total Corporate Support Services			(20)	(85)	(37)	0	0
Deputy Chief Executive	Performance Management Unit	Ten Performance Manager	2	2				
	Public Relations & Information	Consultation	(10)	(10)				
	Total Deputy Chief Executive		(8)	(8)	0	0	0	0
Environment & Street Scene	Pest Control	Reduced cost of contract	(10)	(10)				
	Neighbourhoods / Rapid Response	Safer, Cleaner and Greener	57	52				
	Waste Management	Changes to Service	150	359	(51)			
	Contaminated Land	Bobbingworth Tip Maintenance	7	7				
	Safer Communities / CCTV Cameras	CCTV Operations Officer	12	12				
	Safer Communities	ASB Investigations Officer	25	25				
	Safer Communities / CCTV Cameras	CCTV replacement and maintenance	18	21				
	Safer Communities / CCTV Cameras	CCTV replacement and maintenance - recharge to HRA			(16)			
	Leisure Facilities	Epping Sports centre new contract	107	107				
	Waltham Abbey Sports Centre	Cessation of joint use agreement	(68)	(73)	(192)			
	Off Street Parking	Reduction in NDR			(6)			
	Off Street Parking	Closure of Parking Shop			(24)			
	On Street Parking	Closure of Parking Shop			(24)			
	On Street Parking	Closure of Parking Shop			24			
	Total Environment & Street Scene			298	484	(273)	0	0

CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Directorate	Service		Original 2009/10 £000's	Revised 2009/10 £000's	Estimate 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's	Estimate 2013/14 £000's	
Finance & ICT	Finance Miscellaneous	Increase in Employers Pension Conts (Act Val 2007)	93	92	92				
	Accountancy	Staff costs Post FAC/14	(10)	(10)					
	ICT	Network maintenance	(20)	(20)					
	ICT	Mobile telephones - contract increases		5	2				
	Bank Charges	Banking & Cash collection contract savings		(4)					
	Housing Benefits/Local Taxation	Replacement Revenues & Benefits System	4	4					
	Housing Benefits	Housing Benefit Admin Subsidy settlement reductions	33	33	39				
	Insurance Services	Reduction in Commission		5					
	Insurance Services	Savings on Premium			(45)	(15)			
	Procurement	Essex Procurement Hub		6					
	Total Finance and ICT			100	111	88	(15)	0	0
	Housing	Private Sector Housing	Environmental Health Practitioner	12					
		Bed and Breakfast	Reduction in Bed and Breakfast income		23				
New Start Scheme		Grants		(12)					
Total Housing			12	11		0	0	0	
Planning & Economic Development	Development Control	Committee Attendance		5					
	Building Control Ring Fenced	Consultants		(19)					
	Building Control Ring Fenced	Consultants		19					
	Planning Policy & Conservation	Staff restructure		(3)					
Total Planning & Economic Development			0	2	0	0	0	0	
Other Items	Investment Interest	Reduction due to lower interest rates	217	217					
	All Services	Printer Cartridge Savings		(10)	(10)				
Total CSB			599	724	(237)	(15)	0	0	

DISTRICT DEVELOPMENT FUND			<i>Original</i>	<i>B/F from</i>	<i>Revised</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>	<i>Estimate</i>
Directorate	Service		2009/10	2009/10	2009/10	2010/11	2011/12	2012/13	2013/14
			£000's	£000's	£000's	£000's	£000's	£000's	£000's
Chief Executive	Civic & Member	Printing year book saving			(2)				
	Elections	No District Elections (May 2009)	(90)		(90)				
	Electoral Registration	Grant on-line Register of Electors	(1)		(1)				
	Grants to Voluntary Orgs	Furniture Exchange Scheme Suspended	20			20			
	Members	Standards Committee additional investigations				10			
	Total Chief Executive		(71)	0	(93)	30	0	0	0
Corporate Support Services	Energy Sites	Energy Costs Offices	40						
	Energy Sites	Energy Costs Depots	10						
	Estates & Valuation	Consultant's Fees - Dev Potential of Council Car Parks		13					
	Estates & Valuation	Consultant's Fees & site surveys Langston Rd Depot		3	28				
	Estates & Valuation	Agency Staff			19				
	Estates & Valuation	Council Asset Rationalisation				195			
	Estates & Valuation	Council Asset Rationalisation HRA Contribution				(60)			
	Facilities Management	Quality Assurance & Accreditation BS EN ISO 9001	19		19				
	Hackney Carriage Licensing	Increased Licensing Income			(40)				
	Industrial Estates- Brooker Rd	Lost Rental Income			8				
	Legal Services	Data capture re Land Terrier	11						
	Legal Services	Computerisation of Land Terrier records	17			28			
	Legal Services	Registration of Unregistered Titles	31		10	2			
	Local Land Charges	New IT system		10	10				
	Non HRA Building Maintenance	Planned Building Maintenance Programme	55	83	89	147	82	19	7
	Office Accommodation	Essential Work to Civic Offices		18	18				
	Office Accommodation	Potential Accommodation Changes		45	45				
	Total Corporate Support Services		183	172	206	312	82	19	7

DISTRICT DEVELOPMENT FUND

Directorate	Service	Original 2009/10 £000's	B/F from 2008/09 2009/10 £000's	Revised 2009/10 £000's	Estimate 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's	Estimate 2013/14 £000's	
Deputy Chief Executive	Public Relations	20	3	11	12				
	Public Relations & Information	25		5	23	23	24		
	Community Development	12	19	56	7				
	Community Development	(12)	(19)	(56)	(7)				
	Sports Development	12	6	83	40				
	Sports Development	(12)	(6)	(83)	(40)				
	BLF Children's Play			13	6				
	BLF Children's Play			(13)	(6)				
	Regional Touring Exhibitions			3	10				
	Regional Touring Exhibitions			(3)	(10)				
	Youth Council	12		12	12				
	Limes Farm Hall	48		48	27				
	NWA Strategy Action Plan	50			50				
	NWA Strategy Action Plan				20				
	Total Deputy Chief Executive		155	3	76	144	23	24	0
	Environment & Street Scene	Pollution Control				9			
		Neighbourhoods / Rapid Response			17	13			
Waste Management		215	(65)	(84)	(119)				
Highways		3		3					
Contaminated Land		5			5				
Land Drainage		148	2	15	35				
Land Drainage		8		8					
Safer Communities		11	(3)	2	3				
Safer Communities			4		3				
Safer Communities			2		2				
Leisure Facilities		15		15					
Leisure Facilities		39		39					
Leisure Facilities		(39)		(39)					
Leisure Facilities		55		52					
Parks & Grounds		16		16					
Parks & Grounds		(16)		(16)					
North Weald Airfield		6		6					
North Weald Airfield		20							
North Weald Airfield		10							
North Weald Airfield				40					
North Weald Airfield				30					
North Weald Airfield						5			
Off Street Parking						3			
On Street Parking					2				
On Street Parking					(2)				
Total Environment & Street Scene		496	(43)	109	(63)	0	0	0	

DISTRICT DEVELOPMENT FUND

Directorate	Service		Original	B/F from	Revised	Estimate	Estimate	Estimate	Estimate
			2009/10 £000's	2008/09 £000's	2009/10 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's
Finance & ICT	Finance Miscellaneous	Asset Register		13	13				
	Finance Miscellaneous	Asset Register - HRA contribution		(7)	(9)				
	Finance Miscellaneous	Finance System Outstanding Commitments		11	6	5			
	Finance Miscellaneous	Transfer of excess Reserves on Insurance Fund	(25)						
	Finance Miscellaneous	Area Based Grant Expenditure	44						
	Insurance/Risk Management	Implementation of Risk Management Strategy		3	2				
	Housing Benefits	Hit squad to improve performance	12	28	40				
	Housing Benefits	Combined increased volume costs			17				
	Housing Benefits	DWP residual grant aided admin costs		2					
	Housing Benefits	Electronic Document management		(4)					
	Housing Benefits	Local Housing Allowance Implementation Costs		11					
	Housing Benefits	Employment Support Allowance Implementation Cost		2					
	Housing Benefits	Customer Account Management Implementation Costs		2					
	Housing Benefits	Additional Unemployed Admin - Grant	(66)		(66)				
	Housing Benefits	Additional Unemployed Admin - Costs	66		66				
	Housing Benefits	Economic Downturn - Additional Subsidy			(43)				
	Housing Benefits	Temporary Accommodation Subsidy - Grant				(6)			
	Housing Benefits	Temporary Accommodation Subsidy - Costs				6			
	Housing Benefits	In & Out of work processes - Grant			(4)				
	Housing Benefits	In & Out of work processes - Costs			4				
	Housing Benefits	HB/CTB Subsidy re 07/08 and 08/09			(85)				
	Housing Benefits	Prior Year Subsidy Claim Costs			9				
	Council Tax Collection	Court Cost Shortfall from 2008/09		(100)	(100)				
	NNDR	Business Rates Deferral Scheme - Grant			(15)				
	NNDR	Business Rates Deferral Scheme - Costs			15				
	Concessionary Fares	New National Scheme - Costs	141		141	141			
Concessionary Fares	New National Scheme - Grant	(241)		(241)	(111)				
Total Finance & ICT			(69)	(39)	(250)	35	0	0	0
Housing	Homelessness	Rental Loan scheme	20		9				
	Homelessness	Essex Rental Loan Scheme			8	11			
	Homelessness	Essex Rental Loan Scheme			(8)	(11)			
	Homelessness	Repossession Prevention Fund			48				
	Homelessness	Repossession Prevention Fund			(48)				
	Private Sector Housing	Finders Fee Underspend		5	5				
	Private Sector Housing	House Condition Survey				55			
	Housing Strategy	Consultant Housing Company		6	6				
	Private Sector Housing	Technical Officer				27	27	27	
	Private Sector Housing	Handyperson Scheme			(15)	(15)			
	Private Sector Housing	Handyperson Scheme		2	17	15			
Total Housing			20	13	22	82	27	27	0

DISTRICT DEVELOPMENT FUND			Original	B/F from	Revised	Estimate	Estimate	Estimate	Estimate
Directorate	Service		2009/10	2009/10	2009/10	2010/11	2011/12	2012/13	2013/14
			£000's	£000's	£000's	£000's	£000's	£000's	£000's
Planning & Economic Development	Building Control Ring Fenced	Fees & Charges				40			
	Building Control Ring Fenced	Fees & Charges			(40)				
	Countrycare	Veteran Tree Project		2	2				
	Development Control	Fees & Charges			60				
	Development Control	Consultants			(8)				
	Development Control	Contingency for Appeals	90	3	3	82			
	Enforcement	Blunts Farm Golf Course			8				
	Economic Development	Developing Business Networks	2	3	3	2			
	Economic Development	Enhanced Business Contacts	2	2	2	2			
	Economic Development	Town Centre Manager	20	(2)	35	36	36		
	Forward Planning	Technical Planning Officer -Tree Preservation		1	1				
	Forward Planning	Local Development Framework	432	(11)	320	400	456		
	Forward Planning	Loughton Broadway/Epping Design Briefs	25	21					
	Forward Planning	Habitat Regulations Assessment Grant			(17)				
	Forward Planning	Senior Planner				39	39		
	Forward Planning	Administration Assistant				22	22		
	Planning Appeals	Consultants			(22)				
	Planning Services	Planning Delivery Grant 2	10			10			
	Planning Services	Planning Delivery Grant 4	13	12	25				
	Planning Services	Planning Delivery Grant 5	21		21				
	Planning Services	File retrieval & checking & destruction			30				
	Planning Services	Housing and Planning Delivery Grant			(63)	(55)	(55)		
	Tourism	Rural Projects and Tourism Officer	22	8					
	Tourism	Tourism Summit		2	2	2			
	Town Centre Enhancements	Improvements Grant Waltham Abbey TC	10	(4)		6			
	Town Centre Enhancements	Town Centre Support	12		14	22			
	Total Planning & Economic Development			659	37	416	568	498	0
Total Service Specific District Development Fund			1,373	143	486	1,108	630	70	7
Other Items	Increased Investment Interest							(25)	(25)
	Second Homes Discount Allowance		(90)		(84)	(84)	(84)	(84)	(84)
	Lost Investment Interest			362	508	388			
	Impairment of Heritable Bank Principal					375			
	Area Based Grant		(22)		(23)	(28)			
	Local Authority Business Growth Incentive				(72)				
	Fleming Claim VAT refund				(375)				
Total District Development Fund			1,261	143	294	1,879	934	(39)	(102)

REVENUE EXPENDITURE, INCOME AND FINANCING

2009/10 ORIGINAL ALL REVENUE ITEMS £	2009/10 REVISED ALL REVENUE ITEMS £		GENERAL FUND ACCOUNT £	2010/11 ORIGINAL HOUSING REVENUE ACCOUNT £	ALL REVENUE ITEMS £
Gross Expenditure					
3,125,890	3,229,820	Office of the Chief Executive	4(a) 3,341,950	0	3,341,950
1,324,790	1,284,610	Corporate Support Services	4(b) 1,295,680	0	1,295,680
1,900,710	2,016,560	Deputy Chief Executive	4(c) 2,040,480	0	2,040,480
15,335,880	15,492,230	Environment & Street Scene	4(d) 16,065,240	0	16,065,240
41,478,150	44,710,440	Finance & ICT	4(e) 45,544,610	0	45,544,610
38,310,430	35,636,800	Housing	4(f) 2,540,470	33,985,000	36,525,470
4,476,600	4,128,240	Planning & Economic Development	4(h) 4,567,590	0	4,567,590
225,000	244,230	Internal Trading Organisations	4(i) 249,180	0	249,180
106,177,450	106,742,930	Total Expenditure on Services	75,645,200	33,985,000	109,630,200
43,000	78,000	Interest Payable (Inc HRA)	573,000	(534,000)	39,000
		Impairment of Investments	375,000		375,000
2,942,351	2,942,351	Precepts Paid to Parish Councils	3,068,124	0	3,068,124
109,162,801	109,763,281	Total Gross Expenditure	79,661,324	33,451,000	113,112,324
Gross Income					
38,791,450	41,748,010	Government Subsidies	42,652,550	0	42,652,550
25,454,000	25,188,000	Rents from Dwellings	0	25,791,000	25,791,000
5,175,820	4,926,060	Miscellaneous Rents, Trading Operations etc.	2,576,000	2,606,000	5,182,000
7,703,500	8,556,340	Fees and Charges	7,048,770	1,928,000	8,976,770
2,149,000	1,092,000	Interest on Mortgages and Investments	897,000	3,000	900,000
1,245,680	2,112,620	Grants and Reimbursements by other Bodies	1,408,210	0	1,408,210
80,519,450	83,623,030	Total Operational Income	54,582,530	30,328,000	84,910,530
1,091,528	861,428	Contribution from/(to) Revenue Reserves	550,856	7,000	557,856
(352,000)	(177,000)	FRS 17 Adjustment	(233,000)	0	(233,000)
1,261,000	294,000	Contribution from/(to) District Development Fund	1,879,000	0	1,879,000
0	25,000	Contribution from/(to) Other Reserves	24,000	0	24,000
6,389,000	4,883,000	Contribution from/(to) Capital Reserves	2,286,000	3,116,000	5,402,000
88,908,978	89,509,458	Total Gross Income	59,089,386	33,451,000	92,540,386
20,253,823	20,253,823	To be met from Government Grants and Local Taxation	20,571,938	0	20,571,938
Financed by:					
1,756,824	1,756,824	Revenue Support Grant			1,193,812
7,611,465	7,611,465	Distribution from Non-Domestic Rate Pool			8,221,318
0	0	Collection Fund Adjustment			0
9,368,289	9,368,289	Exchequer Support and Collection Fund Surpluses	7d		9,415,130
7,943,183	7,943,183	District Precept			8,088,684
2,942,351	2,942,351	Parish Council Precepts	7f		3,068,124
20,253,823	20,253,823	Total Financing			20,571,938

Office of the Chief Executive

Programme 2010/11

2009/10 Original		2009/10 Revised		Revenue Expenditure	2010/11 Original	
£	£	£	£		£	£
494,290		496,080		Elections	488,920	
1,898,390		1,887,960		Corporate Activities	1,948,510	
1,036,410		1,101,500		Member Activities	1,109,220	
30,510		23,210		Local Council Liaison	24,260	
450		2,920		Outdoor Youth Facilities	11,890	
447,700		434,760		Voluntary Services	491,960	
296,760		268,210		Internal Audit	287,620	
521,490		485,950		Democratic Services	507,030	
	4,726,000		4,700,590	Total Expenditure		4,869,410
	1,600,110		1,470,770	Income from Internal Charges		1,527,460
	3,125,890		3,229,820	Net Expenditure (see Annex 3)		3,341,950
Service Generated Income						
-		-		Government Subsidies	-	
-		-		Rents from Dwellings	-	
12,400		-		Miscellaneous Rents, Trading Operations etc	-	
2,190		2,150		Fees and Charges	1,160	
201,000		214,500		Grants and Reimbursements by other Bodies	114,800	
	215,590		216,650	Total Income		115,960
	2,910,300		3,013,170	To be met from Government Grant and Local Taxation		3,225,990
	-		-	Capital Expenditure (see Annex 5)		-

Corporate Support Services

Programme 2010/11

2009/10 Original		2009/10 Revised		Revenue Expenditure	2010/11 Original	
£	£	£	£		£	£
273,320		271,730		Licensing	286,280	
412,550		383,490		Local Land Charges	349,740	
147,900		140,490		Land & Property	154,340	
411,740		402,650		Other Activities	405,940	
-		-		Fleet	-	
1,791,280		1,701,370		Legal & Administration Services	1,737,750	
2,210,410		2,333,720		Accommodation Services	2,342,890	
1,706,240		1,827,940		Other Support Services	1,694,890	
	6,953,440		7,061,390	Total Expenditure		6,971,830
	5,628,650		5,776,780	Income from Internal Charges		5,676,150
	1,324,790		1,284,610	Net Expenditure (see Annex 3)		1,295,680
				Service Generated Income		
-		-		Government Subsidies	-	
-		-		Rents from Dwellings	-	
1,015,200		1,029,690		Miscellaneous Rents, Trading Operations etc	1,037,890	
471,040		529,360		Fees and Charges	522,200	
-		-		Interest on Mortgages and Investments	-	
-		-		Grants and Reimbursements by other Bodies	-	
	1,486,240		1,559,050	Total Income		1,560,090
-	161,450	-	274,440	To be met from Government Grant and Local Taxation	-	264,410
	517,000		296,000	Capital Expenditure (see Annex 5)		1,187,000

Deputy Chief Executive

Programme 2010/11

2009/10 Original		2009/10 Revised		Revenue Expenditure	2010/11 Original	
£	£	£	£		£	£
854,860		861,180		Arts & Museum	913,310	
955,550		1,055,500		Sports Development & Other Amenities	1,023,400	
90,180		93,660		Customer Services	97,550	
2,087,870		1,976,240		Support Services	2,101,380	
	3,988,460		3,986,580	Total Expenditure		4,135,640
	2,087,750		1,970,020	Income from Internal Charges		2,095,160
	1,900,710		2,016,560	Net Expenditure (see Annex 3)		2,040,480
				Service Generated Income		
-		-		Government Subsidies	-	
-		-		Rents from Dwellings	-	
-		-		Miscellaneous Rents, Trading Operations etc	-	
106,330		114,190		Fees and Charges	118,500	
147,630		311,690		Grants and Reimbursements by other Bodies	219,140	
	253,960		425,880	Total Income		337,640
	1,646,750		1,590,680	To be met from Government Grant and Local Taxation		1,702,840
	1,994,000		254,000	Capital Expenditure (see Annex 5)		2,435,000

Environmental Protection

Programme 2010/11

2009/10 Original		2009/10 Revised		Revenue Expenditure	2010/11 Original	
£	£	£	£		£	£
1,455,840		1,390,750		Environmental Health	1,504,190	
6,576,920		7,225,830		Waste Collection & Street Cleansing	7,902,580	
561,980		526,400		Highways	548,650	
1,200,740		1,188,450		Car Parking	1,250,990	
950,800		768,440		Land Drainage & Sewerage	817,060	
599,130		621,460		Safer Communities	669,360	
2,173,490		2,153,100		Leisure Facilities	1,749,300	
795,130		734,250		Parks and Grounds	723,900	
907,580		912,410		North Weald	967,880	
3,466,880		3,521,270		Environmental Admin & Policy	3,697,040	
	18,688,490		19,042,360	Total Expenditure		19,830,950
	3,352,610		3,550,130	Income from Internal Charges		3,765,710
	15,335,880		15,492,230	Net Expenditure (see Annex 3)		16,065,240
				Service Generated Income		
-		-		Government Subsidies	-	
1,374,060		1,312,860		Rents from Dwellings		
3,037,830		3,658,570		Miscellaneous Rents, Trading Operations etc	1,371,720	
327,710		337,430		Fees and Charges	4,057,710	
				Grants and Reimbursements by other Bodies	428,840	
	4,739,600		5,308,860	Total Income		5,858,270
	10,596,280		10,183,370	To be met from Government Grant and Local Taxation		10,206,970
	3,045,000		3,023,000	Capital Expenditure (see Annex 5)		1,948,000

Finance and ICT

Programme 2010/11

2009/10 Original		2009/10 Revised		Revenue Expenditure	2010/11 Original	
£	£	£	£		£	£
38,804,490		41,688,330		Housing Benefits	42,749,330	
1,761,870		1,732,510		Local Taxation	1,661,670	
821,090		817,110		Concessionary Fares	814,660	
- 57,170		344,520		Other Activities	190,030	
2,749,100		2,893,480		ICT Services	2,999,130	
2,363,040		2,410,910		Financial Services	2,433,040	
	46,442,420		49,886,860	Total Expenditure		50,847,860
	4,964,270		5,176,420	Income from Internal Charges		5,303,250
	41,478,150		44,710,440	Net Expenditure (see Annex 3)		45,544,610
				Service Generated Income		
38,131,590		41,002,150		Government Subsidies	42,080,690	
-		-		Rents from Dwellings	-	
64,660		65,510		Miscellaneous Rents, Trading Operations etc	66,390	
522,050		604,440		Fees and Charges	495,460	
411,960		503,290		Grants and Reimbursements by other Bodies	358,570	
	39,130,260		42,175,390	Total Income		43,001,110
	2,347,890		2,535,050	To be met from Government Grant and Local Taxation		2,543,500
	540,000		418,000	Capital Expenditure (see Annex 5)		661,000

Housing

Programme 2010/11

General Fund £	Housing Revenue £	2009/10 Original	General Fund £	Housing Revenue £	2009/10 Revised	Revenue Expenditure	General Fund £	2010/11 Original Housing Revenue £	Total £
		Total £			Total £				
	35,895,000	35,895,000		33,043,000	33,043,000	Council Housing			-
1,334,380		1,334,380	1,351,630		1,351,630	Private Sector Housing	1,435,210	33,985,000	35,420,210
511,500		511,500	487,770		487,770	Homelessness	441,390		441,390
43,680		43,680	53,450		53,450	Housing Investment Programme	50,880		50,880
247,620		247,620	430,740		430,740	Affordable Housing Grants	326,360		326,360
278,250		278,250	270,210		270,210	Leasehold Services Administration	286,630		286,630
2,415,430	35,895,000	38,310,430	2,593,800	33,043,000	35,636,800	Total Expenditure	2,540,470	33,985,000	36,525,470
						Service Generated Income			
637,360		637,360	745,860		745,860	Government Subsidies	571,860		571,860
	25,454,000	25,454,000		25,188,000	25,188,000	Rents from Dwellings		25,791,000	25,791,000
157,500	2,552,000	2,709,500	100,000	2,418,000	2,518,000	Miscellaneous Rents, Trading Operations etc	100,000	2,606,000	2,706,000
280,250	1,790,000	2,070,250	273,250	1,920,000	2,193,250	Fees and Charges	289,750	1,928,000	2,217,750
	7,000	7,000		3,000	3,000	Interest on Mortgages and Investments		3,000	3,000
16,990		16,990	136,010		136,010	Grants and Reimbursements by other Bodies	88,400		88,400
	5,704,000	5,704,000		3,489,000	3,489,000	HRA Interest & Reversal of Depn		3,650,000	3,650,000
	388,000	388,000		25,000	25,000	Use of Balances		7,000	7,000
1,092,100	35,895,000	36,987,100	1,255,120	33,043,000	34,298,120	Total Income	1,050,010	33,985,000	35,035,010
1,323,330	-	1,323,330	1,338,680	-	1,338,680	To be met from Government Grant and Local Taxation	1,490,460	-	1,490,460
2,181,000	6,790,000	8,971,000	1,157,000	8,088,000	9,245,000	Capital Expenditure (see Annex 5)	2,155,000	6,956,000	9,111,000

Planning & Economic Development

Programme 2010/11

2009/10 Original		2009/10 Revised		Revenue Expenditure	2010/11 Original	
£	£	£	£		£	£
199,360		187,120		Economic Development	163,760	
19,070		26,340		Tourism	29,620	
19,010		19,100		Bus Shelters	19,310	
55,360		54,950		Environmental Initiatives	58,450	
214,350		202,980		Conservation Policy	214,540	
804,530		685,290		Forward Planning	882,540	
180,530		158,110		Town Centre Enhancements	223,680	
221,670		314,910		Countrycare	317,590	
2,751,220		2,447,760		Regulatory Services	2,661,750	
1,088,140		1,083,730		Planning Administration & Policy	1,084,680	
	5,553,240		5,180,290	Total Expenditure		5,655,920
	1,076,640		1,052,050	Income from Internal Charges		1,088,330
	4,476,600		4,128,240	Net Expenditure (see Annex 3)		4,567,590
				Service Generated Income		
-		-		Government Subsidies	-	
-		-		Rents from Dwellings	-	
-		-		Miscellaneous Rents, Trading Operations etc	-	
1,268,810		1,159,380		Fees and Charges	1,261,860	
50,390		55,700		Grants and Reimbursements by other Bodies	85,960	
	1,319,200		1,215,080	Total Income		1,347,820
	3,157,400		2,913,160	To be met from Government Grant and Local Taxation		3,219,770
	1,580,000		915,000	Capital Expenditure (see Annex 5)		125,000

Internal Trading Organisations

Programme 2010/11

2009/10 Original		2009/10 Revised		Revenue Expenditure	2010/11 Original	
£	£	£	£		£	£
2,879,050		2,504,070		Housing Maintenance	2,879,050	
461,660		475,900		Fleet Operations	482,830	
	3,340,710		2,979,970	Total Expenditure		3,361,880
	3,115,710		2,735,740	Income from Internal Charges		3,112,700
	225,000		244,230	Net Expenditure (see Annex 3)		249,180
				Service Generated Income		
225,000		295,000		Fees and Charges	302,130	
	225,000		295,000	Total Income		302,130
	-	-	50,770	To be met from Government Grant and Local Taxation	-	52,950
	50,000		55,000	Capital Expenditure (see Annex 5)		-

Non Service Budgets

Programme 2010/11

2009/10 Original		2009/10 Revised		2010/11 Original		
Total £	Total £	Revenue	Expenditure	General Fund £	Housing Revenue £	Total £
(2,142,000)	(1,089,000)	Interest & Investment Income		(897,000)		(897,000)
-	-	Impairment of Investments		375,000		375,000
(112,500)	(554,000)	Other Items		(112,500)		(112,500)
43,000	78,000	Interest Payable (Inc HRA)		573,000	(534,000)	39,000
4,838,000	6,093,000	Depreciation Reversals & Other Adjs.		(2,286,000)	6,906,000	4,620,000
<hr/>	<hr/>			<hr/>	<hr/>	<hr/>
2,626,500	4,528,000			(2,347,500)	6,372,000	4,024,500
4,437,000	2,948,000	Transferred to Housing Summary		-	3,116,000	3,116,000
<hr/>	<hr/>			<hr/>	<hr/>	<hr/>
7,063,500	7,476,000			(2,347,500)	9,488,000	7,140,500
(703,528)	(836,428)	Contribution (from)/to Revenue Reserves				(550,856)
352,000	177,000	FRS 17 Adjustment				233,000
-	(25,000)	Contribution (from)/to Other Reserves				(24,000)
(1,261,000)	(294,000)	Contribution from District Development Fund				(1,879,000)
<hr/>	<hr/>					<hr/>
5,450,972	6,497,572	Reduction in Amount to be met from Government Grant and Local Taxation & other Housing Revenue Account itens				4,919,644
<hr/> <hr/>	<hr/> <hr/>					<hr/> <hr/>

Capital Programme

Programme 2010/11

General Fund £	Housing Revenue £	2009/10 Original	General Fund £	Housing Revenue £	2009/10 Revised	Gross Expenditure	General Fund £	2010/11 Original Housing Revenue £	Total £
		Total £			Total £			Total £	
517,000		517,000	296,000		296,000	Corporate Support Services	1,187,000		1,187,000
1,994,000		1,994,000	254,000		254,000	Deputy Chief Executive	2,435,000		2,435,000
3,045,000		3,045,000	3,023,000		3,023,000	Environmental Protection	1,948,000		1,948,000
540,000		540,000	418,000		418,000	Finance and ICT	661,000		661,000
2,181,000	6,790,000	8,971,000	1,157,000	8,088,000	9,245,000	Housing	2,155,000	6,956,000	9,111,000
1,580,000		1,580,000	915,000		915,000	Planning & Economic Development	125,000		125,000
-	50,000	50,000	-	55,000	55,000	Internal Trading Organisations	-	-	-
9,857,000	6,840,000	16,697,000	6,063,000	8,143,000	14,206,000	Total Capital Expenditure	8,511,000	6,956,000	15,467,000
	6,790,000	6,790,000	-	8,028,000	8,028,000	Less: Revenue Contributions to Capital	-	6,906,000	6,906,000
9,857,000	50,000	9,907,000	6,063,000	115,000	6,178,000	To be met from Capital Resources	8,511,000	50,000	8,561,000
Financed by:									
7,646,000		7,646,000	4,557,000		4,557,000	Capital Receipts	7,720,000		7,720,000
493,000		493,000	653,000		653,000	Government Grants	479,000		479,000
1,718,000	50,000	1,768,000	853,000	115,000	968,000	Other Grants	312,000	50,000	362,000
9,857,000	50,000	9,907,000	6,063,000	115,000	6,178,000	Total Financing	8,511,000	50,000	8,561,000

This page is intentionally left blank

COUNCIL TAX RATES FOR DISTRICT & PARISH/TOWN COUNCILS 2010/11

ANNEX 6

Authorities	Tax Base No.'s	Precept 2010/11	Council Tax Band D	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
		£	£	£	£	£	£	£	£	£	£
District Expenses	54,370.4	8,088,684	148.77	99.18	115.71	132.24	148.77	181.83	214.89	247.95	297.54
Abbess, Berners and Beauchamp Roding	201.8	5,500	27.25	117.35	136.90	156.46	176.02	215.14	254.25	293.37	352.04
Buckhurst Hill	5,288.1	366,201	69.25	145.35	169.57	193.80	218.02	266.47	314.92	363.37	436.04
Chigwell	5,998.6	213,902	35.66	122.95	143.45	163.94	184.43	225.41	266.40	307.38	368.86
Epping Town	5,025.8	410,000	81.58	153.57	179.16	204.76	230.35	281.54	332.73	383.92	460.70
Epping Upland	412.2	11,500	27.90	117.78	137.41	157.04	176.67	215.93	255.19	294.45	353.34
Fyfield	411.5	9,078	22.06	113.89	132.87	151.85	170.83	208.79	246.75	284.72	341.66
High Ongar	558.8	16,000	28.63	118.27	137.98	157.69	177.40	216.82	256.24	295.67	354.80
Lambourne	937.8	29,860	31.84	120.41	140.47	160.54	180.61	220.75	260.88	301.02	361.22
Loughton Town	12,928.4	635,800	49.18	131.97	153.96	175.96	197.95	241.94	285.93	329.92	395.90
Mashong	330.5	9,815	29.70	118.98	138.81	158.64	178.47	218.13	257.79	297.45	356.94
Moreton, Bobbingworth and the Lavers	677.2	11,550	17.06	110.55	128.98	147.40	165.83	202.68	239.53	276.38	331.66
Nazeing	2,095.3	72,036	34.38	122.10	142.45	162.80	183.15	223.85	264.55	305.25	366.30
North Weald Bassett	2,578.3	132,205	51.28	133.37	155.59	177.82	200.05	244.51	288.96	333.42	400.10
Ongar Town	2,750.0	188,762	68.64	144.94	169.10	193.25	217.41	265.72	314.04	362.35	434.82
Roydon	1,324.2	28,536	21.55	113.55	132.47	151.40	170.32	208.17	246.02	283.87	340.64
Sheering	1,358.0	28,550	21.02	113.19	132.06	150.92	169.79	207.52	245.25	282.98	339.58
Stanford Rivers	369.6	10,200	27.60	117.58	137.18	156.77	176.37	215.56	254.76	293.95	352.74
Stapleford Abbots	504.9	6,638	13.15	107.95	125.94	143.93	161.92	197.90	233.88	269.87	323.84
Stapleford Tawney	71.5	1,379	19.29	112.04	130.71	149.39	168.06	205.41	242.75	280.10	336.12
Theydon Bois	1,976.0	103,280	52.27	134.03	156.36	178.70	201.04	245.72	290.39	335.07	402.08
Theydon Garnon	61.9	970	15.67	109.63	127.90	146.17	164.44	200.98	237.52	274.07	328.88
Theydon Mount	108.9	1,507	13.84	108.41	126.47	144.54	162.61	198.75	234.88	271.02	325.22
Waltham Abbey Town	8,155.6	770,355	94.46	162.15	189.18	216.20	243.23	297.28	351.33	405.38	486.46
Willingale	245.5	4,500	18.33	111.40	129.97	148.53	167.10	204.23	241.37	278.50	334.20
Town and Parish Total	54,370.4	3,068,124	56.43	37.62	43.89	50.16	56.43	68.97	81.51	94.05	112.86
District, Town and Parish Total	54,370.4	11,156,808	205.20	136.80	159.60	182.40	205.20	250.80	296.40	342.00	410.40

This page is intentionally left blank

PART A : ANALYSIS OF MAJOR PRECEPTING AUTHORITIES 2010/11

Authorities	Tax Base No.'s	Precept 2010/11	Council Tax Band D	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
		£	£	£	£	£	£	£	£	£	£
Essex County Council	54,370.4	59,087,032	1,086.75	724.50	845.25	966.00	1,086.75	1,328.25	1,569.75	1,811.25	2,173.50
Essex Police Authority	54,370.4	7,183,417	132.12	88.08	102.76	117.44	132.12	161.48	190.84	220.20	264.24
Essex Fire Authority	54,370.4	3,611,282	66.42	44.28	51.66	59.04	66.42	81.18	95.94	110.70	132.84
District Expenses	54,370.4	8,088,684	148.77	99.18	115.71	132.24	148.77	181.83	214.89	247.95	297.54

PART B : SUMMARY - COUNCIL TAX RATES INCLUDING ALL PRECEPTS 2010/11

Abbess, Berners and Beauchamp Roding	201.8	5,500	27.25	974.21	1,136.57	1,298.94	1,461.31	1,786.05	2,110.78	2,435.52	2,922.62
Buckhurst Hill	5,288.1	366,201	69.25	1,002.21	1,169.24	1,336.28	1,503.31	1,837.38	2,171.45	2,505.52	3,006.62
Chigwell	5,998.6	213,902	35.66	979.81	1,143.12	1,306.42	1,469.72	1,796.32	2,122.93	2,449.53	2,939.44
Epping Town	5,025.8	410,000	81.58	1,010.43	1,178.83	1,347.24	1,515.64	1,852.45	2,189.26	2,526.07	3,031.28
Epping Upland	412.2	11,500	27.90	974.64	1,137.08	1,299.52	1,461.96	1,786.84	2,111.72	2,436.60	2,923.92
Fyfield	411.5	9,078	22.06	970.75	1,132.54	1,294.33	1,456.12	1,779.70	2,103.28	2,426.87	2,912.24
High Ongar	558.8	16,000	28.63	975.13	1,137.65	1,300.17	1,462.69	1,787.73	2,112.77	2,437.82	2,925.38
Lambourne	937.8	29,860	31.84	977.27	1,140.14	1,303.02	1,465.90	1,791.66	2,117.41	2,443.17	2,931.80
Loughton Town	12,928.4	635,800	49.18	988.83	1,153.63	1,318.44	1,483.24	1,812.85	2,142.46	2,472.07	2,966.48
Matching	330.5	9,815	29.70	975.84	1,138.48	1,301.12	1,463.76	1,789.04	2,114.32	2,439.60	2,927.52
Moreton, Bobbingworth and the Lavers	677.2	11,550	17.06	967.41	1,128.65	1,289.88	1,451.12	1,773.59	2,096.06	2,418.53	2,902.24
Nazeing	2,095.3	72,036	34.38	978.96	1,142.12	1,305.28	1,468.44	1,794.76	2,121.08	2,447.40	2,936.88
North Weald Bassett	2,578.3	132,205	51.28	990.23	1,155.26	1,320.30	1,485.34	1,815.42	2,145.49	2,475.57	2,970.68
Ongar Town	2,750.0	188,762	68.64	1,001.80	1,168.77	1,335.73	1,502.70	1,836.63	2,170.57	2,504.50	3,005.40
Roydon	1,324.2	28,536	21.55	970.41	1,132.14	1,293.88	1,455.61	1,779.08	2,102.55	2,426.02	2,911.22
Sheering	1,358.0	28,550	21.02	970.05	1,131.73	1,293.40	1,455.08	1,778.43	2,101.78	2,425.13	2,910.16
Stanford Rivers	369.6	10,200	27.60	974.44	1,136.85	1,299.25	1,461.66	1,786.47	2,111.29	2,436.10	2,923.32
Stapleford Abbots	504.9	6,638	13.15	964.81	1,125.61	1,286.41	1,447.21	1,768.81	2,090.41	2,412.02	2,894.42
Stapleford Tawney	71.5	1,379	19.29	968.90	1,130.38	1,291.87	1,453.35	1,776.32	2,099.28	2,422.25	2,906.70
Theydon Bois	1,976.0	103,280	52.27	990.89	1,156.03	1,321.18	1,486.33	1,816.63	2,146.92	2,477.22	2,972.66
Theydon Garnon	61.9	970	15.67	966.49	1,127.57	1,288.65	1,449.73	1,771.89	2,094.05	2,416.22	2,899.46
Theydon Mount	108.9	1,507	13.84	965.27	1,126.14	1,287.02	1,447.90	1,769.66	2,091.41	2,413.17	2,895.80
Waltham Abbey Town	8,155.6	770,355	94.46	1,019.01	1,188.85	1,358.68	1,528.52	1,868.19	2,207.86	2,547.53	3,057.04
Willingale	245.5	4,500	18.33	968.26	1,129.64	1,291.01	1,452.39	1,775.14	2,097.90	2,420.65	2,904.78

This page is intentionally left blank

Medium Term Financial Strategy

Introduction

1. For a number of years as part of the Council's sound financial planning arrangements a four-year financial strategy has been prepared. This document allows a considered view to be taken of spending and resources. Without a medium term financial strategy finances would be managed on an annual basis leading to sudden expansions and contractions in services. Clearly such volatility would lead to waste and be confusing for stakeholders.
2. Managing this Council's finances has been made easier by isolating one off fluctuations (District Development Fund or DDF) from the ongoing core services (Continuing Service Budgets or CSB). This distinction highlights the differing effects in the medium term of approving different types of initiative.
3. A key part of the strategy is future rises in Council Tax and the Council has a stated ambition to not only remain a low tax authority but to ultimately have the lowest Band D charge in Essex. This ambition is unlikely to be realised until 2011/12, although it is anticipated that the gap will narrow further in 2010/11. The Council currently has the second lowest charge and last year saw the gap to the lowest Band D charge in Essex reduce from £6.39 to £3.33.
4. At its 5 October 2009 meeting the Finance and Performance Management Cabinet Committee decided that communication of the revised medium term financial strategy to staff, partners and other stakeholders be undertaken by way of publishing key bullet points in appropriate publications.

Previous Medium Term Financial Strategy

5. That meeting of the Finance and Performance Management Cabinet Committee considered the annual Financial Issues Paper and an updated medium term financial strategy. At that time Members attention was drawn to a number of areas of significant uncertainty. Key amongst these is how an incoming government will deal with the very poor overall state of the public finances and the extent of the pain to be borne by district councils. The effects of the "Credit Crunch" are stabilising, but have reduced income and increased demand for several services. There were also questions over the using up of capital receipts on non-revenue generating assets, the next triennial valuation of the pension fund and changes to the national concessionary fares scheme.
6. Against this background of risk and uncertainty a forecast was constructed that set a target of £18.3m for CSB expenditure for 2010/11 and maintained the requirement for annual CSB savings until the end of the forecast period. At this time deficit budgets were anticipated for each year of the forecast, although these were reducing throughout the period of the forecast.
7. At that time the predicted General Fund balance at 1 April 2014 of £6.2m represented nearly 36% of the anticipated Net Budget Requirement (NBR) for 2013/14 and was therefore somewhat higher than the guideline of 25%. It was also predicted at that time that there would be £492,000 left in the DDF at 1 April 2014.

Updated Medium Term Financial Strategy

8. As the effects of the “Credit Crunch” and the changes in the waste service became clearer it has been necessary to keep the CSB target for 2010/11 under review. The meeting of the Finance and Performance Management Cabinet Committee on 14 December considered a draft General Fund summary together with growth lists of both CSB and DDF items. This meeting decided to revise the CSB target down by £0.3m to £18m. However, the final re-examination of some estimates and assumptions has meant the CSB total for 2010/11 is now £18.079m. To reflect these budget changes a revised medium term financial strategy has been prepared and is attached as Annexes 8 a and b. In constructing the forecast it has been necessary to make certain assumptions, these are set out below:
 - a) CSB Growth – a net saving for 2010/11 has been included at a total of £237,000. For 2011/12 a net saving of £15,000 has been identified. In common with the earlier version of the strategy, target CSB savings are included for the period 2011/12 to 2013/14. The lower than anticipated pay award and the higher recycling credits have helped achieve the savings required for 2010/11. However, annual savings targets of £600,000 for 2011/12, £400,000 for 2012/13, and £200,000 for 2013/14 are likely to prove more challenging.
 - b) DDF – all of the known items for the four-year period have been included and at the end of the period a balance of £156,000 is still available. The worsening position has arisen due to the charging of reduced investment income to the fund, although of course this is consistent with the previous practice of crediting investment income to the fund when it has exceeded the CSB level.
 - c) Grant Funding – beyond 2010/11 it has been assumed that there will be a 10% reduction in grant over the three year CSR period. This is felt to be prudent but is dependant on the outcome of the general election and the strength of the economic recovery.
 - d) Council Tax Increase – Members have confirmed they wish to limit the increase for 2010/11 to 1.5% and to 2.5% for subsequent years. These assumptions have been built into the strategy.
9. This revised medium term financial strategy has deficits in the next three years of the period, although these are reducing and break even is achieved in the final year of the period. The predicted revenue balance at the end of the period is £6.419m, which represents 37% of the NBR for 2013/14 and thus comfortably exceeds the target of 25%.
10. It is worth repeating that significant savings are necessary in each of the final three years of the strategy and in approving the medium term financial strategy Members are asked to note these targets. The strategy will be monitored during the year and updated for the September 2010 meeting of the Finance and Performance Management Cabinet Committee.

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2009/10 - 2013/14

ORIGINAL 2009/10	REVISED				
	FORECAST 2009/10	FORECAST 2010/11	FORECAST 2011/12	FORECAST 2012/13	FORECAST 2013/14
£'000 NET REVENUE EXPENDITURE	£'000	£'000	£'000	£'000	£'000
17,416 Continuing Services Budget	17,449	18,316	18,171	17,660	17,379
599 CSB - Growth Items	724	-237	-15	0	0
0 Net saving	0	0	-600	-400	-200
18,015 Total C.S.B	18,173	18,079	17,556	17,260	17,179
1,261 One - off Expenditure	294	1,879	934	-39	-102
19,276 Total Net Operating Expenditure	18,467	19,958	18,490	17,221	17,077
0 Contribution to/from (-) Insurance Res	-25	-24	0	0	0
-1,261 Contribution to/from (-) DDF Balances	-294	-1,879	-934	39	102
-704 Contribution to/from (-) Balances	-837	-551	-322	-89	29
17,311 Net Budget Requirement	17,311	17,504	17,234	17,171	17,208
FINANCING					
9,195 Government Support (NNDR+RSG)	9,195	9,379	-5% 8,944	-3% 8,676	-2% 8,502
173 RSG Floor Gains/(-Losses)	173	36	0	0	0
9,368 Total External Funding	9,368	9,415	8,944	8,676	8,502
7,943 District Precept	7,943	8,089	8,289	8,495	8,705
0 Collection Fund Adjustment	0	0	0	0	0
To be met from Government 17,311 Grants and Local Tax Payers	17,311	17,504	17,234	17,171	17,208
Band D Council Tax	146.61	148.77	152.46	156.24	160.11
Percentage Increase %		1.5	2.5	2.5	2.5

GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2009/10 - 2013/14

	REVISED FORECAST 2009/10	FORECAST 2010/11	FORECAST 2011/12	FORECAST 2012/13	FORECAST 2013/14
REVENUE BALANCES	£'000	£'000	£'000	£'000	£'000
Balance B/forward	8,189	7,352	6,801	6,479	6,390
Surplus/Deficit(-) for year	-837	-551	-322	-89	29
Balance C/Forward	7,352	6,801	6,479	6,390	6,419
DISTRICT DEVELOPMENT FUND					
Balance B/forward	3,122	2,828	949	15	54
Transfer Out	-294	-1,879	-934	39	102
Balance C/Forward	2,828	949	15	54	156
CAPITAL FUND (inc Cap Receipts)					
Balance B/forward	24,319	20,108	12,661	10,373	9,263
New Usable Receipts	346	273	273	273	273
CR Used to Fund Capital Expenditure					
- Transitional Relief Receipts	0	0	0	0	0
- Other Capital Receipts	-4,557	-7,720	-2,561	-1,383	-861
Balance C/Forward	20,108	12,661	10,373	9,263	8,675
TOTAL BALANCES	30,288	20,411	16,867	15,707	15,250

Report on the Council's Prudential Indicators for 2010/11 to 2012/13 and the Treasury Management Strategy for 2010/11

This report outlines the Council's prudential indicators for 2010/11 – 2012/13 and sets out the expected treasury operations for this period. It fulfils four key legislative requirements:

- The reporting of the **prudential indicators** setting out the expected capital activities;
- The Council's **Minimum Revenue Provision (MRP) Policy**, which sets out how the Council will pay for capital assets through revenue each year;
- The **treasury management strategy statement** which sets out how the Council's treasury service will support the capital decisions taken above;
- The **investment strategy** which sets out the Council's criteria for choosing investment counterparties and limiting exposure to the risk of loss.

Revised editions of the CIPFA Prudential Code and CIPFA Treasury Management Code of Practice were produced in November 2009. The Department for Communities and Local Government (CLG) is currently consulting on changes to the Investment Guidance. The revised guidance arising from these Codes has been incorporated within these reports, with CLG proposals being incorporated where these do not conflict with current Guidance. If necessary the Investment Strategy will be revised if any elements of the final CLG Investment Guidance have not been covered.

The main changes above increase the Members' responsibility in scrutiny of the treasury policies, increased Member training and awareness and greater frequency of information.

One element of the revised CIPFA Treasury Management Code of Practice is that the constitution is amended to identify the appropriate committee be responsible for ensuring effective scrutiny of the treasury management strategy and policies, before making recommendations to Council.

Recommendations;

1. **The Council is recommended to adopt the prudential indicators and limits for 2010/11 to 2012/13 contained within Annex 9a of the report. The main indicators are summarised in the table below:**

	2008/09 Actual	2009/10 Revised	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate
Capital Expenditure	10,472	14,206	15,467	9,875	8,003
Capital financing requirement	-£0.784m	-£0.784m	-£0.784m	-£0.784m	-£0.784m
Ratio of financing costs to net revenue stream – General Fund	-10.37%	-3.18%	-2.52%	-3.23%	-6.27%
Ratio of financing costs to net revenue stream – HRA	-10.74%	-3.29%	-2.60%	-3.35%	-6.49%
Incremental impact of capital investment decisions on the Band D Council Tax	N/a	-£0.71	-£0.42	£0.68	£1.77
Incremental impact of capital investment decisions on weekly housing rents levels	N/a	£0.04	£0.11	£4.85	£5.96

2. Members are recommended to approve the Council's Statement on the Minimum Revenue Provision contained within Annex 9a of the report.
3. Members are recommended to approve the treasury management strategy for 2010/11 to 2012/13 contained within Annex 9b. The treasury prudential indicators are set out in the tables below;

	2008/09 Actual	2009/10 Revised	2010/11 Estimate	2011/12 Estimate	2012/13 Estimate
Authorised limit for external debt	£5.0m	£5.0m	£5.0m	£5.0m	£5.0m
Operational boundary for external debt	£0.5m	£0.5m	£0.5m	£0.5m	£0.5m

Exposure to fixed/variable interest rates	2010/11 Upper	2011/12 Upper	2012/13 Upper
Limits on fixed interest rates	100%	100%	100%
Limits on variable interest rates	50%	50%	50%

Maturity Structure of fixed interest rate borrowing						
	2010/11		2011/12		2012/13	
	Lower	Upper	Lower	Upper	Lower	Upper
Under 12 months	0%	100%	0%	100%	0%	100%
12 months to 2 years	0%	0%	0%	0%	0%	0%
2 years to 5 years	0%	0%	0%	0%	0%	0%
5 years to 10 years	0%	0%	0%	0%	0%	0%
10 years and above	0%	0%	0%	0%	0%	0%
Maximum principal sums invested for 1 year or more	£30 m		£30 m		£30 m	
Investment returns to exceed the 7 day LIBID rate by;	0.10 %		0.10%		0.10%	

4. Members are recommended to approve the investment strategy for 2010/11 contained in the treasury management strategy (Annex 9b), and the detailed criteria included within it, specifically approving:
 - The criteria for specified investments
 - The criteria for non-specified investments

The Prudential Indicators 2010/11 – 2012/13

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 2009/10, 2010/11 and 2011/12, and introduces new indicators for 2012/13. 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 2010/11 to 2012/13 and the treasury indicators form part of this report.

Capital Expenditure Plans

3. The first prudential indicators govern the Council's capital expenditure plans, its net borrowing position and its Capital Financing Requirement (CFR). The Council's capital expenditure plans are summarised below. Capital expenditure can be financed immediately (by resources such as contributions from revenue, capital receipts and capital grants), so that with no unfinanced expenditure there is no need to borrow.
4. A certain level of capital expenditure will be grant supported by the Government; anything above this level will be unsupported and will need to be paid for from the Council's own resources. The Government has the power to restrict the level of external debt undertaken by either all councils as a whole or of a specific council, although these powers have not yet been exercised.
5. The key risk to the plans is that the level of Government support has been estimated and is therefore subject to change. Similarly some of the estimates for other sources of funding, such as capital receipts, may also be subject to change over this timescale.
6. **The Council is recommended to approve the capital expenditure estimates presented in Table 1.**

Directorate	2008/09 Actual £'000	2009/10 Revised Estimate £'000	2010/11 Original Estimate £'000	2011/12 Original Estimate £'000	2012/13 Original Estimate £'000
Finance & ICT	431	418	661	300	300
Corporate Support Service	62	296	1,187	364	333
Deputy Chief Executive	134	254	2,435	450	0
Environment & Street Scene	461	3,023	1,948	820	133
Planning & Economic Development	932	915	125	0	0
Housing General Fund	1,779	1,157	2,155	930	920
Total General Fund	3,799	6,063	8,511	2,864	1,686
HRA	6,624	8,088	6,956	6,961	6,267
Housing DLO	49	55	0	50	50
Total Housing Revenue Account	6,673	8,143	6,956	7,011	6,317
TOTAL	10,472	14,206	15,467	9,875	8,003

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 approve the Capital Financing Requirement from 2009/10 to 2012/13, contained within Table 2, which shows the Council has complied with keeping net borrowing below the appropriate CFR in 2008/09, and that no difficulties are envisaged for the financial years 2009/10 to 2012/13.**

Table 2: Capital Expenditure Financing and its effect on the CFR					
	2008/09 Actual £'000	2009/10 Revised £'000	2010/11 Estimate £'000	2011/12 Estimate £'000	2012/13 Estimate £'000
Total General Fund	3,799	6,063	8,511	2,864	1,686
Financed by:					
Capital receipts	2,766	4,557	7,720	2,561	1,383
Capital grants	1,033	1,506	791	303	303
Revenue Contributions	0	0	0	0	0
Total Financed Expenditure	3,799	6,063	8,511	2,864	1,686
Net financing need for the year	0	0	0	0	0
Opening CFR	22,019	22,019	22,019	22,019	22,019
CFR arising during the year	0	0	0	0	0
Closing CFR	22,019	22,019	22,019	22,019	22,019
Total Housing Revenue Account	6,673	8,143	6,956	7,011	6,317
Financed by:					
Capital receipts	20	0	0	0	0
Capital grants	193	115	50	50	50
Revenue Contributions	6,460	8,028	6,906	6,961	6,267
Total Financed Expenditure	6,673	8,143	6,956	7,011	6,317
Net financing need for the year	0	0	0	0	0
Opening CFR	-22,803	-22,803	-22,803	-22,803	-22,803
CFR arising during the year	0	0	0	0	0
Closing CFR	-22,803	-22,803	-22,803	-22,803	-22,803
General Fund CFR	22,019	22,019	22,019	22,019	22,019
HRA CFR	-22,803	-22,803	-22,803	-22,803	-22,803
Total CFR	-0.784	-0.784	-0.784	-0.784	-0.784

9. Local authorities are required to repay an element of the accumulated General Fund capital spend – represented by the CFR - through an annual revenue charge (the Minimum Revenue Provision, or MRP).
10. CLG Regulations will require full Council to approve an MRP Statement. This will need to be approved in advance of each financial year. As the timetable for consultation is very tight, members are asked to approve the following MRP statement:

As the Council is currently debt-free and intends to remain so for the foreseeable future, there is no requirement to make a provision for external debt repayment. If the Council identifies a need to borrow externally, the Council will draw up a minimum revenue policy in accordance with proper accounting practice, and will present this to members for approval.

11. **Members are asked to approve the Council’s Minimum Revenue Provision Statement, set out in paragraph 10 above.**

Affordability Prudential Indicators

12. 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.
13. The estimates of financing costs include current commitments and the proposals in this budget report.
14. Prudential Indicators for 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 3. As the Council is debt-free, these are based on investment income and are therefore negative.

Table 3: Actual and estimated ratios of financing costs to net revenue stream					
	2008/09 Actual	2009/10 Revised Estimate	2010/11 Estimated Forecast	2011/12 Estimated Forecast	2012/13 Estimated Forecast
	%	%	%	%	%
General Fund	-10.37	-3.18	-2.52	-3.23	-6.27
HRA	-10.74	-3.29	-2.60	-3.35	-6.49

15. Prudential Indicator for the 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 4. This indicator identifies the revenue costs associated with new schemes introduced to the capital programme considered as Annex 5 to this report, compared to the capital programme examined for the 2009/10 Prudential Indicators. The assumptions are based on the budget, but will invariably include some estimates, such as the level of government support in future years.
16. Prudential Indicator for the estimates of the incremental impact of capital investment decisions on housing rent levels over the next three financial years. Similar to the Council Tax calculation, this indicator identifies the trend in the cost of proposed changes in the part of the capital programme relating to the Housing Revenue Account. It compares the most recent programme to that examined for the 2009/10 Prudential Indicators, and is expressed as a discrete impact on weekly rent levels.

Table 4: Incremental impact of capital investment decisions on Council tax and rents

	2009/10 Revised £	2010/11 Estimate £	2011/12 Estimate £	2012/13 Estimate £
Band D Council Tax	-0.71	-0.42	0.68	1.77
Housing rents levels	0.04	0.11	4.85	5.96

17. It should be emphasised that these are theoretical, and do not imply an actual requirement to raise either Council Tax or housing rent levels. Any move to raise housing rent levels will be constrained by the rent restructuring controls.

Treasury Management Strategy 2010/11 – 2012/13

18. 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.
19. 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 – revised November 2009). 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). However, the revised Code of Practice has amended the Treasury Management Policy Statement and is at Annex 9b (iii) for approval. This adoption meets the requirements of the first of the treasury prudential indicators.
20. 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, and a new requirement of the revision of the Code of Practice is that there is a mid-year monitoring report.
21. This strategy covers:
 - The Council's debt and investment projections;
 - The Council's estimates and limits on future debt levels;
 - 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 2010/11 – 2012/13

22. The borrowing requirement comprises the expected movement in the CFR and any maturing debt which will need to be re-financed. Table 5 shows this effect on the treasury position over the next three years. The expected maximum debt position during each year represents the Operational Boundary prudential indicator. 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.
23. Although the Council is debt-free and expects to remain so for the foreseeable future, there is a reducing element of debt taken out on behalf of other local authorities. Epping Council has repaid the underlying external debt in full from its own resources; the authorities concerned are paying the Council their share of the debt plus interest in instalments. This is shown as negative debt, as it represents income to the Council.

Table 5: Estimated Treasury position as at 31 March, 2010 to 2013

	2010 Revised £'000	2011 Estimate £'000	2012 Estimate £'000	2013 Estimate £'000
External Debt				
External debt	0	0	0	0
Less transferred debt	-507	-481	-452	-424
Total debt	-507	-481	-452	-424
Investments				
Investment portfolio	44,000	42,000	38,000	38,000
Funds held in short notice accounts	9,000	8,000	8,000	8,000
Total investments	53,000	50,000	46,000	46,000
Change from previous year	-4,250	-3,000	-4,000	0
Annual net interest income	1,120	899	1,137	2,198

Limits to Borrowing Activity

24. Within the Prudential Indicators there are a number of key indicators to ensure that the Council operates its external borrowing activities within well defined limits.
25. In order to comply with the first Prudential Indicator the Council must ensure that its total borrowing net of any investments, does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2009/10 and next two financial years. This allows flexibility for limited early borrowing for future years.
26. The Director of Finance & ICT confirms that the Council has complied with this prudential indicator throughout the current year and does not envisage difficulties for the foreseeable future. This view takes into account current commitments, existing plans, and proposals contained within this budget report. The Council's estimated net debt positions as at 31 March 2010 and for the next three years are shown for information in Table 5.
27. 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.
28. 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.
29. The Council became debt-free on 29th March 2004, and intends to remain debt-free for the foreseeable future, meaning that the Authorised Limit is unlikely to be breached. The Director of Finance & ICT confirms that the Council has remained within these two limits during the current year, and does not foresee any difficulty in continuing to do so.
30. **The Council is recommended to approve the Authorised Limit and Operational Boundary set out in Table 6.**

Table 6: The Authorised and Operational Limits of External Debt

	2009/10 Revised £ m	2010/11 Estimate £ m	2011/12 Estimate £ m	2012/13 Estimate £ m
Authorised limit	5.0	5.0	5.0	5.0
Operational boundary	0.5	0.5	0.5	0.5

Borrowing in advance of need

31. The Council has some flexibility to borrow funds this year for use in future years to fund the approved capital programme, where there is a clear business case for doing so. However, the Council is debt free and expects to remain so for the foreseeable future.

Economic Forecast**Table 7: Expected movements in interest rates (Source: Butlers, January 2010)**

As at end of:	Base Rate %	Market investment rates		
		3 month %	6 month %	12 month %
December 2009	0.50	0.60	0.80	1.20
March 2010	0.50	0.70	0.90	1.50
June 2010	0.75	0.90	1.30	1.90
September 2010	1.00	1.20	1.50	2.20
December 2010	1.00	1.30	1.60	2.40
March 2011	1.25	1.50	1.80	2.60

32. Short-term rates are expected to remain on hold for a considerable time. The recovery in the economy has commenced but it will remain insipid and there is a danger that early reversal of monetary ease, (rate cuts and Quantative Easing {QE}), could trigger a dip back to negative growth and a W-shaped GDP path.
33. Credit extension to the corporate and personal sectors has improved modestly but banks remain nervous about the viability of counterparties. This is likely to remain a drag upon activity prospects, as will the lacklustre growth of broad money supply.
34. The main drag upon the economy is expected to be weak consumers' expenditure growth. The combination of the desire to reduce the level of personal debt and job uncertainty is likely to weigh heavily upon spending. This will be amplified by the prospective increases in taxation already scheduled for 2010 – VAT and National Insurance. Without a rebound in this key element of UK GDP growth, any recovery in the economy is set to be weak and protracted.
35. The MPC will continue to promote easy credit conditions via QE. QE has been extended to a total of £200bn and there is still an outside chance that it could be expanded further in February. Whether this has much impact in the near term remains a moot point given the personal sector's reluctance to take on more debt and add to its already unhealthy balance sheet.
36. With inflation set to remain subdued in the next few years, the pressure upon the MPC to hike rates will remain moderate. But some increase will be seen as necessary in 2010 to counter the effects of external cost pressures (as commodity prices begin to rise again) and to avoid damage that sterling could endure if the UK is seen to defy an international move to commence policy exit strategies.

37. Longer terms rates are expected to be more volatile. The current 'softness' of gilt yields & PWLB rates may continue for a while yet, given that these are being driven by a benign international backdrop and the effects of QE. Nevertheless this process will come to an end before the close of the financial year.
38. This is likely to herald a return to rising yields for a number of reasons:
 - Net gilt issuance will rise sharply;
 - This will be increased by the extent to which the BoE attempts to claw back funds injected to the economy via QE programme.
 - Investors will be looking to place more if their funds in alternative instruments as their risk appetite increases, demand for gilts will weaken as a consequence;
 - A decision to leave QE in place will generate inflation concerns and pressurise long yields higher.

Investment Strategy 2010/11 – 2012/13

39. The primary objectives of the Council's investment strategy are safeguarding the repayment of the principal and interest of its investments on time first and ensuring adequate liquidity second – the investment return being a third objective. Following the economic background above, the current investment climate has one over-riding risk consideration, that of counterparty security risk. As a result of these underlying concerns officers are implementing an operational investment strategy which maintains the controls already in place in the approved investment strategy.
40. A development in the revised Codes and the CLG consultation paper is the consideration and approval of security and liquidity benchmarks. These benchmarks are simple targets (not limits) and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that officers will monitor the current and trend position and amend the operational strategy depending on any changes. Any breach will be reported with supporting reasons in the Mid-Year or Annual Report.
41. Security – The Council's maximum security risk benchmark for the current portfolio, when compared to historic default tables, is 0.03%
42. Liquidity – In respect of this area the Council seeks to maintain:
 - 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.
 - Bank overdraft – the Council has a facility in place to use, if necessary.
 - Liquid short term deposit of at least £1.5M available with a weeks notice
 - Weighted Average Life benchmark is expected to be 0.50 years, with a maximum of 0.60 years.
43. Yield – Local measures of yield benchmark is investment returns 0.10% above the 7 day LIBID rate.

Investment Counterparty Selection Criteria

44. 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.
45. The Director of Finance & ICT will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. This criteria is separate to that which chooses Specified and Non-Specified investments as it selects which counterparties the Council will invest with rather than defining what form its investments will take. The rating criteria (see explanation of the credit ratings in Annex 9b (iv)) use the **lowest common denominator** method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance if an institution is rated by two agencies, one meets the Council's criteria, the other does not, the institution will fall outside the lending criteria.
46. Credit rating information is supplied by our treasury consultants on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.
47. The criteria for providing a pool of high quality investment counterparties (both specified and non-specified investments) is:
- **Banks and Building Societies** – the Council will invest in banks and building societies which have the following Fitch or equivalent ratings as a minimum:
 - **Short Term** – F1 (minimum of F1+ for total investments between £5m to £10m)
 - **Long Term** – A (minimum of AA- for total investments between £5m and £10m)
 - **Individual / Financial Strength** – C-(Fitch / Moody's only)
 - **Support** – 3 (Fitch only)
 - **Banks and Building Societies** – the Council will use banks and building societies whose ratings fall below the criteria specified above if all of the following are met:
 - Wholesale deposits in the bank are covered by a government guarantee;
 - The government providing the guarantee is rated "AAA".
 - The Council's investments with the bank are limited to amounts and matures within the terms of the stipulated guarantee and up to the limits above.
 - **Building Societies with no credit ratings** –The Council will no longer invest with unrated societies.
 - **UK Government** including gilts and the Debt Management Account Activity Deposit Facility (DMADF – a Government body which accepts local authority deposits)
 - **HM Treasury Credit Guarantee Scheme** – the Council will invest in institutions that are included within this scheme initially announced on 13 October 2008. Any such investments will follow the same limits as set out above and will not exceed 12 months or £5m for any individual counterparty.
 - **Council's own banker** – the Council will continue to invest with our own banker if they fall below the above criteria.

- **Pooled Investment Vehicles** – this includes AAA Money Market Funds or other AAA rated funds
 - **Local Authorities, Parish Councils etc**
48. Country, group and sector exposure of the Council's investments will be monitored. The country selection will be chosen by the credit rating of the Sovereign state in the above.; no more than 10% will be placed with any non-UK country at any time; and sector limits will be monitored regularly for appropriateness.
49. Additional requirements under the Code of Practice now require the Council to supplement credit rating information. Whilst the above criteria relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for officers to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.
50. The time limits for institutions on the Council's counterparty list are five years (these will cover both specified and non-specified Investments). Where a counter party is only on the Councils list because of a Government guarantee no loan will be entered into which exceeds the period of that guarantee. Investments for terms of one year or more are subject to prior approval by the Director of Finance & ICT. The proposed criteria for specified and non-specified investments are shown in paragraphs 67 to 73.
51. 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 for principal funds invested for one year or more at paragraph 56 below.

Economic Investment Consideration

52. Expectations on short-term interest rates, on which investment decisions are based, show likelihood of the current 0.5% Bank Rate remaining flat but with the possibility of a rise in mid-2010. The Council's investment decisions are based on comparisons between the rises priced into market rates against the Council's and advisers own forecasts.
53. The criteria for choosing counterparties set out above provide a sound approach to investment in "normal" market circumstances. Whilst Members are asked to approve this base criteria above, under the exceptional current market conditions the Director of Finance & ICT may temporarily (in conjunction with the Portfolio Holder for Finance and Economic Development) restrict further investment activity to those counterparties considered of higher credit quality than the minimum criteria set out for approval.

Sensitivity to Interest Rate Movements

54. Future Council accounts will be required to disclose the impact of risks on the Council's treasury management activity. Whilst most of the risks facing the treasury management service are addressed elsewhere in this report (credit risk, liquidity risk, market risk, maturity profile risk), the impact of interest rate risk is discussed but not quantified. The table below highlights the estimated impact of a 1% increase/decrease in all interest rates to treasury management income for next year. That element of the investment portfolio which is of a longer term, fixed interest rate nature will not be affected by interest rate changes.

Table 8: Sensitivity to Interest Rate Movements		
	2010/11 Estimated + 1% £'000	2010/11 Estimated - 1% £'000
Revenue Budgets		
Investment income	450	-450

Treasury Management Limits on Activity

55. There are four more treasury activity limits, which were previously 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 / improve performance. The indicators are:
- Upper limits on fixed interest rate exposure. 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. Similar to the previous indicator, this covers a maximum limit on variable interest rates.
 - Maturity structures of borrowing. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing; upper and lower limits of each category are required.
 - Total principal funds invested for one year or more. 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.
56. **Members are recommended to approve the indicators within Tables 9 and 10.**

Table 9: Exposure to fixed/variable interest rates			
	2009/10 Upper	2010/11 Upper	2011/12 Upper
Limits on fixed interest rates	100%	100%	100%
Limits on variable interest rates	50%	50%	50%

Table 10: Maturity structure of fixed interest rate borrowing and limits on longer term investments						
Borrowing	2009/10		2010/11		2011/12	
	Lower	Upper	Lower	Upper	Lower	Upper
Under 12 months	0%	100%	0%	100%	0%	100%
12 months to 2 years	0%	0%	0%	0%	0%	0%
2 years to 5 years	0%	0%	0%	0%	0%	0%
5 years to 10 years	0%	0%	0%	0%	0%	0%
10 years and above	0%	0%	0%	0%	0%	0%
Maximum principal sums invested > 364 days	£30 m		£30 m		£30 m	

Performance Indicators

57. The Code of Practice on Treasury Management requires the Council to set performance indicators to assess the adequacy of the treasury function over the year. These are distinct historic indicators, as opposed to the prudential indicators, which are predominantly forward looking. As a debt free council with no externally managed funds, the only effective performance indicator that can be set is an achievement margin in excess of the 7 day LIBID rate, the London Interbank Bid rate, which is the generally accepted benchmark for local authority treasury operations. The results of these indicators will be reported in the Treasury Annual Report for 2009/10.
58. **Members are recommended to approve the local performance indicators set out in Table 11.**

Table 11: Performance indicator for the Council's Treasury operations			
	2009/10	2010/11	2011/12
	%	%	%
Returns to exceed the 7 Day LIBID rate by:	0.10	0.10	0.10

59. The Council is aware that external fund managers are potentially able to achieve higher returns on an investment portfolio than in-house staff. However, these potential high returns are offset by the managers' fees. The Council has considered the net returns available through the use of external managers, and has decided to retain its policy of retaining the entire portfolio in-house. This policy will be kept under review each year.

Table 12: Returns achieved by the in-house Treasury team compared to the industry average net returns for external fund management teams			
	2006/07	2007/08	2008/09
	%	%	%
In-house team	4.92%	5.85%	5.42%
External management (net of charges)	4.29%	5.86%	5.74%
Average 7 Day LIBID	4.82%	5.59%	3.69%

Treasury Management Advisers

60. The Council uses Butlers as its treasury management consultants. They provide technical support on treasury matters, capital finance issues, economic and interest rate analysis and credit ratings / market information service comprising the three main credit rating agencies. The current contract was let in 2007 and will expire on 30 April 2010.
61. Whilst the advisers provide support to the internal treasury function, under current market rules and the CIPFA Code of Practice the final decision on treasury matters remains with the Council.

Member and Officer Training

62. The increased Member consideration of treasury management matters and the need to ensure officers dealing with treasury management are trained and kept up to date requires a suitable training process for Members and officers. We have addressed this by now having a qualified accountant as the treasury officer and both the Treasury Officer and the Principal Accountant attending appropriate courses.
63. Once the Council has determined the appropriate Member body to conduct the additional scrutiny on treasury management training will be arranged.

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

64. The Office of the Deputy Prime Minister (now the CLG) issued Investment Guidance on 12th March 2004, and this forms the structure of the Council's policy below. The CLG is currently consulting over revisions to the Guidance and where applicable the Consultation recommendations have been included within this policy.
65. The key intention of the Guidance was to maintain the current requirement for Councils to invest prudently, giving priority to security before liquidity, before yield. In order to facilitate this objective, the guidance requires this Council to have regard to the CIPFA publication "Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes". This Council adopted the Code on 18 April 2002 and will continue to apply its principles to all investment activity. In accordance with the Code, the Director of Finance & ICT has produced treasury management practices. This part, TMP 1(5), covering investment counterparty policy requires approval each year.
66. 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.

Specified and Non-Specified Investments

67. Specified investments are sterling investments with original investment terms of not more than one year, or those which are agreed for a longer period where the Council has the right to be repaid within 12 months if it wishes. These are low risk assets where the possibility of loss of principal or investment income is small. These include investments with:
- I The UK Government (such as the DMADF, UK Treasury Bills or a Gilt with less than one year to maturity).
 - II A local authority, parish council or community council.
 - III Pooled investment vehicles (such as money market funds or other rated funds) that have been awarded a high credit rating by a credit rating agency.
 - IV A financial body such as a bank or building society that has been awarded a high credit rating by a credit rating agency.
68. The Council proposes to invest in specified investments, with further restrictions related to credit ratings.

69. **Members are requested to confirm their approval of the following specified investments for this council:**
- **All Category I and II investments;**
 - **For Category III – Pooled investment vehicles such as money market funds or other rated funds rated AAA by Standard and Poor’s, Moody’s or Fitch rating agencies.**
 - **For Category IV – banks and building societies which have the following Fitch or equivalent rating as a minimum:**
 - i.* Short Term – F1 (minimum of F1+ for total investment between £5m to £10m)
 - ii.* Long Term – A (minimum of AA- for total investments between £5m and £10m)
 - iii.* Individual / Financial Strength – C- (Fitch / Moody’s only)
 - iv.* Support – 3 (Fitch only)
70. Non-specified investments are any other type of investment (i.e. not defined as specified above). These would include sterling investments with:
- I. Securities which are guaranteed by the UK Government (such as supranational bonds). These are fixed income bonds although the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.
 - II. Gilt edged securities with a maturity of greater than one year.
 - III. A government issued guarantee for wholesale deposits within specific timeframes and the government has an AAA sovereign long term rating from the three major credit agencies.
 - IV. An institution on the HM Treasury Credit Guarantee Scheme initially announced on 13 October 2008.
 - V. The Council’s own banker if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.
 - VI. A body that has been awarded a high credit rating by a credit rating agency (such as a bank or building society), for deposits with a maturity of greater than one year.
71. Proposals approved at Cabinet in December 2004 added the thirty largest building societies by capital asset base to the counterparty listing. A review of the counterparty criteria in August 2007 introduced limits on investments in unrated societies determined by their asset base. The Council will now only deal with building societies that satisfy the minimum rating requirements set out above.
72. Proposals approved at Cabinet in December 2004 also allow a limited proportion of funds to be invested for terms of between one and five years. On the advice of Butlers, any investment of a term of one year or more would be made only with a counterparty possessing a minimum long term credit rating of AA- (Fitch), Aa3 (Moody’s) and AA- (Standard & Poors).
73. **Members are requested to confirm that, for the time being, it is intended that non-specified investments will not form part of the Council’s investment portfolio, with the exception of;**
- A maximum of £30,000,000 invested for terms of one year or more, subject to the credit rating criteria in Paragraph 72 and a maximum term of five years.**

74. The credit rating of counterparties will be monitored regularly. The Council receives credit rating emails from its Treasury advisers as and when ratings change, and counterparties are checked promptly on receipt of these emails. Any counterparty failing to meet the criteria will be removed from the list immediately by the Director of Finance & ICT and if any new counterparties meet the criteria they will be added to the list.
75. The Council is aware that a counterparty may hold investments from the Council at the time that it is removed from the approved list due to a downgraded rating. The criteria used are high enough that a minor downgrading should not affect the full receipt of the principal and interest at maturity. Existing investments with the downgraded counterparty will therefore be allowed to run to maturity, unless there is reason to believe that an attempt should be made to retrieve the funds beforehand.
76. It should be noted that credit ratings are subject to change without prior warning, and that a high credit rating is an indication, not a guarantee, of a financial body's stability and creditworthiness.

Security, Liquidity and Yield Benchmarking

77. A proposed development for Member reporting is the consideration and approval of security and liquidity benchmarks. These are targets and so may be breached from time to time. Any breach will be reported, with supporting reasons in the Annual Treasury or Mid-year Report.
78. **Yield** – This benchmark is currently widely used to assess investment performance.
- Investments – Interest returns 0.10% above the 7 day LIBID rate.
79. Security and liquidity benchmarks are already intrinsic to the approved treasury strategy through the counterparty criteria and some of the prudential indicators. However, they have not previously been separately and explicitly set out for Member consideration. Proposed benchmarks for cash type investments are set out below and these will form the basis of future reporting in this area. In the other investment categories appropriate benchmarks will be used where available.
80. **Liquidity** – This is defined as “having adequate, though not excessive cash resources, borrowing arrangements, overdrafts or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its objectives. In respect of this area the Council seeks to maintain:
- Bank overdraft – the Council has a facility in place to use if necessary.
 - Liquid short term deposit of at least £1.5M available with a maximum week’s notice.
81. The availability of liquidity and the term risk in the portfolio can be benchmarked by the monitoring of the Weighted Average Life (WAL) of the portfolio – shorter WAL would generally embody less risk. In this respect the proposed benchmark is to be used:
- WAL benchmark is expected to be 0.50 years, with a maximum of 0.60 years.
82. **Security of the investments** – In context of benchmarking, assessing security is a much more subjective area to assess. Security is currently evidenced by the application of minimum credit quality criteria to investment counterparties., primarily through the use of credit ratings supplied by the three main credit rating agencies (Fitch, Moody’s and Standard and Poors). Whilst this approach embodies security consideration, benchmarking levels of risk is more problematic. One method to benchmark security risk is to assess the historic level of default against the minimum criteria used in the Council’s investment strategy. The table beneath shows average defaults for differing periods of investment grade products for each Fitch long term rating category over the period 1990 to 2007.

Table 13: Average historic default for investment grades

Long term rating	1 year	2 years	3 years	4 years	5 years
AAA	0.00%	0.00%	0.00%	0.00%	0.00%
AA	0.00%	0.00%	0.00%	0.03%	0.06%
A	0.03%	0.15%	0.30%	0.44%	0.65%
BBB	0.24%	0.78%	1.48%	2.24%	3.11%

83. The Council's minimum long term rating criteria is currently A, meaning the average expectation of default for a one year investment in a counterparty with a A long term rating would be 0.03% of the total investment (e.g. for a £1m investment the average loss would be £300). This is only an average – any specific counterparty loss is likely to be higher – but these figures do act as a proxy benchmark for risk across the portfolio.
84. The Council's maximum security risk benchmark for the whole portfolio, when compared to these historic tables, is:
- 0.03% historic risk of default when compared to the whole portfolio.
85. These benchmarks are embodied in the criteria for selecting cash investment counterparties and these will be monitored and reported to Members in the Annual Report. As the data is collected, trends and analysis will be collected and reported. Where a counterparty is not credit rated a proxy rating will be applied.

The Treasury Management Policy Statement

The Council defines its treasury management activities as:

- The management of the organisation's investments and cash flows, its banking, money market and capital market transactions;
- The effective control of the risks associated with those activities; and
- The pursuit of optimum performance consistent with those risks.

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

Credit Ratings

Long-Term Credit Ratings

Long-term credit ratings are set up along a scale from 'AAA' to 'D', and adopted and licensed by Standard and Poor (S&P). Moody's also uses a similar scale, but names the categories differently. Like S&P, Fitch also uses intermediate modifiers for each category between AA and CCC (i.e., AA+, AA, AA-, BBB+, BBB, BBB- etc.). Moody's intermediate modifiers for each category between Aa to Caa are Aa1, Aa2, Aa3, A1, A2 etc.

Definitions (from S&P)	Fitch	Moody	Standard & Poor
Has extremely strong capacity to meet its financial commitments. Is the highest credit rating	AAA	Aaa	AAA
Has very strong capacity to meet its financial commitments. It differs from AAA only to a small degree	AA	Aa	AA
Has a strong capacity to meet its financial commitments, but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions	A	A	A
Has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity	BBB	Baa	BBB

Short-Term Credit Ratings

Short-term ratings indicate the potential level of default within a 12-month period.

Definitions (from S&P)	Fitch	Moody	Standard & Poor
Has extremely strong capacity to meet its financial commitments. Is the highest credit rating	F1+	P-1	A-1+
Has strong capacity to meet its financial commitments.	F1	P-2	A-1
Has satisfactory capacity to meet its financial commitments. However, more susceptible to the adverse effects of changes in circumstances and economic conditions	F2	P-3	A-2
Has adequate capacity to meet its financial obligations. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity	F3		A-3

This page is intentionally left blank

The Chief Financial Officer's report to the Council on the robustness of the estimates for the purposes of the Council's 2010/11 budgets and the adequacy of the reserves.

Introduction

1. The Local Government Act 2003 section 25 introduced a specific personal duty on the "Chief Financial Officer" (CFO) to report to the Authority on the robustness of the estimates for the purposes of the budget and the adequacy of reserves. The Act requires Members to have regard to the report when determining the Council's budget requirement for 2010/11. If this advice is not accepted, the reasons must be formally recorded within the minutes of the Council meeting. Council will consider the recommendations of Cabinet on the budget for 2010/11 and determine the planned level of the Council's balances.
2. Sections 32 and 43 of the Local Government Finance Act 1992 also require billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the net budget requirement.
3. There are a range of safeguards, which exist to ensure local authorities do not over-commit themselves financially. These include:
 - The CFO's s.114 powers, which require a report to the Cabinet and to all members of the local authority if there is or is likely to be unlawful expenditure or an unbalanced budget
 - The Prudential Code, which applied to capital financing from 2004/05.

The Robustness of the Recommended Budget

4. A number of reports to the Cabinet in recent years have highlighted the difficulties inherent in setting budgets, not least because of significant changes in the level and complexity of Government funding and continuing pressure to protect and develop services. At the same time major changes have been introduced to the way the Council is structured and managed and the way services like waste and leisure are delivered. These changes and the "Credit Crunch" are still ongoing and represent significant risks to the Council's ability to assess properly all the financial pressures it faces.
5. However the Council's budget process, developed over a number of years, has many features that promote an assurance in its reliability:
 - The rolling four year forecast provides a yardstick against which annual budgets can be measured
 - The early commencement of the budget process and the clear annual timetable for both Members and officers including full integration with the business planning process promotes considered and reasoned decision making
 - The establishment of budget parameters in the summer is designed to create a clear focus before the budget process commences

- The analysis of the budget between the continuing services and one off District Development Fund items smoothes out peaks and troughs and enables CSB trends to be monitored
 - The adoption of a prudent view on the recognition of revenue income and capital receipts
 - The annual bid process whereby new or increased budgets should be reported to Cabinet before inclusion in the draft budget
 - Clear and reasoned assumptions made about unknowns, uncertainties or anticipated changes
6. Changes to the process have also created the facility for far greater consultation, particularly with the development of the Overview and Scrutiny Panel which deals with finance and performance management issues. With a Cabinet system the onus is on Portfolio Holders to deliver acceptable and accurate budgets. This role has been taken seriously and has helped enhance the detailed knowledge of the Cabinet.
7. The budget is therefore based on strong and well-developed procedures and an integrated and systematic approach to the preparation of soundly based capital and revenue plans and accurate income and expenditure estimates. The risks or uncertainties inherent in the budget have been identified and managed, as far as is practicable, and assumptions about their impact have been made.
8. **The conclusion is that the estimates as presented to the Council are sufficiently robust for the purposes of the Council's overall budget for 2010/11.**

Factors to be taken into account when undertaking a Risk Assessment into the overall Level of Reserves and Balances

9. Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) states that the following factors should be taken into account when the CFO considers the overall level of reserves and balances:
- Assumptions regarding inflation;
 - Estimates of the level and timing of capital receipts;
 - Treatment of demand led pressures;
 - Treatment of savings;
 - Risks inherent in any new partnerships etc;
 - Financial standing of the authority i.e. level of borrowing, debt outstanding etc;
 - The authority's track record in budget management;
 - The authority's capacity to manage in-year budget pressures;
 - The authority's virements and year-end procedures in relation to under and overspends;
 - The adequacy of insurance arrangements.
10. These issues have formed the basis for budget reports in the past and they remain relevant for the current budget.

Factor Assessment

a. Inflationary pressures

11. Every year base budget estimates are produced and then different inflation factors are applied to the resultant figures to take budgets to out-turn prices. It is inevitable that there will be either over or under provision for the full cost of inflation, as prices will inevitably vary against the estimates made. This is particularly relevant in the current unstable economic climate. Efforts have been made to predict the level of inflation in the coming year, although the difficulty in making these predictions has been highlighted by the December inflation figures. Inflation, as measured by the annual rate of increase in the Retail Prices Index, rose from 0.3% for November to 2.4% for December. To find a larger month on month increase you have to go back to July 1979. By coincidence this was also an election year but the problem of inflation was much greater then as the increase was from 11.4% to 15.6%.
12. If inflation remains at the current level for long there will inevitably be pressure for a higher pay award. Negotiations for 2009/10 were protracted and resulted in a settlement of 1.25% for the lowest paid staff (scale points 4 to 10) and 1% for most other staff (scale point 11 up to and including Assistant Directors). Directors and Chief Executives received no increase in 2009/10. The Medium Term Financial Strategy (MTFS) includes an allowance of 1.5% for pay awards, which is believed to be prudent. Recruitment and retention is less of a concern, but some difficulty is still being experienced in certain areas. In the budgets the centrally held vacancy allowance has been maintained at 2%. This reflects the ongoing underspends, with total salaries at December 2009 being 3.7% underspent. It is unlikely that the Authority will have a full establishment throughout 2010/11 and so this allowance is reasonable.

b. Estimates on the level and timing of capital receipts

13. The Council has always adopted a prudent view on the level and timing of capital receipts, a position justified by past experience. Capital receipts are not recognised for budgetary purposes unless they have been received or their receipt is contractually confirmed prior to the budget being ratified. Cabinet is unlikely to agree further disposals until the property market has improved and so no significant disposals are anticipated in 2010/11.
14. The exception to this relates to receipts from council house sales. In this instance because sales occur throughout the year assumptions are made about their generation. Although sales have fallen dramatically from previous years and the pattern of less than 10 sales per annum is expected to continue.
15. Clearly if the forecasts contained in this report are not realised in full, there could be a financial impact on the General Fund because investment income to that account has been based on that level of sales. However, this is relatively unlikely given the low numbers involved.
16. Even with the Authority's substantial capital programme, which exceeds £55m over five years, it is anticipated that the balance of usable capital receipts at 31 March 2014 will be £8.7m. The Capital Strategy continues to emphasise that priority will be given to capital schemes that will create future revenue benefit, either through increased income or reduced costs.

c. Treatment of demand led pressures and savings

17. Last year, the largest demand led pressure facing the Council was for the green waste service. To address this need and reduce the reliance on biodegradable sacks an amended service was introduced with a second wheeled bin. This has required considerable investment in terms of CSB, DDF and capital. However, this is a key service and by moving forward in this way it has been possible to secure significant ongoing revenue support from Essex County Council and one-off capital assistance to help purchase the necessary equipment.
18. The increase in demand for bus passes has reduced. The number of passes in issue had increased by more than 50% from 10,490 at 31 March 2008 to 15,564 at 31 March 2009. This is still increasing but more slowly with the current number in issue being 17,600. The Department for Transport has confirmed that responsibility for the scheme is likely to change as part of the next Comprehensive Spending Review. This will require a re-working of the grant support formulas and recent history has shown that this Authority has not benefited from such changes.
19. The "Credit Crunch" has seen new benefit claims increase by more than 25% and has also increased demand for the Council's homelessness service. These are not the only Council services to face extra demands in the current economic climate. Against this background, it is clear that in order to avoid breaching the guideline on reserves it will be necessary to achieve substantial savings in the last three years of the period covered by the medium term financial strategy.

d. Risks inherent in partnership arrangements etc

20. There are several partnership arrangements, some of which carry risks of varying degrees in monetary terms. The risks have not been specifically identified in the budget but are underwritten through the Authority's balances.

e. Financial standing of the authority (i.e. level of borrowing, debt outstanding etc)

21. The Authority is currently debt free and intends to remain so in the medium term. Revenue reserves for both the General Fund and the Housing Revenue Account are in a healthy state.
22. The largest threat to the Authority's financial standing is the probable reduction in grant support as part of the next Comprehensive Spending Review (CSR). The overall public finances are in very poor state and it is inevitable that the next government will have to reduce spending. It will only become clear after the general election how much of a reduction will be imposed on district councils. The MTFs assumes a reduction of 10% over the next CSR, this sees grant reduce from £9.4m in 2010/11 to £8.5m by 2013/14.

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

23. The Authority has a proven track record in financial management as borne out by the Use of Resources assessments from the Authority's external auditors. A comparison of actual net expenditure with estimates over a number of years shows that the Council rarely experiences under or over spends of any significance.

24. However, the discipline of Financial Regulations - not incurring spending without a clear budget - must be rigidly observed, and the monitoring of the riskier budgets, particularly income budgets, needs to be maintained. The quarterly budget monitoring reports on key budgets to both the Finance and Performance Management Cabinet Committee and Scrutiny Panel will continue throughout 2010/11. The production of these reports during the year is essential in identifying emerging problems at the earliest opportunity. This allows maximum benefit to be accrued from any corrective action taken.

g. The authority's virement and year-end procedures in relation to under and overspends

25. The Authority has recognised and embedded virement procedures that allow funds to be moved to areas of pressure. Although underspends and overspends are not automatically carried forward, the Authority does have an approved carry forward scheme for capital and DDF which is actioned through the formal provisional outturn report to Cabinet in the summer of each year.

h. The adequacy of insurance arrangements

26. The Council is now in the final year of a five-year agreement, which was subject to a competitive tendering process. A collaborative procurement exercise is currently underway with twelve other authorities to establish new long term agreements. As part of this process a number of options on excess levels and joint arrangements are being examined. The Authority still maintains an insurance fund, which has been capped at £500,000.

i. Pension liabilities

27. Previously Members decided to phase in the increase required in employer's contributions, following receipt of the 2007 triennial valuation of the Pension Fund. The ongoing employer's contribution of 10.1% has to increase to 13.1% over the three-year life of the valuation. Members decided to introduce the increases by 1% per annum and consequently make higher deficit payments, although total payments over the three years are lower with this option.
28. Council agreed in December 2007, as part of approving the Capital Strategy, that the policy of capitalising deficit payments would continue and a further £2.5m of capital receipts were moved to the Pension Deficit Reserve to fund this. Annual applications are made to Department for Communities and Local Government (DCLG) for a capitalisation directions, as separate directions are required for the Housing Revenue Account and the General Fund. These applications have been made since 2005/06 and the only year when a full direction was not given was 2006/07 when the capitalisation was limited to 57.19% of the value of the application.
29. The regulations for issuing capitalisation directions were changed for 2006/07, with a "Two Gate" system being introduced. Applications must satisfy the previous criteria to clear Gate 1 but applications will not pass Gate 2 until the national economic impact has been considered in total. Confirmation that the applications have been successful. If capitalisation directions had not been provided the additional charges to revenue for 2009/10 would have been £662,000 General Fund and £311,000 HRA. As the deficit payments have not changed significantly the amounts at risk in future years are broadly similar.

Statement on the adequacy of the reserves and balances

30. The Use of Resources assessment conducted by the external auditors has moved on from the formulaic approach of CPA to achieve the 'good' ranking for reserves. The old formula had suggested that the Council should maintain a General Fund balance of at least £0.89m but no more than £17.86m. The Council's current best estimate of the General Fund balance at 31 March 2011 is £6.8m as shown in the Annex 8 b. This is clearly within the range specified but as a benchmark is not particularly useful. Therefore a risk assessment related to the Authority's individual circumstances is provided as a more meaningful benchmark against which the adequacy of the balances can be determined.
31. The following table lists those developments and cost pressures within the four-year forecast that offer the greatest risk to financial stability.

Item of risk	Estimated level of financial risk £000	Level of risk %	Adjusted level of risk £000
Basic 5% of Net Operating Expenditure			1,100
Grant reduction being 20% instead of 10% over next CSR	500	40	200
Pay award being settled 1% in excess of 1.5% est. for 10/11 and future years	600	20	120
Inflationary pressures between 1-4% higher than budget	600	20	120
Loss of North Weald Market Income	4,000	20	800
General Income between 1-4% less than budget	600	10	60
Interest Rates 1% less than budget	500	10	50
Emergency Contingency	800	20	160
Capitalisation applications refused for 10/11 and 11/12	1,300	40	520
Renegotiating External contracts and partnership arrangements	Say 1,000	10	100
Total	9,900		3,230

32. The income generated from the market at North Weald airfield is significant to the ongoing financial well being of the Authority. Uncertainties surrounding the future of the airfield create a risk to the Authority that needs to be recognised and quantified hence its inclusion in the list above. A number of contracts have been granted to outside bodies for the provision of Council services. The failure of any of these contracts would inevitably lead to the Council incurring costs, which may not be reimbursed. Other than certain bond arrangements there is no specific provision made in the estimates for this type of expenditure, which therefore would have to be covered by revenue balances.
33. The presentation in this table is not a scientific approach, but a crude attempt to put a broad order of scale on the main financial risks potentially facing the Council. It is meant to be thought provoking rather than definitive. It is certainly not a complete list of all the financial risks the Council faces but it shows the potential scale of some of the risks and uncertainties and the impact they may have on the Council's balances if they were to come to fruition.

34. Based on the old CPA formula there is an expectation that an authority should carry a level of balance that equates to at least 5% of the net operating expenditure (NOE) of the Authority. During the period of the four-year plan NOE is expected to average out at £18.2m, which suggests a figure of £910,000.
35. The Council has always been conscious of its balances position as can be demonstrated by budget reports over many years. Fortunately for the Authority the question had not been whether it had a sufficient level of balance but rather that it had too much. Balances have been increasing since 2003/04 and are predicted to have peaked at £8.2m at 31 March 2010.
36. A number of policies have been determined previously to bring about reductions and the current policy reflects that deficit budgets are now necessary for the balances to fall. The current policy allows for balances to fall to no lower than 25% of Net Budget Requirement (NBR). This is slightly different from the NOE stated above, the average NBR figure for the next four years is expected to be £17.3m therefore 25% of that figure equates to £4.3m. The current four-year forecast shows balances still at £6.4m at the end of 2013/14.
37. The risk assessment undertaken above suggests that 20-25% of NBR is about the range that this authority should be maintaining its balances within. By 31 March 2014 balances will represent 37% of NBR, which is perfectly adequate. However, Members are aware that this situation can only be achieved with CSB savings and have stated a clear target of reducing expenditure throughout the period of the medium term financial strategy.
38. It has already been stated that the capital fund is expected to remain in a surplus position beyond 2013/14 and the capital programme is fully funded.
40. The Council has a few earmarked reserves (e.g. DDF), which are intended to be used for specific purposes over a period of time of more than a single financial year. These earmarked reserves have been excluded from the assessment for this reason.
41. The HRA revenue balance of £6.1m at 31 March 2009 is expected to decrease slightly, by £25,000 in 2009/10 and £7,000 in 2010/11. The balance on the Housing Repairs Fund is expected to reduce over the next year, from £4.3m to £4.1m. Similarly the Housing Major Repairs Reserve is predicted to reduce from £5.2m to £4.9m. Even though reductions in reserves are budgeted the overall financial standing of the HRA and its reserves going into 2010/11 remain healthy.
42. **The conclusion is that the reserves of the Council are adequate to cope with the financial risks the Council faces in 2010/11 but that savings will be needed in subsequent years to bring the budget back into balance in the medium term.**

This page is intentionally left blank

CONTRACT STANDING ORDERS

APPENDIX 1

TENDER AND BID RIGGING – IMPORTANT NOTICE

DURING EACH STAGE OF THE CONTRACT PROCESS CHIEF OFFICERS SHOULD BE AWARE OF THE PRINCIPLES IN THE GUIDELINES FOR FIGHTING BID RIGGING IN PUBLIC PROCUREMENT, ISSUED BY THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD) AND THE OFFICE OF FAIR TRADING AND THE CHECK LIST PROVIDED WITHIN THESE GUIDELINES. THE GUIDELINES CAN BE FOUND IN THE PROCUREMENT SECTION OF THE COUNCIL'S INTRANET.

C1 Compliance with Standing Orders

(1) Every contract made by the Council or on behalf of the Council except as hereinafter provided shall comply with:

- Standing Orders
- Financial Regulations
- The Local Government Act 1972
- The Local Government Act 1988, Part 2
- The Local Government Planning and Land Act 1989, and supporting documentation.
- Local Government Acts 1999, 2000, 2003
- Common-hold and Leasehold Reform Act 2003
- The Local Government (Contracts) Act 1997
- The EU Regulations
- Any relevant European Council Directive and any other current legislation for the time being in force
- Asset Management Plan

Where there is a conflict between Standing Orders, Financial Regulations and any statutory requirements, the Council must comply with statutory requirements.

(2) Before seeking quotations or inviting tenders in respect of any contract, a Chief Officer must establish whether a central contract exists which meets the requirement. If a central contract does exist then it must be used unless the appropriate Chief Officer in consultation with the Cabinet or Portfolio Holder if authorised under the general scheme of delegation or specific regulation is able to demonstrate that there are specific advantages to be obtained via alternative arrangements. In such circumstances consideration shall be given to whether a new/revised central contract would be advantageous and appropriate.

- (3) Where the Council is acting as agent for a Government Department, or for another authority under the terms of an agency agreement, nothing in these Standing Orders shall be taken to authorise or require any departure from the instructions or requirements of those departments or the terms of any Agency Agreement.
- (4) No exception from any of the provisions of these Standing Orders other than those provided for within the Standing Orders themselves, shall be made otherwise than by direction of the Council, the Cabinet, or a Portfolio Holder where satisfied that the exception is of necessity and justified in special circumstances where a Portfolio Holder seeks to waive any provisions in these Contract Standing Orders, they may do so only on the recommendation of the relevant Chief Officer and after consultation with the Monitoring Officer and the Chief Financial Officer and subject to the financial consequences not exceeding £250,000 or not constituting a departure from existing Council policy.
- (5) The reasons for any exception so made by the Council, or the Cabinet shall be made only pursuant to a report of the relevant Chief Officer and the reasons for such an exception shall be recorded both in the report of the Chief Officer and in the minutes of the appropriate meeting.
- (6) For the purposes of these Standing Orders, the expressions
- (a) "Chief Officer" means the Chief Executive, the Deputy Chief Executive or a Service Director;
 - (b) "Cabinet" means a duly constituted and convened meeting of those Councillors appointed to serve as Cabinet members;
 - (c) "Cabinet Committee" means a duly constituted and convened meeting of those Councillors appointed by **the Leader of Council** to the Cabinet Committee concerned;
 - (d) "Portfolio Holder" means a Councillor appointed by **the Leader of the Council** as a member of the Cabinet with responsibility for particular portfolio of services.
- (See also C15 (appointment of consultants))
- (7) Unless otherwise specifically provided, where a value or an estimated value is given in these Contract Standing Orders, this refers to the aggregate payable in pounds sterling exclusive of VAT over the entire contract period.
- (8) Chief Officers must ensure that a pre-tender estimate for a contract of a value in excess of £50,000 of anticipated costs is prepared and recorded in writing. Where the EU Public Procurement rules apply, Chief Officers must also ascertain the value of a contract in accordance with those rules.
- (9) **The value of orders which can be combined in one contract, must be added together over a period of four years when deciding which tendering or quotation method is to apply. Contracts must not be artificially under or over estimated or divided into two or more separate contracts where the effect is to avoid the application of Contract Standing Orders and/or EU Regulations.**

- (10) **Where the aggregate sum payable within a single service directorate to one supplier of goods, works or services in a financial year is likely to exceed the limits of authority referred to in these Contract Standing orders, the Chief Officer must report to the Portfolio Holder (in respect of contracts up to £250,000) and the Cabinet (in respect of contracts if over £250,000 in value) and seek a waiver of the Standing Order. It is the responsibility of the Chief Officer to ensure that such a report is submitted prior to the limit of authority being breached. In exercising their responsibilities under this paragraph, Chief Officers are required to have regard to the overall cost (including any management costs and those which extend over longer than a single financial year).**
- (11) If any officer is made aware of or becomes aware of an actual or potential breach of the procedures contained in these Contract Standing Orders or any other statutory requirement, that officer shall report the breach immediately to the Chief Officer or the Chief Internal Auditor as appropriate. It shall be a further requirement that any instances of serious non-compliance shall be reported by the Chief Officer concerned or the Chief Internal Auditor to the Cabinet at the first available meeting if the value of the contract exceeds £50,000.
- (12) **These Contract Standing Orders apply to procurement of goods and services outside the Essex Procurement Hub (EPH). Use of these Contract Standing Orders for procurement purposes shall only be used where Chief Officers can demonstrate that procurement through the EPH is not possible.**
- (13) Chief Officers are required to ensure that, whichever procurement method is selected, they obtain the appropriate approval from a Portfolio Holder or the Cabinet in accordance with the value thresholds for contracts as set out in these Contract Standing Orders.
- (14) The provisions of Contract Standing Orders relating to competitive quotations or tenders and use of the Essex Procurement Hub shall not apply to the procurement of goods or services from its own works organisations or equivalent unless in the opinion of the relevant Head of Service there are clear value for money reasons for doing otherwise.
- (15) The Contract Standing Orders are part of the Constitution of the Council and may only be varied at a Council Meeting.

C2 Selection of Tendering Method

- (1) A Chief Officer is required, prior to the invitation of tenders or quotations, to determine the correct procurement procedure in accordance with the provisions of Standing Orders, based on the best estimate available at that time, of the contract sum.
- (2) Chief Officers are also required to select alternatives to the Essex Procurement Hub only where this can be demonstrated as being more appropriate to the Council's procurement requirements and the Hub has been notified of this view and has confirmed that it is unable to provide appropriate alternatives within existing framework agreements. In all other circumstances, Chief Officers are required to utilise the Essex Procurement Hub for advising on tender specifications, and for managing the procurement process. The Council remains

responsible for the drafting of tender and quotation specifications together with the evaluation and acceptance of tenders.

- (3) In the event that the value of tenders or quotations received exceeds the upper financial limit prescribed by the relevant Standing Order, the Chief Officer concerned shall report the circumstances to the Cabinet where the acceptance of any such tender or quotation, will be considered.

C3 Contracts Not Exceeding £25,000

- (1) Each Chief Officer may, in respect of the service or services for which they are responsible, by the issue of an official order in accordance with Standing Order C23 (1) enter into a contract not exceeding £25,000 in value or amount other than a contract for consultancy services. In the case of a contract for consultancy services, the form of agreement is available on the Council's intranet unless the Director of Corporate Support Services otherwise directs. Each Chief Officer shall at all times have regard to best value requirements in the procurement of services and entering into contracts which are set out in Financial Regulations and if best value considerations result in a quotation other than the lowest in financial terms being accepted, the reasons for so deciding shall be documented by the Chief Officer making that decision.
- (2) Written quotations must be obtained for contracts which have a value of up to £25,000. The minimum number of quotations needed is:

Contract Value:	Number of Quotations
------------------------	-----------------------------

Up to £10,000	One, unless the price and terms are known in advance
---------------	--

£10,001 - £15,000	Two
-------------------	-----

£15,001 - £25,000	Three
-------------------	-------

- (3) Where the supply of goods, works and/or services are of a repetitive and regular nature and not covered by a central contract as referred to in Standing Order C1(2), a contract shall be entered into for the supply of such goods, works or services in accordance with Standing Orders C11 (Serial Contract) or C13 (Exceptions for Consortia, Public Supply Agencies etc).
- (4) The terms of the delegation set out in (1)-(3) above shall not be applicable if the requirements of Standing Order C10 (Contractor Selection) apply.

C4 Contracts Exceeding £25,000 but not exceeding £50,000

- (1) In respect of contracts exceeding £25,000 but not exceeding £50,000 in value or amount the appropriate Chief Officer may, subject to the provisions of Standing Order C15 (Receipt and Custody of Quotations and Tenders), enter into a contract, provided that:
 - (a) at least three quotations (plus any 'in-house' bid) are obtained from those companies included on Constructionline;
 - (b) where the required trade or profession is not served by Constructionline, at least three quotations are obtained from sources considered appropriate by the relevant Chief Officer;

- (c) the proposed contract forms a continuation of an existing contract which is based on rates and prices obtained in accordance with these Standing Orders and the achievement of best value procurement can be demonstrated.
 - (d) all quotations under (a) and (b) above being invited in such a way as to allow sufficient time, as determined by the Chief Officer, to enable those companies to submit competitive quotations or tenders;
 - (e) the receipt, custody and opening of such quotations or tenders being carried out as prescribed in Standing Orders C16 (Receipt and Custody), C16 (Opening) and C17 (Late Receipt);
 - (f) a register being maintained by Chief Officers of the selection criteria employed to obtain a tender list; and
 - (g) Where the Council has procured services, supplies or works through a competitive process, and the service, supplies or works that are being provided is considered to represent best value in terms of quality and price, then the relevant Chief Officer should be enabled to continue for a period of no more than four years in accordance with Standing Order C11 (2) to appoint that service provider, supplier or contractor through a negotiated process subject to the Chief Officer being satisfied that the negotiated price represents best value, based on a value assessment each year based on market conditions.
- (2) Where the goods and/or services are of a repetitive and regular nature and not covered by a central contract as referred to in Standing Order C1(2) (Central Contracts) an annual contract or contract for such other period as the Chief Officer shall consider appropriate shall be entered into for the supply of such goods/services and be in accordance with Standing Orders C11 (Serial Contracts) or C13 (Exceptions for Consortia).
- (3) **Chief Officers will notify the Chief Internal Auditor of all individual purchases and contracts for goods, works and services over £25,000 in value whatever the period of the contract. Similarly, the Chief Internal Auditor should be notified of goods, works and services purchased from one supplier which total over £25,000 in value during one financial year.**

C5 Contracts Exceeding £50,000

Where the estimated value or amount of a proposed contract for the supply of goods or services exceeds £50,000 or where the conditions of Standing Orders C3(3) (Repetitive or Regular Contracts) or C4(2) (Repetitive or Regular Contracts) apply, tenders shall be invited in accordance with Standing Orders C6 (Restricted Tendering), C7 (Ad Hoc Lists), C8 (Open Tendering), C9 (Negotiated Tendering), C10 (Contractor Selection) or C11 (Serial Contracts). Standing Order C4(3) (Notification to Chief Internal Auditor) shall also apply.

C6 Restricted Tendering: For Contracts Exceeding £50,000 in Value

- (1) This Standing Order shall apply to projects with an estimated value not exceeding the limits specified in the EU Regulations and mentioned in Standing Order C33 (EU Procurement Thresholds). A Chief Officer will resolve that

invitation to tender for a contract be limited to those persons or bodies whose names are on Constructionline, the national qualification system, unless the trade or profession is not served by Constructionline.

- (2) **The system will be administered by the Director of Finance and ICT via the Senior Finance Officer – Procurement and Administration designated as the Contract Compliance Officer to whom comprehensive details shall be provided in respect of the contractor selection criteria applied, tenders invited and contracts awarded. All Chief Officers are placed under a duty to provide this information to the designated Contract Compliance Officer.**
- (3) If any Chief Officer considers that any contractor should no longer be considered for any future invitation to tender, a report shall be made to the relevant Portfolio Holder. If approved, a report shall also be made to Constructionline.
- (4) Invitations to tender shall be:
 - (a) **sent to not fewer than five contractors selected from Constructionline if the contract exceeds £50,000 unless the trade or profession is not served by Constructionline in which case the contractors selected in accordance with Standing Orders C7, C8 or C9 may be invited to tender;**
 - (b) **where fewer than five are available, to all such contractors.**

C7 Ad Hoc List - Contracts over £2 million

- (1) This Standing Order shall apply to projects;
 - (a) with an estimated value in excess of £2 million; or
 - (b) where the Council has resolved that invitation to tender be made to persons who have replied to a public notice; or
 - (c) where the EU regulations specified in C1(1) (Contract Compliance) or C35 (EU Procurement Thresholds) apply.
- (2) This Standing Order shall apply also to the provision of goods and services of an ad hoc nature that cannot be accommodated by Standing Order C6 (Restricted Tendering).
- (3) **Where the EU Regulations apply, the Chief Officer shall send:**
 - (a) **as soon as possible after the decision to approve any works; or**
 - (b) **in the case of services and supplies, as soon as possible after the commencement of the Council's financial year, to the Official Journal of the European Union (OJEU) a Prior Information Notice (PIN) via the Essex Procurement Hub in the form prescribed by the appropriate EU Regulations to alert prospective tenderers to the availability of contracts during the next financial year.**
- (4) **In order that applicants will have a reasonable opportunity of expressing an interest, at least ten days public notice shall be given in trade journals circulating among persons who undertake such contracts.**

- (5) **Where required a contract notice must be placed in the OJEU stating the nature and purpose of the contract. Where the Notice is not being placed by the Hub the content of European Union Notices shall be agreed in advance with the Director of Finance & ICT through the Essex Procurement Hub or in exceptional circumstances by any method approved by the Director of Finance & ICT by the appropriate Chief Officer and shall be published in the official journal at such a date prior to the letting of the contract which complies with EU public procurement regulations.**
- (6) After the expiry of the period specified in the public notice and the contract notice invitations to tender for the contract shall be sent to:
- (a) not less than four persons or bodies who have applied for permission to tender and who have been selected as suitable by the appropriate Portfolio Holder;
 - (b) If this is a contract to which the EU regulations apply, to the number specified in the advertisement as the minimum number of tenderers to be invited apply; and
 - (c) where fewer than four have applied, all those applicants considered suitable.

C8 Open Tendering - Contracts in Excess of £50,000

- (1) **This Standing Order shall apply only in exceptional circumstances where the Director of Finance & ICT determines that the opportunities for real competition are limited and the Council, the Cabinet, a Cabinet Committee, or Portfolio Holder have resolved that tenders for a contract are to be obtained by open competition. When open tendering is adopted, all tenders received must be reviewed in accordance with the requirements of EU regulations.**
- (2) For the purposes of this Standing Order procedures should comply with the requirements of Standing Orders C7(2), (3), (4)(Contracts over £2 million), and other Standing Orders as appropriate (e.g. C10 (Contractor Selection), C15 (Receipt and Custody of Tenders), C16 (Opening of Tenders), C17 (Late Receipt of Tenders) etc).

C9 Negotiated Tendering - Contracts in Excess of £50,000

- (1) This Standing Order shall apply where the Council, the Cabinet, a Cabinet Committee or a Portfolio Holder have resolved that tenders need not be invited and that a contract may be negotiated in the following circumstances:
- (a) the subject matter of the contract is urgently required and that loss, injury or damage would result from a delay whilst advertising takes place and the requirements of Financial Regulations relating to urgent expenditure are followed;
 - (b) the subject matter of the contract is of such a specialised nature that no advantage would accrue by inviting competitive tenders;

- (c) there is no effective competition for the subject matter of the contract because payment is fixed under statutory authority or because the subject matter is a patented or proprietary article or is available from only one source;
 - (d) other tendering procedures have been used and resulted in:
 - (i) unacceptable or irregular tenders; or
 - (ii) no tenders being received;
 - (e) where the tender sought is in respect of a continuation contract and the preceding contract was won in competition, subject to the tenderer's satisfactory performance on the previous phase and to the approval not resulting in a contract which is for more than a four year period; or
 - (f) where the tender sought is in respect of specialist works or services, and the Council is satisfied that it is fair and reasonable in view of an existing relationship with a contractor to extend that relationship in regard to a new project, and the reasons for proceeding by means of a negotiated tender shall be recorded in the minutes of the appropriate meeting.
- (2) If the value of the contract is such that EU regulations apply, then the negotiated tender procedure or competitive dialogue procedure may only be used in the circumstances permitted by the regulations and public notice shall be given in accordance with EU requirements where applicable.

C10 Contractor Selection

(a) All Contracts Valued at More than £25,000

- (1) **For contracts in excess of £25,000, under no circumstances shall an invitation to quote be given to any person or body:**
- (i) whose name does not appear on Constructionline unless the trade required is not included on Constructionline; or
 - (ii) who has given advice to the Council on any matter relating to the proposed contract either in their own right, jointly with another firm or company or as agent, consultant or employee of such company; or
 - (iii) who has not met the requirements mentioned in the Contract Notice where the contract is one to which the EU Regulations apply.
- (b) **Contracts in Excess of £50,000 only**
- (2) **Subject to Standing Order C7 (4) (Invitations to Tender) invitations to tender (other than those in accordance with the EU Regulations) shall –**
- (i) **be agreed in consultation with the Director of Finance & ICT unless the contract is let in accordance with Standing Orders C3 (Contracts not Exceeding £25,000), C5 (Contracts Exceeding £50,000), C6 (Restricted Tendering), C7 (Ad Hoc Lists), C8 (Open Tendering), C9 (Negotiated Tendering) or if not previous contract has been let for this type of work, service or goods;**

- (ii) **include the Housing Repairs Service and the previously successful contractor unless deemed to be inappropriate;**
 - (iii) **be subject to a report to the appropriate Council body if a contractor succeeds in winning more than two successive contracts in the same financial year as lowest tenderer;**
 - (iv) **be subject to the EU Procurement Regulations procedures for letting contracts if the contract exceeds the value thresholds prescribed by those regulations**
- (3) **The results of all tenders received together with details of any contract awarded shall be notified in writing to the Director of Finance & ICT and to the Chief Internal Auditor prior to the commencement of the contract. All Chief Officers are placed under a duty to provide this information to the Senior Finance Officer - Procurement Administration, the designated Contract Compliance Officer.**
- (4) **In respect of a contract to which the EU Regulations apply, a Contract Award Notice must be sent via the Essex Procurement Hub to OJEU in the form prescribed by the EU Regulations within 48 days of the award of the contract.**
- (5) As part of the tender process, the pre-qualification information held on Constructionline (or obtained from other sources), should be in conjunction with pre-contract checks on any contractor as follows:
- (i) the contractor's background and competence to carry out the task in question;
 - (ii) evidence of satisfactory Employers and Public liability Insurance cover, the amount and terms of which are to the satisfaction of the Head of Finance;
 - (iii) acceptable Health and Safety and Equal Opportunities policies;
 - (iv) details of any registration with a nationally recognised regulating body or its European equivalent as appropriate to the work and any guarantee schemes attached are satisfactory;
 - (v) the qualification of the workforce and supervisors in relation to the proposed works is satisfactory;
 - (vi) the contractor's previous work record for the Council is considered satisfactory;
 - (vii) obtaining satisfactory banking references, statements of account (which should be no more than 18 months old) or similar references by referees of sufficient standing. An entry in Constructionline may count as one reference; and
 - (viii) asking the contractor to attend for interview if considered necessary.

- (6) Chief Officers may reduce any Long List produced by Constructionline to a Short List; using a priority rating system provided documentary justification is held. Priorities should include locality to the District, extent of relevant experience, previous working relationships with the Authority and any other relevant factors at the discretion of Heads of Service (e.g. qualification awards).

C11 Serial Contracts

- (1) This Standing Order shall apply where the Council has resolved that the proposed contract forms part of a serial programme.
- (2) The terms of such contract shall be negotiated with the contractor on the basis of the rates and prices contained in an initial contract awarded competitively following an invitation to tender in accordance with the provisions of Standing Orders C6 (Restricted Tendering) or C7 (Ad Hoc Tendering) and any such serial programme shall continue for a maximum of four years following the end of the financial year in which rates and prices are first obtained.
- (3) Where tenders or quotations for works, supplies or services are based on a schedule of rates or hourly rates, then a reasoned pre-estimate of quantities for each of the rates contained in the tender are to be quantified at the point of tender, and recorded at the tender opening. When evaluating the tenders, the rates contained in the tender or quotation must then be multiplied by the pre-estimate of quantities to reach an estimated tender sum. The estimated tender is the contract sum that is to be reported, and the tender evaluation report is to be held as a record of the tender analysis.

C12 Sub-Contractors and Nominated Suppliers

- (1) Tenders for sub-contracts to be performed or goods or materials to be supplied by nominated sub-contractors or suppliers shall be invited in accordance with the methods prescribed in these Standing Orders.
- (2) The Chief Officer concerned is authorised to nominate to the main contractor the sub-contractor, or supplier whose tender, obtained in accordance with the preceding sub-paragraph, is in his opinion, the most satisfactory; provided that, where the tender is not the lowest received or where the tender it is proposed to accept, exceeds by 10% the prime cost sum included in the main contract sum, the circumstances shall be reported to the next meeting of the Council or the Cabinet, as appropriate.

C13 Exception for Consortia, Public Supply Agencies etc.

The procedures for invitation of tenders by the Council need not apply where special arrangements have been entered into by any consortium, collaboration or similar body of which the Council is a member or under which the Council is entitled to benefit by virtue of its status as a public authority. The terms and conditions of any proposed contract must be acceptable to the Council's Chief Financial Officer and its Director of Corporate Support Services. Where, however, tenders are invited by an officer of the Council, which includes any consortia or public supply agency as one of those invited to tender, then the delivery, opening and acceptance of tenders shall comply with the provisions of these Standing Orders.

C14 Appointment of Consultants

- (1) It shall be a condition of the appointment of any architect, engineer, quantity surveyor or other consultant (not being an officer of the Council) who is to be responsible to the Council for the supervision of a contract on its behalf, that in relation to that contract there shall be compliance with the requirements of these Standing Orders relating to contracts as though the Consultant was a Chief Officer. The Council's standard forms of appointment for consultants shall apply in all cases unless the **Director of Corporate Support Services** directs otherwise. These are set out on the Council's intranet.
- (2) The engagement of consultants shall be in accordance with Standing Orders C3 (Contracts not Exceeding £25,000), C4 (Contracts Exceeding £25,000 but not Exceeding £50,000), C5 (Contracts Exceeding £50,000), C6 (Restricted Tendering), C7 (Ad Hoc List - Contracts over £2 million), C8 (Open Tendering), C9 (Negotiated Tendering - Contracts over £50,000) or C11 (Serial Contracts), dependant on the estimated amount of the fees and disbursements to be paid to them.
- (3) The procurement of consultants as defined in paragraph (5) below shall be exempt from the requirements of paragraph (2) above if appointments are sought and made through the Essex Procurement Hub or the Capita system. In the event that the Procurement Hub and the Capita system cannot secure a suitable appointment, paragraph (2) above will apply.
- (4) The appointment of any consultant to the Council in respect of duties performed or services rendered on projects with an estimated or potential scheme value in excess of £250,000 shall be under seal. The appropriate Chief Officer may however, require that any contract in respect of a scheme of less than £250,000 in value or amount shall be under seal if it is considered that this would be in the Council's best interests.
- (5) For the purposes of this Contract Standing Order, "consultant" is defined as an appointment of a non-established person (ie not employed by the Council or included on the Council's payroll or covering an establishment post) which is procured directly, through a company or similar commercial undertaking or through an agency and engaged to perform a specific task over a predetermined period.
- (6) Any appointment which does not meet the definition of consultant shall be deemed to be an appointment of a temporary member of staff, being a person included on the Council's staffing establishment and payroll, whether procured directly, through a company, or similar commercial undertaking or through an agency. Such a temporary appointment shall be deemed to be for the purpose of covering establishment posts within the Council. Such appointments shall be made by the relevant chief officer under delegated authority subject to the following conditions:
 - (a) appointments being funded from the existing salary budget for the service or Directorate concerned;
 - (b) appointments being made at a salary within the appropriate salary scale for the post being covered;
 - (c) delegated authority being exercisable by the relevant chief officer within a salary level equivalent to 20% above the highest scale point in the salary scale concerned;

- (d) such temporary appointments being made for no more than six months.
- (7) The engagement of Counsel (or similar legal adviser) is exempted from the requirement to place orders through the Essex Procurement Hub or the Capita system but the Director of Corporate Support Services is required to demonstrate value for money has been obtained provided that the nature of the legal advice concerned makes competitive arrangements realistic.

C15 Receipt and Custody of Quotations and Tenders

- (1) All specifications for the provision of goods and services by tender or quotation shall include a statement advising potential bidders that details of their tender may be published in the public agenda or minutes of the Council or may become available as a background paper or by means of Freedom of Information Act (FOI) request in response to which the Council would provide any information which is not covered by any of the Statutory Exemptions.
- (2) All quotations and tenders invited in accordance with standing orders shall be sent out by Special Delivery. The instruction shall include 'T&T' or equivalent system so that the progress of the documentation will be traced.
- (3) Quotations and tenders invited in accordance with these Standing Orders will not be considered unless contained in a plain envelope which shall be securely sealed and shall not bear any distinguishing matter or mark intended to indicate the identity of the sender, such envelope to be marked and returned in one of the following ways:
 - (a) in respect of contracts with an estimated value up to £50,000 the envelope shall bear the word "Quotation", followed by the subject to which the quotation relates, the closing date for receipt and shall be addressed impersonally to the relevant Chief Officer, or
 - (b) in respect of contracts with an estimated value in excess of £50,000 the envelope shall bear the word "Tender" followed by the subject to which the tender relates, the closing date for receipt, and shall be addressed impersonally to the **Assistant to the Chief Executive**, who shall maintain in a secure location a record of tenders and the dates and times of receipt.
- (4) Any tender or quotation submitted to the Council by electronic means shall be disqualified from consideration.
- (5) **All tenders shall be in the custody of the Assistant to the Chief Executive and shall be kept in a secure location until required to be opened.**
- (6) The provisions of Standing Orders C15(1) (Delivery of Tenders) and C15(2) (Envelopes etc) shall not apply in relation to Standing Order C3. (Contracts Not Exceeding £25,000).
- (7) Specifications for tenders and quotations shall include a statement regarding the Council's policy of paying invoices within 20 days of receipt and a requirement for the following:

- (a) the submission of a statement of the policies of tenderers regarding payment of sub contractors and suppliers and the timescales which apply to such payments; and
- (b) a statement by the Council that the statement under (a) above will be taken into in the Council's assessment of all tenders and quotations."

C16 Opening of Tenders and Quotations - Contracts in Excess of £25,000

Quotations and tenders received in accordance with these Standing Orders shall be opened at one time, as follows:

- (a) in respect of contracts with an estimated value exceeding £25,000 but not exceeding £50,000, the relevant Chief Officer in the presence of at least one of his principal or senior officers, shall open the quotations received, and shall maintain a record of all such quotations;
- (b) **in respect of contracts with an estimated value in excess of £50,000 the Portfolio Holder concerned, in the presence of authorised representatives of the Assistant to the Chief Executive and the relevant Chief Officer, shall open the tenders which in the normal course of events will not be less than three working days after the closing date for receipt of those tenders; and**
- (c) **the Assistant to the Chief Executive shall maintain and his authorised representative sign a record of all tenders opened which shall also be signed by a member of the Cabinet and the representative of the Chief Officer concerned.**

C17 Late Receipt of Quotations and Tenders

Quotations and tenders invited in accordance with these Standing Orders which are received after the date stipulated for their return shall be examined unopened by the relevant chief officer and shall be dealt with as follows:

- (a) where other quotations or tenders have been received but not opened and the Chief Officer is satisfied that there is evidence of posting in time for delivery, a late tender shall be noted in the record kept by the Chief Officer and retained for opening in accordance with Standing Order C16 (Opening of Tenders and Quotations - Contracts in Excess of £25,000) and the circumstances reported to the body or individual responsible for approval;
- (b) **where other tenders have been opened or there is no evidence in the opinion of the Chief Officer of posting of the tender in time to reach the Council by the closing date, the tender will be opened by the Assistant to the Chief Executive or the relevant Chief Officer for the purpose of advising the tenderer of their disqualification from consideration, the record of tenders received being annotated accordingly.**

C18 Alterations

- (a) Quotations and tenders shall not be altered after the date stipulated for their return, save that the relevant Chief Officer shall permit correction of arithmetical errors if he is satisfied that such errors were made inadvertently.
- (b) If an error is identified before the closing date for the return of tenders, all the tenderers shall be informed of the error and invited to adjust their tenders.
- (c) If an error in the specification is identified after the closing date for the return of tenders, all tenderers shall be given details of the error and afforded the opportunity of withdrawing the offer or submitting an amended tender.

C19 Acceptance of Quotations and Tenders - Contracts exceeding £25,000 but not exceeding £50,000

- (1) A Chief Officer may, subject to the provisions of Standing Order C4 (Contracts exceeding £25,000 but not exceeding £50,000) accept the lowest quotation received in respect of a contract not exceeding £50,000 in value or amount; a quotation other than the lowest received shall not be accepted until the relevant Portfolio Holder has considered a report from the appropriate Chief Officer or other person.

(2) Paragraph (1) above shall not apply where:

(a) the tender documentation prepared by the Chief Officer and submitted to prospective tenderers specifies that the acceptance of any tender will be not only based on consideration of price but also on an assessment of quality; and

(b) Where sub-paragraph (a) above applies, the methodology for assessing tenders on the basis of price and quality shall be documented and signed by the Chief Officer prior to the opening of tenders and retained as part of the contract documentation.

C20 Acceptance of Tenders – Contracts Exceeding £50,000

- (1) No tender valued in excess of £1 million shall be accepted unless approval by the Council or the Cabinet has been given.
- (2) Tenders of value between £50,000 and £1 million may be accepted by the relevant Portfolio Holder provided that the tender sum is within the approved budget provision for the contract and all other requirements of Contract Standing Orders have been met. In the event that the amount of the tender exceeds the approved budgetary provision, the acceptance of that tender shall stand referred to the next Cabinet meeting.
- (3) A tender other than the lowest received may only be accepted after approval by the Council or the Cabinet on the recommendation of the appropriate Chief Officer to the Portfolio Holder concerned. **This standing order shall not apply to tenders where the Cabinet or a Portfolio Holder has determined prior to the invitation of tenders that they will be assessed on the basis of quality considerations or on the most economically advantageous proposal to the Council.**

- (4) Acceptance of tenders for the disposal of land or property and proposals for acquisition of interests in land or property shall be dealt with in accordance with the (1) – (4) above and Standing Order 32 below. References in this Standing Order to "budget provision" shall be deemed to be the Council's pre-contract valuation estimate in relation to land and property matters.

C21 Acceptance of Tenders – Certificates of Bona Fide Tendering

Each Chief Officer shall ensure that a certificate of bona fide tendering is completed by every tenderer before a tender valued in excess of £50,000 is accepted. This certificate shall be in a form prescribed by the Director of Finance & ICT.

C22 Post Tender Negotiation

- (1) Where procurement is conducted through either the open or restricted procedure, and the EU (UK) Regulations apply, no post tender negotiations are permitted unless the contract has been advertised and tendered under the competitive dialogue procedure where the **Director of Corporate Support Services** determines that the procedure is appropriate to the nature of the contract concerned. The Council may seek clarification from suppliers where appropriate and this does not constitute post-tender negotiation.
- (2) Where procurement is conducted through the open or restricted procedures and the EU (UK) Regulations do not apply, post tender negotiations are only permitted to the extent indicated in the tender documentation. Any negotiation will be in strict compliance with the tender documentation. Proper and sufficient records of any negotiation shall be maintained.
- (3) Should negotiations be required because the lowest tender exceeds the budget available, or the Council's requirements have changed since the tenders were invited, all tenderers must be given the opportunity to submit revised tenders based on a revised specification.

C23 Contract Documentation

- (1) **Contracts placed in accordance with Standing Order C3 (Contracts not Exceeding £25,000) may be dealt with by the use of an official order, providing that the relevant Chief Officer is satisfied there is no need for more extensive terms and conditions in order to protect the interests of the Council. An official Council purchase order is required, in conjunction with all contracts.**
- (2) Contracts for the execution of works placed in accordance with Standing Orders C4 (Contracts Exceeding £25,000 and not Exceeding £50,000) and C5 (Contracts Exceeding £50,000) shall be in writing and be in a standard format such as ICE, PPC 2000 or similar partner contracts or JCT as approved by the Director of Corporate Support Services.
- (3) Every contract for the supply of goods, materials or services or for the execution of works for an amount in excess of £50,000 shall be under seal as should any other contract where it is desired that the period of liability for breach of contract should be extended from six to twelve years.

- (4) Every contract for the execution of works shall contain a provision affording the relevant Chief Officer, the Chief Internal Auditor or their authorised representatives access to the site and the relevant documentation for audit purposes during the construction of the works.
- ... (5) All contracts shall include standard contract terms, which are available on the Council's Intranet, unless the Director of Corporate Support Services agrees an amended clause in substantially the same term or agrees that it would not be relevant to a particular contract.

C24 Retention of Documents

The relevant Chief Officer shall ensure that:

- (a) all appropriate contract documentation must be retained for a minimum of six years, or if a contract is executed as a deed under seal, twelve years, following the date of the final payment;
- (b) unsuccessful tenders should be retained in a secure location for a period of two years; and
- (c) tender opening records should be retained indefinitely in a secure location.

C25 Liquidated Damages, Performance Bonds and Insurance

- (1) Contracts (including contracts under PPC 2000 or similar partnering contracts) for the execution of works for an amount in excess of £50,000 shall provide for liquidated damages. These should be calculated by using the standard formulae drawn up by the Chief Society of Quantity Surveyors in Local Government as a basis. Advice regarding the calculations may be obtained from the Internal Audit Unit.
- (2) The Council shall not require security for the due performance for any contract below £2m, unless there are special circumstances which in the opinion of the relevant Chief Officer would warrant this provision.
- (3) For every contract of £2m and above, a performance bond shall be obtained for its due performance.
- (4) **In exceptional circumstances, a Chief Officer may, subject to the agreement of the Chief Financial Officer, require a parent company guarantee or a deposit with the Council, as security. The precise form of any parent company guarantee must be agreed with the Director of Corporate Support Services.**
- (5) Notwithstanding the fact that Constructionline does include insurance details of contractors and consultants, there shall be a requirement to insert in every written contract which places upon the contractor liability to effect insurance in respect not only of the works to be carried out or goods to be supplied but also in respect of its employees and third parties. The insurance shall have the interest of the Council noted and the contractor shall be required to supply evidence of insurance cover effected and premiums paid as and when required for the approval of the Chief Financial Officer. The minimum third party insurance cover shall be £5,000,000 or such other sum as may be determined by the

Chief Financial Officer. The contractor shall also be required to show evidence of a level of employer liability cover which is considered appropriate by the Chief Financial Officer.

- (6) In contracts for professional services, confirmation of Professional Indemnity Insurance with a minimum cover of £1,000,000 for any one claim or such other sum as may be determined by the Chief Financial Officer, shall be additionally provided when required.

C26 Retentions

A contractually specified retention must be held on all contracts where there is a defects liability or maintenance period. The monies held must not be finally released until the end of these periods. Retention clauses shall also be included in other forms of contract where the Chief Officer considers it appropriate.

C27 Assignment

- (1) Every written contract shall contain a provision which prohibits the contractor from transferring or assigning directly or indirectly, to any person or persons whatever, any portion of the contract without the written permission of the Council.
- (2) Whenever a contractor is unable to conform with C26 (Retentions), and every alternative measure has been evaluated, then the Chief Officer responsible shall request approval to proceed from the relevant Portfolio Holder.

C28 Cancellation

Every written contract shall include a provision for cancellation in the terms specified in the annex unless the Director of Corporate Support Services agrees an amended clause in substantially the same terms.

C29 Final Account

- (1) The Chief Officer responsible for every contract for the provision of works, goods and services in excess of £50,000 shall provide at the end of the contract, a final account. This account will include details of the tender sum, contract variations, final account sum, any deducted liquidated damages, any extension of time awarded and any claims agreed with the contractor.
- (2) The Chief Officer responsible is fully accountable for the agreement of the final account and is authorised to sign off the final payment.
- (3) **At the time the final account is agreed, a Final Account Certificate where applicable should be completed by the Chief Officer responsible and copied to the Chief Internal Auditor.**
- (4) For contracts in excess of £500,000, the Chief Officer responsible should advise the Chief Internal Auditor of all details relating to the contract at the time of practical completion. If considered necessary, any contract could be subject to examination by Internal Audit.

C30 Contract Monitoring

- (1) All contracts let in excess of £1 million in value shall be the subject of monitoring reports to the relevant Portfolio Holder every three months, as should any other contract where the Portfolio Holder so requests.
- (2) On completion of contracts in excess of £1 million, a review should be carried out and reported to the Council, the Cabinet, or a Portfolio Holder in order to:
 - (a) provide a means of accountability, in showing how far the authority has done what it set out to do, and how much it cost; and
 - (b) enable the Council to learn from experience; this covers identifying how well projects met client and user requirements, recording issues that might require changes to procedures and transferring lessons between different services and types of project.
- (3) The relevant Chief Officer shall prepare and submit jointly with the Chief Financial Officer reports to the Cabinet on completion of all contracts where the final expenditure exceeds the approved contract sum by more than the lesser of 10% or £50,000 as required by Section 2 of Financial Regulations (Budgeting).

C31 Contract Monitoring - Quality Considerations

It shall be the responsibility of all Chief Officers to monitor the quality aspects of any tender or contract (including any contract to which Contract Standing Order 19(2) or 20(3) under their control applies) so as to ensure:

- (a) **that quality requirements in the tender specification are met by any tenderer before a contract is let; and**
- (b) **that those quality standards are consistently achieved throughout the lifetime of the contract.**

C32 Special Market Conditions

- (1) **Chief Officers may (with the approval of the Cabinet) place an order for the purchase or disposal of goods or materials which in their opinion would take advantage of any special conditions in the market or any other special conditions which they consider would be to the benefit of the Council; any case in which this Standing Order is utilised shall be the subject of a written report to the next meeting of the Cabinet.**
- (2) This Standing Order shall not apply where EU Procurement legislation is applicable.

C33 Acquisition and Disposal of Interests in Land

- (1) For the purposes of these Standing Orders, any acquisition or disposal of land and property or interest in land and property shall be dealt with as follows:
- (2) The Director of Corporate Support Services may negotiate, agree terms and complete any lease, assignment, underletting, change of use or alterations to premises leased (irrespective of term) with a rental or premium not exceeding £25,000 per annum, subject to the exercise of this delegated authority being

exercised:

- (a) only up to a limit of £250,000 (or ten years) for any single transaction;
 - (b) after consultation with the relevant Portfolio Holder in the case of any transaction which involves a material change of use or conflicts with any other Council policy in order to determine whether a decision is to be made by the Director of Corporate Support Services, by the Portfolio Holder or by the Cabinet.
- (3) The Director of Corporate Support Services is further authorised to negotiate terms for land and property transactions within the categories set out in C32(1) (Special Market Conditions) in excess of £20,000 in value but unless otherwise required by statute shall treat such offers as tenders or quotations.
- (4) The procedures set out in Standing Order C4(1) (a) (3 quotations from Constructionline) and C5 (Contracts Exceeding £50,000) and C20 Acceptance of Tenders valued between £50,000 and £1 million which apply to tenders and quotations for works, goods and services are applied to this Standing Order. Any Cabinet terms of reference shall be adhered to regarding transactions of £250,000 in value or more, or of 0.25 hectares or more, or of land or property of strategic importance to the district, and any other terms and conditions shall be subject to confirmation by the Cabinet, including the acquisition and disposal of dwellings within the Housing Revenue Account, which shall be dealt with by the Cabinet.
- (5) Any acquisition or disposal of land or property or interest in land or property shall comply with:
 - (a) all governance arrangements set out elsewhere in Contract Standing Orders; and
 - (b) all procedures set out in the Office of Government Commerce (OGC) Guide for the Disposal of Surplus property.
- (6) It shall be competent for the Cabinet (in respect of transactions for the disposal of land where the pre-contract valuation estimate is in excess of £250,000 or for a Portfolio Holder (in respect of pre-contract valuation estimates of between £50,000 and £250,000) to determine the most appropriate method of disposal which achieves the Council's statutory duty of obtaining best consideration.
- (7) Pursuant to (5) above, the appropriate disposal methods are prescribed as follows:
 - (a) formal tendering (providing for an initial deposit and binding contract if tender is successful);
 - (b) formal tendering (providing for no initial deposit and no binding contract if bid is successful);
 - (c) private treaty; and
 - (d) public auction.
- (8) Paragraphs 5(c) and (d) above shall only be approved in exceptional circumstances if the decision-maker has considered a statement prepared by the

Director of Corporate Support Services which justifies the proposed procedure as the most suitable method of achieving best consideration.

- (9) The Cabinet or a Portfolio Holder (as appropriate) may also determine that sale particulars should make provision for a two stage offer process that provides the Council with the option of inviting best and final offers after receipt of initial offers where this is demonstrated by them to be appropriate, this procedure being subject to the following conditions:
- (a) the Director of Corporate Support Services having so recommended;
 - (b) the Cabinet having considered the case for adopting this method of disposal based on an assessment of the risks involved and concluding that this procedure is the most appropriate for achieving best value; and
 - (c) the sale particulars including the option for inviting best and final offers after the receipt of initial offers.
- (10) The provisions contained in this Standing Order shall not apply to any land or property transaction (including transactions in relation to interests in property land) where the pre-contract valuation estimate is less than £50,000.
- (11) The Director of Corporate Support Services may agree on behalf of the Council to the grant of any of the following licences in respect of existing leases where the appropriate enquiries have been carried out and is satisfied that to grant the licence would be in accordance with good estate management and would not adversely affect the premises concerned:
- (a) licences to assign the lease;
 - (b) licences to underlet;
 - (c) licences to change the use of the premises; and
 - (d) licences to carry out alterations.

provided that there is no prohibition contained in the lease in respect of these matters.

- (12) Where there is a prohibition against any of the matters mentioned in paragraph (c) above or the Director of Corporate Support Services considers that it is appropriate then the application for the appropriate licence will be referred to the relevant Portfolio Holder.

C34 EU Procurement Thresholds - 1 January 2010

SUPPLIES	SERVICES	WORKS
£156,442	£156,442	£3,927,260 ¹

NOTE:

These thresholds are regularly updated. Officers should check with the Director of Finance & ICT on the current thresholds. The Director of Finance & ICT will also update this Standing Order from time to time on the Council's intranet.

¹ Including subsidised services contracts under regulation 34 of the Public Works Contracts Regulations 2006.

C35 LOCAL BUSINESSES

Chief Officers are required to obtain, where possible, at least one quotation or tender from a business located in the Epping Forest District (including those with headquarters elsewhere) for any contract or official order being placed by the Authority, provided that in awarding the contract to a local business, the Council's duty to achieve value for money and to comply with legal duties and any other requirements of Contract Standing Orders is not compromised.

This page is intentionally left blank

APPENDIX 2

NORTH WEALD AIRFIELD AND ASSETS MANAGEMENT CABINET COMMITTEE - NEW TERMS OF REFERENCE

- 2.1 To monitor and submit recommendations to the Cabinet as appropriate on:
- (a) Strategic land use issues relating to the future development of the Airfield
 - (b) Strategic matters relating to the business, recreational and other activities conducted there
 - (c) Proposals for redevelopment of the Airfield or its disposal
- 2.2 The Committee's terms of reference shall not extend to decision-making on existing Council activities on the site which shall remain the prerogative of the relevant Portfolio Holders within the Cabinet or the Cabinet itself.
- 2.3 The Committee is chaired by the Portfolio Holder for Finance and Economic Development and a Vice-Chairman will be appointed by the Council from members of the Cabinet.
- 2.4 To consider and make recommendations to the Cabinet, on proposals brought forward by the officers' Asset Management Co-ordinating Group in respect of Council-owned property assets which are suitable for disposal, redevelopment or rationalisation in order to secure a financial return to the Council or an improvement in service provision and
- 2.5 In carrying out its responsibilities under 2.4 above, the Cabinet Committee shall have regard:
- (i) to the impact of the LDF Spatial Strategy as it develops;
 - (ii) to the opportunities for disposing of property where it is in the best interest of the District for these to be transferred to more appropriate ownership or disposed of by leasehold in order to secure a financial return to the Council;
 - (iii) to the suitability of sites for transfer to registered social landlords;
 - (iv) to partnership schemes which would either assist in the delivery of infrastructure projects or unlock the potential of property holdings of partner bodies.

This page is intentionally left blank