

## EPPING FOREST DISTRICT COUNCIL COUNCIL MINUTES

**Committee:** Council **Date:** 22 February 2011

**Place:** Council Chamber, Civic Offices, High Street, Epping **Time:** 7.30 - 9.30 pm

**Members Present:** Councillors Mrs A Grigg (Chairman), K Angold-Stephens (Vice-Chairman), R Barrett, R Bassett, A Boyce, Ms R Brookes, K Chana, Mrs T Cochrane, R Cohen, Mrs D Collins, D Dodeja, Ms C Edwards, Mrs R Gadsby, P Gode, A Green, Ms J Hart, D Jacobs, D C Johnson, Mrs S Jones, B Judd, J Knapman, Ms Y Knight, Mrs J Lea, L Leonard, A Lion, J Markham, Mrs M McEwen, G Mohindra, R Morgan, S Murray, J Philip, Mrs C Pond, Mrs P Richardson, B Rolfe, B Sandler, Mrs M Sartin, Mrs P Smith, P Spencer, D Stallan, Ms S Stavrou, Mrs J Sutcliffe, H Ulkun, Mrs L Wagland, Ms S Watson, C Whitbread, Mrs J H Whitehouse, J M Whitehouse, D Wixley and J Wyatt

**Apologies:** Councillors W Breare-Hall, Mrs P Brooks, J Collier, C Finn, J Hart, Ms J Hedges, W Pryor and Mrs E Webster

**Officers Present:** D Macnab (Acting Chief Executive), R Palmer (Director of Finance and ICT), I Willett (Assistant to the Chief Executive), G Lunnun (Assistant Director (Democratic Services)), A Mitchell (Assistant Director (Legal)), S G Hill (Senior Democratic Services Officer), P Seager (Chairman's Secretary) and J Boreham (Assistant Public Relations and Information Officer)

### 123. WEBCASTING INTRODUCTION

The Assistant to the Chief Executive, on behalf of the Chairman of the Council, reminded everyone 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.

### 124. MINUTES

#### **RESOLVED:**

That the minutes of the Council meeting held on 14 December 2010 be taken as read and signed by the Chairman as a correct record.

### 125. DECLARATIONS OF INTEREST

(a) Pursuant to the Council's Staff Code of Conduct, Mr D Macnab, Acting Chief Executive declared a personal interest in agenda item 16A (Report of the Committee for the Appointment of a Chief Executive) by virtue of reference to him in the report. He 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.

**126. ANNOUNCEMENTS****(a) Announcements by the Chairman of the Council****(i) Attendance at Events**

The Chairman reported on her attendance at a Musical Concert held at West Hatch School which had been a very enjoyable evening.

The Chairman also reported on the Civic Carol Service held at St Andrew's Church, North Weald. She thanked members and officers for attending despite the inclement weather.

Councillor Mrs Grigg advised that she had attended Mansion House together with four children who had taken part and had great fun at the Lord Mayor's Children's Fancy Dress Party.

The Chairman announced that nearly £1,000 had been raised for her charities at the Charity Quiz held at Theydon Bois Village Hall. She thanked members and officers who had participated and the officers who had organised the event.

**(ii) Flowers from the meeting**

The Chairman advised that the flowers from the meeting would be sent to Cunningham House, North Weald, recently acknowledged as the best Care Home in the South East Region.

**(b) Announcements by the Leader of the Council**

There were no announcements by the Leader under this heading.

**(c) Announcements by Portfolio Holders**

There were no announcements by Portfolio Holders under this heading.

**127. PUBLIC QUESTIONS (IF ANY)**

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

**128. 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 Environment Portfolio Holder, the Finance and Economic Development Portfolio Holder, the Housing Portfolio Holder, the Legal and Estates Portfolio Holder, the Leisure and Wellbeing Portfolio Holder, the Operational Planning and Transport Portfolio Holder, the Performance Management Portfolio Holder and the Safer and Greener Portfolio Holder.

The Chairman invited the Leader to provide an oral report and other members of the Cabinet to give an oral update of their written reports.

**(a) Leader of the Council**

The Leader advised that she had attended a meeting of the West Essex Alliance together with the Deputy Leader. There had been a discussion regarding local proposals for consideration for Local Enterprise Partnership funding and these were to be pursued by an Executive Committee to which Councillor Whitbread had been appointed. The first meeting of the Executive Committee was to take place later this month.

Councillor Collins advised that she had also attended the first meeting of the Essex/Kent/East Sussex Local Enterprise Partnership which had been held at Dartford. There had been 44 delegates at the meeting which had been considered too many and agreement had been reached on setting up a smaller Executive Board of 24 members. The Executive Board would formulate bids for consideration by the main body.

The Leader reported that Robert Halfon MP for Harlow, had met with representatives of the Youth Council on 28 January 2011.

Councillor Collins reported that Improvement East had agreed to support the Council in relation to a number of issues.

The Leader reminded members of the success of the Future Jobs Fund in West Essex which had resulted in approximately 170 young people gaining employment in councils, schools, businesses etc. She advised that 60% of the young people whom had taken part in the first phase of the scheme had obtained full time employment or had returned to full time education. The Leader advised that in November 2011 the scheme would be discontinued and that a new Government Scheme would follow, although details of the latter were not expected until later in the year.

Councillor Collins reported on her attendance at a meeting with other Council Leaders at which there had been a discussion about future Central Government funding. She advised that, subject to legislation, business rates would be retained by local authorities in future and this should enable the Council to increase its assistance to local businesses. However, this would result in less grant being received from Central Government.

The Leader reported on her attendance at an Away Day at Loughton College at which the Rt Honourable Eric Pickles, Secretary of State for Communities and Local Government had spoken about the "Big Society" proposals.

The Council noted that the recently appointed Deputy Portfolio Holders were now working with Portfolio Holders in order to gain experience.

Councillor Collins advised that she would shortly be signing the Memorandum of Understanding with other West Essex authorities which had been agreed by the Council at its last meeting.

**(b) Environment Portfolio Holder**

Councillor Sartin drew attention to the visit which had been arranged to the SITA Material Recycling Facility (MRF) in Barking on 8 March 2011 and asked members wishing to attend to e-mail the Director of Environment and Street Scene by 23 February 2011.

**(c) Legal and Estates Portfolio Holder**

Councillor Wagland drew attention to her written report on T11/Langston Road Depot Joint Re-development Site advised that she had been asked to clarify the statement that Loughton Town Council had declined the opportunity of a presentation. She advised that earlier in the day she had received an e-mail from County Councillor Chris Pond who had advised that the Town Council had accepted the offer of a presentation but that subsequently a planning application had been received and in accordance with the Town Council's Standing Orders any such presentation would have been required to have not exceeded three minutes. Accordingly, it had been decided that such presentation would not be of benefit.

**(d) Operational Planning and Transport Portfolio Holder**

Councillor Stavrou advised that a further meeting of the Shadow Board of the North Partnership for Decriminalised Parking Enforcement was to be held on 28 February 2011.

**(e) Safer and Greener Portfolio Holder**

Councillor Smith advised that the next meeting of the Safer, Cleaner, Greener Scrutiny Panel on 8 March 2011 would be held at St Mary's Church Hall, Loughton and the main item on the agenda would be presentations from Council Officers and Essex Police on the processing, monitoring and enforcement of licensing conditions and on the Police powers and their recent operations in relation to licensed establishments. Councillor Smith encouraged members of the public to attend the meeting.

**129. QUESTIONS BY MEMBERS WITHOUT NOTICE****(a) Town Centre Manager**

Councillor Spencer drew attention to the decision not to renew the contract for the Town Centre Manager after July 2011 and asked what assistance would be given to local traders after that time.

Councillor Whitbread advised that the decision regarding the Town Centre Manager was the subject of a call-in to be considered by the Overview and Scrutiny Committee on 28 February 2011. He pointed out that the post had been funded by Section 106 Agreement money which came to an end in July 2011 and that this had been a difficult decision for the Cabinet. He said he looked forward to a healthy debate at the Overview and Scrutiny meeting.

**(b) Parking Review – Buckhurst Hill**

Councillor Spencer pointed out that the Epping Parking Review was due to be completed by 31 July 2011 following which work would commence on the Buckhurst Hill Review. He asked if the Buckhurst Hill Review would start in August which was a holiday period or later.

Councillor Stavrou, Operational Planning and Transport Portfolio Holder, advised that work on the Buckhurst Hill Review would commence as soon as possible after the Epping Review. She reported that the Epping Review was currently on target and she would keep members informed of progress.

**(c) Sports Leisure Management Contract**

Councillor R Brookes drew attention to the negotiations which were nearing completion regarding a contract extension from January 2013 to January 2016. She asked whether any major changes were being put forward especially in relation to the opening of facilities during Bank Holidays.

Councillor Rolfe, Leisure and Wellbeing Portfolio Holder, advised that he was not yet in a position to provide details of the negotiations and that he would make these available to members as soon as possible.

**(d) Safeguarding of Children**

Councillor Boyce stated that he had recently attended a seminar on Safeguarding of Children with Councillor Wixley and 25 Council junior staff who came into contact with families and might need to liaise with Essex County Council Social Services on child protection concerns. He said that he had been impressed about the way in which the staff addressed this issue and drew attention to apparent difficulties they faced in getting satisfactory answers from Social Services when cases were referred. He asked the Portfolio Holder for Legal and Estates and the Council's representative on the West Essex Area Children's Trust Board what could be done to support front line officers to ensure that Social Services acted on such referrals promptly.

Councillor Wagland, Portfolio Holder for Legal and Estates and the Council's representative on the West Essex Area Children's Trust Board, stated that she shared the concerns expressed by Councillor Boyce. She acknowledged that child protection was a particularly difficult area and drew attention to recent unsatisfactory Ofsted reports which had been made in relation to Essex Social Services. She emphasised the need for the County Council to adopt an outcomes process rather than a procedural approach and repeated concerns which she had made at previous Council meetings regarding the apparent lack of references in the County Council's procedures to children. Councillor Wagland advised that a senior officer from the County Council would be addressing the Children Services Task and Finish Panel on 28 February 2010 and she encouraged all members to attend in order to express their views to that officer.

**(e) Police Community Support Officers**

Councillor Sutcliffe drew attention to the proposed reduction in funding for Police Community Support Officers and asked if this would affect the service currently being provided in Buckhurst Hill.

Councillor Smith, Safer and Greener Portfolio Holder, advised that the Cabinet had decided to reduce the funding from six officers to four officers. She stated that she was unable to comment on which particular officers would be affected by this decision but would obtain details for Councillor Sutcliffe if she wished.

**(f) Decriminalised Parking Enforcement**

Councillor Mrs J H Whitehouse drew attention to the County Council's decision to cease the current On-Street Enforcement Agency with the District as from 1 April 2011. She continued that concerns about the County Council's proposals for the future had been expressed at a recent Epping Forest Locality meeting between local County Councillors and County Council Officers. As a result she had made representations to the Leader of the County Council and he had agreed to review the proposals.

Councillor Stavrou, Operational Planning and Transport Portfolio Holder advised that she was giving this matter a lot of attention and that a Group Leaders' meeting had been arranged for 28 February 2011 to discuss the suggested approach to be taken by the District Council. She pointed out that she had already written to the County Council requesting clarification of the proposals and she confirmed that she would keep all Members of the Council involved of progress.

**(g) Disasters in Australia and New Zealand**

Councillor Richardson asked if the Council would be establishing a Disaster Fund for those affected by the recent flooding in Australia and the earthquake in New Zealand.

The Chairman of the Council pointed out that residents were encouraged to contribute to national funds which had been set up.

**(h) Royal Wedding**

Councillor Murray drew attention to the emphasis on communities being encouraged to do things for themselves and asked if the Council would be doing everything possible to assist local residents in running street parties on the day of the Royal Wedding.

Councillor Collins, Leader of the Council, drew attention to a report to be considered later in the meeting which was aimed at making things as easy as possible for residents to hold street parties at minimum cost.

**(i) Information Centre – Loughton Library**

Councillor Pond drew attention to the excellent sharing of services by the County Council and the District Council in Loughton Library and expressed concern that the decision to close the District Council Information Desk after 1.00 p.m. every day would have a detrimental effect on the provision of the services. She asked if the decision could be re-considered in line with the County Council's current consultation on a potential reduction in hours of service at libraries.

Councillor Collins, Leader of the Council, advised that discussions were taking place with the County Council about how some afternoon information services might be provided in the future.

**(j) Area Plans Sub-Committees**

Councillor J H Whitehouse drew attention to the proposal to run Area Plans Sub-Committees on a four week cycle from May 2011 and asked if this would affect Development Control performance.

Councillor Collins, Leader of the Council, drew attention to the savings which would be achieved by introducing a four week cycle and pointed out that if necessary the performance targets could be relaxed as they were no longer a national performance indicator.

**(k) Carpets in Communal Areas of Flats/Maisonettes**

Councillor Knapman thanked the Housing Portfolio Holder for agreeing to review the decision to remove carpeting from communal areas. He drew attention to carpeting in a 20 storey building in another district.

Councillor Stallan, Housing Portfolio Holder, thanked Councillor Knapman for his remarks and pointed out that when his letter was submitted to the Housing Minister it would be published and subject to call-in. He continued that when the call-in period had passed he would be happy to publish the letter in the Members' Bulletin.

**(I) Carpets in Communal Areas of Flats/Maisonettes**

Councillor Ms J Hart agreed with Councillor Knapman's comments and suggested it was unfortunate that a distinction had not been made between maisonettes and high rise flats.

Councillor Stallan, Housing Portfolio Holder thanked Councillor Hart for her comments.

**130. MOTIONS**

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

**131. QUESTIONS BY MEMBERS UNDER NOTICE**

There were no questions by Members of the Council under notice in respect of this item.

**132. REPORT OF THE CABINET - CAPITAL STRATEGY**

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

The Portfolio Holder reported on the Capital Strategy 2010-2015.

Councillor Whitbread advised that a good Capital Strategy enabled the Council to make sound strategic decisions in relation to the use of capital resources and formed an important part of the Council's Performance Management and Financial Planning frameworks.

**Report as first moved ADOPTED**

**RESOLVED:**

That the Capital Strategy 2010-2015 be approved.

**133. REPORT OF THE CABINET - BUDGETS AND COUNCIL TAX DECLARATION 2011/12**

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

The Portfolio Holder submitted a report regarding budgets and Council Tax declaration for 2011/12.

Councillor Whitbread reported that good financial planning in the past had placed this Council in a better position than many others to meet the savings required for 2011/12. As a result it had not been necessary to make major changes to service provision for the forthcoming financial year and no increase was proposed for the District Council Tax. He cautioned however, that greater challenges would need to be met in future years.

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 of the need to save some £1.3m in 2012/13 and pointed out that it would be extremely difficult to maintain the Council's current service levels and members should accept that a degree of change was inevitable.

The Portfolio Holder expressed his thanks to fellow Portfolio Holders and officers for their input into the proposals before the Council.

### **Report as first moved ADOPTED**

#### **RESOLVED:**

- (1) That the list of CSB growth and savings for the 2011/12 budget (set out in Annex 1) be approved;
- (2) That the list of District Development Fund items for the 2011/12 budget (set out in Annex 2) be approved;
- (3) That the revenue estimates for 2011/12 and the draft Capital Programme for 2011/12 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 2011/12 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 7.2% from £76.66 to £82.19, be approved.

#### **Declaration of Council Tax**

- (6) That it be noted that on 9 November 2010, 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 2011/12 in accordance with regulations made under Section 33(5) and 34(4) of the Local Government Finance Act 1992:
  - (a) 54,609.2 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 No.
Essex County Council (General Expenses)	54,609.2
Essex Police Authority	54,609.2
Essex Fire Authority	54,609.2
Epping Forest District Council (General Expenses)	54,609.2
Abbess, Beauchamp & Berners Roding	199.7
Buckhurst Hill	5,301.8
Chigwell	5,983.1
Epping Town	5,110.8
Epping Upland	414.9
Fyfield	410.4
High Ongar	575.0
Lambourne	936.6
Loughton Town	13,038.3
Matching	333.9
Moreton, Bobbingworth and The Lavers	669.1
Nazeing	2,108.1
North Weald Bassett	2,569.2
Ongar	2,767.9
Roydon	1,326.5
Sheering	1,367.4
Stanford Rivers	364.9
Stapleford Abbots	512.4
Stapleford Tawney	72.3
Theydon Bois	1,979.7
Theydon Garnon	66.5
Theydon Mount	108.4
Waltham Abbey Town	8,145.1
Willingale	247.2

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 2011/12 in accordance with sections 32 to 36 of the Local Government Finance Act 1992:

- (a) £116,779,498 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) £98,161,497 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) - (c) of the Act;
- (c) £18,618,001 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) £7,386,942 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) £205.66 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) £3,106,848 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	173.81
Buckhurst Hill	218.02
Chigwell	185.20
Epping Town	232.61
Epping Upland	176.49
Fyfield	174.17
High Ongar	172.25
Lambourne	180.65
Loughton Town	197.95
Matching	180.22
Moreton Bobbingworth and The Lavers	168.63
Nazeing	183.15
North Weald Bassett	200.23
Ongar	218.67
Roydon	170.50
Sheering	171.92
Stanford Rivers	180.83
Stapleford Abbots	161.72
Stapleford Tawney	167.84
Theydon Bois	200.94
Theydon Garnon	163.36
Theydon Mount	162.67
Waltham Abbey Town	243.23
Willingale	166.97

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 2011/12 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 2011/12 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 2013/14 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 2014/15;

(11) That the recommendations included in the report on the Prudential Indicators and the Treasury Management Strategy for 2011/12 (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 2011/12 budgets and the adequacy of the reserves (see Annex 10) be noted.

#### **134. REPORT OF THE CABINET - CORPORATE PLAN 2011 TO 2015**

##### **Mover: Councillor Bassett – Performance Management Portfolio Holder**

The Portfolio Holder reported that the Corporate Plan (formerly known as the Council Plan) was the Council's key strategic planning document, setting out service delivery priorities, with strategic themes reflecting those of the Sustainable Community Strategy for the District. He advised that the Corporate Plan translated the vision for the District set out by the Community Strategy into the Council's strategic direction, priorities and the most important outcomes that it wanted to achieve, and informed all other plans and helped to prioritise resources to provide quality services and value for money. Councillor Bassett reported that the draft document had been subject to wide consultation which was continuing with residents and partners during February and March 2011.

**Amendment moved by Councillor Stallan and seconded by Councillor Rolfe.**

“That the word “temporary” be inserted before references to the new depot at North Weald Airfield in Key Objective (1)”

**Carried**

**Report as amended ADOPTED****RESOLVED:**

(1) That, subject to:

(a) the outcome of appropriate resident and partner consultation during February and March 2011; and

(b) insertion of the word “temporary” before references to a new depot at North Weald Airfield in Key Objective (1);

the Council’s Corporate Plan for the period 2011/12 to 2014/15 be approved; and

(2) That in order to publish the Corporate Plan by 1 April 2011, the Performance Management Portfolio Holder be authorised to approve any significant amendments to the Plan arising from on-going resident and partner consultation.

**135. REPORT OF THE CABINET - CALENDAR OF COUNCIL MEETINGS 2011/12****Mover: Councillor Collins – Leader of the Council**

The Leader of the Council submitted a report proposing a calendar of meetings for the period May 2011 – May 2012.

**Report as first moved ADOPTED****RESOLVED:**

That the calendar of meetings for the period May 2011 to May 2012 attached as an Appendix to the report be adopted.

**136. REPORT OF THE OVERVIEW AND SCRUTINY COMMITTEE - FINANCIAL REGULATIONS - ACCEPTANCE OF E-INVOICES****Mover: Councillor Morgan - Chairman of the Committee**

Councillor Morgan reported that the Constitution and Members’ Services Scrutiny Panel had considered a proposal to allow electronic or e-invoicing as part of the annual review of Financial Regulations. The meeting noted that a pilot scheme had been undertaken with a number of ICT providers which allow the submission of electronic invoices to a secure e-mail account held by the Council. Councillor Morgan advised that Internal Audit had given its support to the proposed security and restrictions placed on access to this account. The meeting noted that to enable the

Council to introduce the system on a permanent basis an amendment was required to Financial Regulation 3.24.

**Report as first moved ADOPTED**

**RESOLVED:**

(1) That the following amendment be made to Paragraph 3.24 of Appendix E to the Council's Financial Regulations:

"3.24 To ensure that payments are not made on a faxed invoice, statement or other document other than a formal invoice. Formal invoices may include e-invoices received in PDF format via the dedicated e-mail address provided by the Chief Finance Officer in the Finance and ICT Directorate";

(2) That the internal controls which will be put in place to regulate the receipt and processing of e-invoices be noted; and

(3) That the decision not to bring forward any other proposals in relation to Financial Regulations as part of the 2010/11 review be noted.

**137. REPORT OF THE OVERVIEW AND SCRUTINY COMMITTEE - REVIEW OF EXECUTIVE PROCEDURE RULE 1.6**

**Mover: Councillor Morgan – Chairman of the Committee**

Councillor Morgan reported that Executive Procedure Rule 1.6 currently stated that the Cabinet should complete its business by 10.00 p.m. and hold a minimum of 12 meetings each year. He advised that the Constitution of Members' Services Scrutiny Panel having been requested by the Cabinet to examine the "guillotine" procedure had recommended that it should be removed from the Constitution so as to enable the Cabinet to complete all the items of business on an agenda in one meeting. The Panel had also recommended removal of the requirement to hold a minimum of 12 Cabinet meetings per year as over time the number of Cabinet meetings had been reduced to the current eight per year.

**Report as first moved ADOPTED**

**RESOLVED:**

That the following amendments to Executive Procedure Rule 1.6 be approved:

(a) deletion of the requirement to complete all business at a Cabinet meeting by 10.00 p.m.; and

(b) deletion of the requirement to hold a minimum of 12 Cabinet meetings a year.

**138. REPORT OF THE LICENSING COMMITTEE - TEMPORARY ROAD CLOSURES - THE ROYAL WEDDING**

**Mover: Councillor A Lion – Vice-Chairman of the Committee**

Councillor Lion reported that the District Council had received a number of applications from members of the public requesting it to make road closure orders to allow street parties to be held to celebrate the Royal Wedding. Enquiries had been made at Essex County Council and officers had been informed that the County Council would be making a policy decision as to how the applications would be administered. Councillor Lion advised that the Communities and Local Government website contained a guide to holding a street party which provided a simple form for a street closure and stated that completed forms should be submitted to the District Council. There was an expectation, therefore, that District Councils would process these applications and the District Council needed to have a process in place in the event that the County Council directed applicants to the District Council.

Councillor J H Whitehouse requested that all members be informed of the process for making an application.

### **Report as first moved ADOPTED**

#### **RESOLVED:**

- (1) That the following delegated authorities be granted to agree road closures for events to be held to celebrate the Royal Wedding:
  - (a) to officers where all information/consultation is undertaken by the applicant(s) and the responses are satisfactory and no objections have been received; or
  - (b) to the Licensing Sub-Committee in all other cases;
- (2) That no fee be charged in connection with such road closures except to cover any necessary expenses; and
- (3) That all Members of the Council be informed of the process for making an application via the Council Bulletin.

### **139. REPORT OF COMMITTEE FOR THE APPOINTMENT OF A CHIEF EXECUTIVE**

#### **Mover: Councillor Collins – Chairman of the Committee**

Councillor Collins submitted a report on the work being undertaken by the Committee on behalf of the Council in connection with the vacant position of Chief Executive. Councillor Collins reported that although the Committee had acknowledged some advantages, in principle, of the shared Chief Executive idea they had also identified some negative points, not least the need for this Council to make its own case on matters affecting the District.

#### **Amendment moved by Councillor J M Whitehouse and seconded by Councillor Jacobs**

“That the words “at this time” be inserted after the words “not pursued” in recommendation (1)”.

**Carried**

#### **Report as ADOPTED**

**RESOLVED:**

- (1) The option of a shared Chief Executive with other neighbouring Councils be not pursued at this time; and
- (2) That the other discussions by the Committee on the Chief Executive post be noted.

**140. MEMBERSHIP OF COUNCIL COMMITTEES, CHAIRMANSHIP AND VICE-CHAIRMANSHIPS AND REPRESENTATIVES ON OUTSIDE ORGANISATIONS**

The Council considered a report of the Deputy Monitoring Officer on the implications of one councillor not having signed the statutory notice regarding membership of the Conservative Group. The Council noted that the effect on pro rata arrangements was marginal, only affecting the allocation of representatives and deputies on outside organisations.

**RESOLVED:**

That a review of pro rata arrangements in relation to the membership of Council Committees, Chairmanship, Vice-Chairmanship and Representatives on Outside Organisations be not undertaken at the present time.

**141. APPOINTMENT OF DEPUTY PORTFOLIO HOLDERS AND MEMBER TO SHADOW THE AUDIT AND GOVERNANCE COMMITTEE**

The Council noted the decision of the Leader of the Council to appoint eight Deputy Portfolio Holders and one member to shadow the Audit and Governance Committee Chairman for the remainder of the current municipal year.

**142. JOINT ARRANGEMENTS AND EXTERNAL ORGANISATIONS**

The Council received a written report from Councillor Wagland, the Council's representative on the West Essex Children's Trust Board.

The report outlined a review of the West Essex Children's Trust Board in terms of its role and effectiveness, and its renaming to West Essex Children's Commissioning and Delivery Board. Councillor Wagland advised that if the proposals were agreed at the next meeting of the West Essex Children's Commissioning and Delivery Board on 14 April 2011, the reduction in membership of the Board should ensure a clearer focus on the work of the District Children's Partnerships and should provide a better opportunity to influence decisions on the Commissioning of Children's Services in Essex.

The Leader of the Council thanked Councillor Wagland and Julie Chandler, Assistant Director, Office of the Deputy Chief Executive, for their work in relation to Children's Services.

**CHAIRMAN**

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## CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Directorate	Service		Original	Revised	Estimate	Estimate	Estimate	Estimate
			2010/11 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's
Chief Executive	Democratic Services	Committee Attendance						
	Civic & Member	Members courses & conferences	(5)	(2)				
	Subscriptions	East of England Local Govt Conference		(12)				
	Electoral Registration	Individual ER process					50	
	Directorate Savings	General		(10)				
	<b>Total Chief Executive</b>			<b>(5)</b>	<b>(24)</b>	<b>0</b>	<b>0</b>	<b>50</b>
Corporate Support Services	Human Resources	Recruitment & Retention savings						
	Local Land Charges	Personal Charges- Increase from £11 to £22	(17)					
	Local Land Charges	Removal of Personal Search chges ( LLC Amendment Rules 2010)			35			
	Hackney Carriages	Increased number of licences issued.		(29)				
	Industrial Estates- Brooker Rd	Increased Rental Income			(10)			
	Industrial Estates- Oakwood Hill	Reduced Rental Income		16	4			
	Industrial Estates- O Hill Workshops	Increased Rental Income		(32)	4			
	Fleet Operations	MOT Income - additional tests		(33)				
	Civic Offices	Energy Savings - Heating	(20)	(20)				
	Civic Offices	Car Park Rental - Black Lion		(4)	(5)			
	Offices & Depots	NNDR Re-assessment			63			
	Langston Road Depot	WRVS lease terminated			8	32		
	Business Premises	Transfer to General Fund				(1,429)		
Directorate Savings	General		(62)	(37)				
<b>Total Corporate Support Services</b>			<b>(37)</b>	<b>(156)</b>	<b>(1,343)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Deputy Chief Executive	All Weather Pitch	Townmead Project			(17)	(18)		
	Community Arts/Public Relations	Savings			(100)			
	Museum	Increase in rents		6				
	Directorate Savings	General		(33)				
<b>Total Deputy Chief Executive</b>			<b>0</b>	<b>(27)</b>	<b>(117)</b>	<b>(18)</b>	<b>0</b>	<b>0</b>

## CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST

Directorate	Service		Original	Revised	Estimate	Estimate	Estimate	Estimate
			2010/11 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's
Environment & Street Scene	Waste Management	Changes to Service	(51)	42				
	Waste Management	Reduction in Weedspraying - expenditure		(10)				
	Waste Management	Reduction in Weedspraying - income		10				
	Waste Management	Wheeled Bin Maintenance			8			
	Industrial Activities - Regulated	Reduction in Registration of Commercial Properties		7				
	Safer Communities	Reduction of 2 PCSO's			(29)			
	Safer Communities	Reduction in Contributions		6	1			
	Leisure Facilities	Loughton Leisure management fee reduction		(25)	(75)			
	Leisure Facilities	Epping Sports Centre management fee reduction			(11)	(12)		
	Leisure Facilities	Ongar Leisure Centre management fee reduction			(7)	(23)		
	North Weald Airfield	Increase in Market rent			(41)			
	Waltham Abbey Sports Centre	Cessation of joint use agreement	(192)	(192)				
	Off Street Parking	Fluctuations in NDR	(6)	(8)	15			
	Off Street Parking	Changes to allocations		(50)				
	On Street Parking	Changes to allocations		(36)				
	On Street Parking	Changes to allocations		36				
	Off Street Parking	Additional Penalty Notice Charges		(50)				
	On Street Parking	Additional Penalty Notice Charges		(55)				
	On Street Parking	Additional Penalty Notice Charges		55				
	Off Street Parking	Loss of income through VAT increase			4	12		
	Off Street Parking	Closure of Parking Shop	(24)	(23)				
	On Street Parking	Closure of Parking Shop	(24)	(23)				
	On Street Parking	Closure of Parking Shop	24	23				
Directorate Savings	General		(66)	(18)				
<b>Total Environment &amp; Street Scene</b>			<b>(273)</b>	<b>(396)</b>	<b>(104)</b>	<b>(35)</b>	<b>0</b>	<b>0</b>
Finance & ICT	Finance Miscellaneous	Increase in Employers Pension Conts (Act Val 2007)	92	92				
	Finance Miscellaneous	Decrease in Employers Pension Conts (Act Val 2010)			(10)			
	ICT	Mobile telephones - contract increases	2	10				
	Housing Benefits/Local Taxation	Replacement Revenues & Benefits System			25	25		
	Housing Benefits	Housing Benefit Admin Subsidy settlement reductions	39	60	25			
	Council Tax Collection	Reduction in court cost income		21				
	NNDR	Reduction in court cost income		10	2			
	Insurance Services	Savings on Premium	(45)					
	Directorate Savings	General		(48)	(24)			
Housing Benefits	Limes Farm Area Office			7				
<b>Total Finance and ICT</b>			<b>88</b>	<b>145</b>	<b>0</b>	<b>25</b>	<b>0</b>	<b>0</b>
Housing	Bed and Breakfast	Reduction in Bed and Breakfast Income		25				
	Bed and Breakfast	Reduction in Bed and Breakfast Expenditure		(12)				
	Directorate Savings	General		(3)	(15)			
	<b>Total Housing</b>				<b>10</b>	<b>(15)</b>	<b>0</b>	<b>0</b>

<b>CONTINUING SERVICES BUDGET - GROWTH / (SAVINGS) LIST</b>			<b>Original</b>	<b>Revised</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Directorate</b>	<b>Service</b>		<b>2010/11 £000's</b>	<b>2010/11 £000's</b>	<b>2011/12 £000's</b>	<b>2012/13 £000's</b>	<b>2013/14 £000's</b>	<b>2014/15 £000's</b>
<b>Planning &amp; Economic Development</b>	Development Control	Committee Attendance						
	Building Control Ring Fenced	Consultants						
	Building Control Ring Fenced	Consultants						
	Planning Policy & Conservation	Staff restructure						
	Building Control Ring Fenced	Reduced Income resulting from reduction in inspections			114			
	Building Control Ring Fenced	Reduced Income			(114)			
	Development Control	Reduced Income resulting from reduction in applications			90			
	Development Control	Additional Fees re Govt proposals to changes to Planning Application fees				(100)	(100)	
	Countrycare	Staff restructure			(6)	(7)		
	Directorate Savings	General			(40)			
	<b>Total Planning &amp; Economic Development</b>			<b>0</b>	<b>44</b>	<b>(107)</b>	<b>(100)</b>	<b>0</b>
<b>Other Items</b>	Investment Interest	Reduction due to lower interest rates			292			
	Investment Interest	Reduction due to shops transfer				278	108	155
	All Services	Printer Cartridge Savings	(10)	(10)				77
	<b>Total CSB</b>			<b>(237)</b>	<b>(122)</b>	<b>(1,408)</b>	<b>(20)</b>	<b>205</b>

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<b>DISTRICT DEVELOPMENT FUND</b>			<b>Original</b>	<b>B/F from</b>	<b>Revised</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>	<b>Estimate</b>
<b>Directorate</b>	<b>Service</b>		<b>2010/11</b>	<b>2010/11</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
			<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
<b>Chief Executive</b>	Elections	Government Referendum on the Voting system				160			
	Elections	Government Referendum on the Voting system- Re-imburement				(160)			
	Grants to Voluntary Orgs	Furniture Exchange Scheme	20		20				
	Members	Standards Committee additional investigations	10		10				
	<b>Total Chief Executive</b>		<b>30</b>	<b>0</b>	<b>30</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Corporate Support Services</b>	Estates & Valuation	Consultant's Fees & site surveys Langston Rd Depot		16	16				
	Estates & Valuation	Consultant's fees Legal & Taxation-Langston Rd Project			25				
	Estates & Valuation	Council Asset Rationalisation	195		160	35			
	Estates & Valuation	Council Asset Rationalisation HRA Contribution	(60)		(60)				
	Other Land & Property	Greenyards-Reduced Rental Income			10				
	Facilities Management	Quality Assurance & Accreditation BS EN ISO 9001		16	16				
	Human Resources	Training Budget Underspend/E Learning		8	8				
	Industrial Estates- Brooker Rd	Reduced Rental Income			20				
	Legal Services	Computerisation of Land Terrier records	28		2				
	Legal Services	Registration of Unregistered Titles	2	5	5				
	Local Land Charges	Removal of Personal Search chges ( LLC Amendment Rules 2010)			100				
	Local Land Charges	Removal of Personal Search Income Govt Grant			(100)				
	Non HRA Building Maintenance	Consultant's report for 5 year programme				20			
	Non HRA Building Maintenance	Planned Building Maintenance Programme	147	28	147	(5)	45	19	10
	Civic Offices	Climate Change Smart-metering				6			
	Office Accommodation	Essential Work to Civic Offices		18	20	65	0		
	Office Accommodation	Potential Accommodation Changes		45	45				
	<b>Total Corporate Support Services</b>		<b>312</b>	<b>136</b>	<b>414</b>	<b>121</b>	<b>45</b>	<b>19</b>	<b>10</b>

## DISTRICT DEVELOPMENT FUND

Directorate	Service		Original 2010/11 £000's	B/F from 2009/10 £000's	Revised 2010/11 £000's	Estimate 2011/12 £000's	Estimate 2012/13 £000's	Estimate 2013/14 £000's	Estimate 2014/15 £000's
<b>Deputy Chief Executive</b>	Public Relations	Improvements to Main Reception Area	12	(6)	3	3			
	Public Relations & Information	Website Officer	23	(2)	24	25	25		
	Deputy Chief Executive	Externally Funded Projects	63	39	74	75			
	Deputy Chief Executive	Externally Funded Projects	(63)	(39)	(74)	(75)			
	Museum	NNDR Refund			(5)				
	Youth Council	Youth Council	12		12	12			
	Limes Farm Hall	Costs of Management/Admin/Mtc/Repairs	27	14	22	19			
	NWA Strategy Action Plan	North Weald Airfield Action Plan.	50		48	2			
	NWA Strategy Action Plan	Aviation Consultant	20			20			
	<b>Total Deputy Chief Executive</b>		<b>144</b>	<b>6</b>	<b>104</b>	<b>81</b>	<b>25</b>	<b>0</b>	<b>0</b>
<b>Environment &amp; Street Scene</b>	Pollution Control	Air Quality Modelling				9			
	Pollution Control	Air Quality Modelling Grant				(9)			
	Neighbourhoods / Rapid Response	Safer, Cleaner and Greener		5		4			
	Pest Control	Income			(10)				
	Waste Management	Waste containers spare parts		8		8			
	Waste Management	Changes to Service	(119)		(132)	(102)			
	Abandoned Vehicles	Advertising				3			
	Contaminated Land	Bobbingworth Tip Maintenance	5			5			
	Contaminated Land	Contaminated Land Investigations		31		130			
	Contaminated Land	Contaminated Land DEFRA grants			(120)				
	Land Drainage	Remedial Works Principal Ordinary Watercourses	35	14		49			
	Safer Communities	Safer Communities Project HO Funded	3	(2)					
	Safer Communities	Protective clothing	3			1			
	Safer Communities	Police Community Safety Accreditation	2			2			
	Leisure Facilities	Loughton Leisure Centre - Mediation		15		15			
	Leisure Facilities	Free Swimming Programme - Over 60's				13			
	Leisure Facilities	Free Swimming Programme - Over 60's				(13)			
	Leisure Facilities	NNDR Refund Waltham Abbey Swimming Pool				(4)			
	Leisure Facilities	Olympic Officer Post				5	10	5	
	Parks & Grounds	Security				3			
	North Weald Airfield	Other Maintenance				12			
	North Weald Airfield	Security				13			
	Waltham Abbey Sport Centre	NDR Refund				(28)			
	Parks & Grounds	Roding Valley Lake - Disabled Projects		26	23	3			
	Parks & Grounds	Roding Valley Lake - Disabled Projects		(26)	(23)	(3)			
	North Weald Airfield	Extra week (week 53) market				(18)			
	North Weald Airfield	Loss of Income - Hangar 5			43	34	24	14	4
	North Weald Airfield	Transformer - Sub 'X'	5		5				
	Off Street Parking	Freezing of car parking charges				(40)			
	Off Street Parking	Staffing			(11)				
	On Street Parking	Staffing			(14)				
	On Street Parking	Staffing			14				
	Off Street Parking	Mobile Phones	3	(3)					
	On Street Parking	Mobile Phones	2	(2)					
	On Street Parking	Mobile Phones	(2)	2					
	<b>Total Environment &amp; Street Scene</b>		<b>(63)</b>	<b>68</b>	<b>(10)</b>	<b>(113)</b>	<b>29</b>	<b>14</b>	<b>4</b>

## DISTRICT DEVELOPMENT FUND

Directorate	Service		Original	B/F from	Revised	Estimate	Estimate	Estimate	Estimate
			2010/11 £000's	2010/11 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's
Finance & ICT	Concessionary Fares	New National Scheme - Costs	141	47	116	72			
	Concessionary Fares	New National Scheme - Grant	(111)		(99)				
	Concessionary Fares	Contribution from ECC re admin costs of issuing passes				(50)			
	Council Tax Collection	Legal Fees re Baliffs in Liquidation			30				
	Finance Miscellaneous	Asset Register		4	4				
	Finance Miscellaneous	Asset Register - HRA contribution		(2)	(2)				
	Finance Miscellaneous	Finance System Outstanding Commitments	5						
	Housing Benefits	Hit squad to improve performance		34	34				
	Housing Benefits	Temporary Accommodation Subsidy - Costs	6		0				
	Housing Benefits	Temporary Accommodation Subsidy - Grant	(6)		0				
	Housing Benefits	Staff restructuring not funded by specific grant				15	20		
	NNDR	Business Rates Deferral Scheme - Costs		9	9				
	NNDR	Business Rates Deferral Scheme - Grant							
	NNDR	New Burdens Small Business Rate Relief Costs			9				
	NNDR	New Burdens Small Business Rate Relief Grant			(9)				
	Audit/BankCharges	Additional audit fees re HB/CTB grant claims			10				
	Procurement	Essex Procurement Hub			(12)	(10)			
<b>Total Finance &amp; ICT</b>			<b>35</b>	<b>92</b>	<b>90</b>	<b>27</b>	<b>20</b>	<b>0</b>	<b>0</b>
Housing	Homelessness	Essex Rental Loan Scheme	11			26	26		
	Homelessness	Essex Rental Loan Scheme	(11)			(26)	(26)		
	Homelessness	ECC - EFHAS			(6)	26	26		
	Homelessness	ECC - EFHAS			6	(26)	(26)		
	Private Sector Housing	House Condition Survey	55		13	52			
	Housing Strategy	Consultant Housing Company	5	6					
	Private Sector Housing	Technical Officer	27		27	27	27		
	Private Sector Housing	Handyperson Scheme	(15)		(15)				
	Private Sector Housing	Handyperson Scheme	15	17	5	15	12		
	Handy Person Scheme	ECC re. Mobile Homes/Sites Improvements			(20)				
	Handy Person Scheme	ECC re. Mobile Homes/Sites Improvements			10	10			
<b>Total Housing</b>			<b>87</b>	<b>23</b>	<b>20</b>	<b>104</b>	<b>39</b>	<b>0</b>	<b>0</b>

## DISTRICT DEVELOPMENT FUND

Directorate	Service		Original	B/F from	Revised	Estimate	Estimate	Estimate	Estimate	
			2010/11 £000's	2009/10 £000's	2010/11 £000's	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	
<b>Planning &amp; Economic Development</b>	Development Control	Consultants								
	Development Control	Contingency for Appeals	82	(2)	31	51				
	Development Control	Reduced Income resulting from reduction in applications				44				
	Economic Development	Chamber of Commerce				5				
	Economic Development	Developing Business Networks	2	2	4					
	Economic Development	Enhanced Business Contacts	2	2	0	4				
	Economic Development	Town Centre Manager	36	3	50	9				
	Economic Development	LABGI regeneration				12				
	Economic Development	Economic Development Strategy			3	3				
	Conservation Policy Enforcement	Technical Support Officer -Conservation				10				
	Forward Planning	Blunts Farm Golf Course		2						
	Forward Planning	Administration Assistant	22							
	Forward Planning	Local Development Framework	400	115	120	395	456			
	Forward Planning	Printing underspend		10	10					
	Forward Planning	Senior Planner	39		30	35				
	Planning Services	File retrieval & checking & destruction		30	30					
	Planning Services	Housing and Planning Delivery Grant	(55)							
	Planning Services	Planning Delivery Grant 2	10							
	Planning Services	Planning Delivery Grant 4		25	18	7				
	Planning Services	Planning Delivery Grant 5		10						
	Tourism	Tourism Summit	2	2	4	0				
	Town Centre Enhancements	Improvements Grant Waltham Abbey TC	6		6	0				
	Town Centre Enhancements	Town Centre Support	22	8	18	12				
	Town Centre Enhancements	Waltham Abbey Tourist Information Centre			5	5				
	<b>Total Planning &amp; Economic Development</b>			<b>568</b>	<b>207</b>	<b>378</b>	<b>543</b>	<b>456</b>	<b>0</b>	<b>0</b>
	<b>Total Service Specific District Development Fund</b>			<b>1,113</b>	<b>532</b>	<b>1,026</b>	<b>763</b>	<b>614</b>	<b>33</b>	<b>14</b>
	<b>Other Items</b>	Increased Investment Interest								
Second Homes Discount Allowance		(84)		(84)	(84)	(84)	(84)			
Lost Investment Interest		508		413	363	233	89			
Impairment of Heritable Bank Principal		375		375						
Contribution to Pension Deficit Reserve				176						
LABGI Contribution					40					
Capital Expenditure Funded from Revenue				40	22					
Area Based Grant		(28)		(40)						
<b>Total District Development Fund</b>			<b>1,884</b>	<b>532</b>	<b>1,906</b>	<b>1,104</b>	<b>763</b>	<b>38</b>	<b>14</b>	



## REVENUE EXPENDITURE, INCOME AND FINANCING

2010/11 ORIGINAL ALL REVENUE ITEMS £	2010/11 REVISED ALL REVENUE ITEMS £		GENERAL FUND ACCOUNT £	2011/12 ORIGINAL HOUSING REVENUE ACCOUNT £	ALL REVENUE ITEMS £
<b>Gross Expenditure</b>					
3,341,950	3,171,370	Office of the Chief Executive	4(a) 3,255,490	0	3,255,490
1,295,680	1,473,490	Corporate Support Services	4(b) 1,744,850	0	1,744,850
2,040,480	2,019,580	Deputy Chief Executive	4(c) 1,978,700	0	1,978,700
16,084,550	16,151,840	Environment & Street Scene	4(d) 16,050,280	0	16,050,280
45,544,610	47,727,650	Finance & ICT	4(e) 47,871,660	0	47,871,660
36,525,470	37,194,740	Housing	4(f) 2,729,660	35,427,000	38,156,660
4,548,280	4,110,520	Planning & Economic Development	4(g) 4,263,090	0	4,263,090
267,180	254,560	Internal Trading Organisations	4(h) 291,920	0	291,920
<b>109,648,200</b>	<b>112,103,750</b>	<b>Total Expenditure on Services</b>	<b>78,185,650</b>	<b>35,427,000</b>	<b>113,612,650</b>
39,000	28,000	Interest Payable (Inc HRA)	786,000	(748,000)	38,000
375,000	375,000	Impairment of Investments	0		0
	47,000	Revenue Contribution to Capital	22,000		22,000
3,068,124	3,068,124	Precepts Paid to Parish Councils	3,106,848	0	3,106,848
<b>113,130,324</b>	<b>115,621,874</b>	<b>Total Gross Expenditure</b>	<b>82,100,498</b>	<b>34,679,000</b>	<b>116,779,498</b>
<b>Gross Income</b>					
42,652,550	45,356,870	Government Subsidies	45,938,610	0	45,938,610
25,791,000	25,644,000	Rents from Dwellings	0	27,502,000	27,502,000
5,182,000	5,170,070	Miscellaneous Rents, Trading Operations etc.	4,365,210	930,000	5,295,210
8,994,770	8,715,480	Fees and Charges	7,075,110	1,715,000	8,790,110
900,000	596,000	Interest on Mortgages and Investments	667,000	2,000	669,000
1,408,210	1,205,820	Grants and Reimbursements by other Bodies	1,371,320	0	1,371,320
<b>84,928,530</b>	<b>86,688,240</b>	<b>Total Operational Income</b>	<b>59,417,250</b>	<b>30,149,000</b>	<b>89,566,250</b>
552,856	435,696	Contribution from/(to) Revenue Reserves	171,247	582,000	753,247
(233,000)	(163,000)	FRS 17 Adjustment	(170,000)	0	(170,000)
1,884,000	1,906,000	Contribution from/(to) District Development Fund	1,104,000	0	1,104,000
24,000	(258,000)	Contribution from/(to) Other Reserves	0	0	0
5,402,000	6,441,000	Contribution from/(to) Capital Reserves	2,960,000	3,948,000	6,908,000
<b>92,558,386</b>	<b>95,049,936</b>	<b>Total Gross Income</b>	<b>63,482,497</b>	<b>34,679,000</b>	<b>98,161,497</b>
<b>20,571,938</b>	<b>20,571,938</b>	<b>To be met from Government Grants and Local Taxation</b>	<b>18,618,001</b>	<b>0</b>	<b>18,618,001</b>
<b>Financed by:</b>					
1,193,812	1,193,812	Revenue Support Grant			1,744,191
8,221,318	8,221,318	Distribution from Non-Domestic Rate Pool			5,642,751
0	0	Council tax Freeze Grant			
<b>9,415,130</b>	<b>9,415,130</b>	<b>Exchequer Support and Collection Fund Surpluses</b>			<b>7,386,942</b>
8,088,684	8,088,684	District Precept			8,124,211
3,068,124	3,068,124	Parish Council Precepts			3,106,848
<b>20,571,938</b>	<b>20,571,938</b>	<b>Total Financing</b>			<b>18,618,001</b>

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## Office of the Chief Executive

## Programme 2011/12

2010/11 Original		2010/11 Revised		Revenue Expenditure	2011/12 Original	
£	£	£	£		£	£
488,920		371,180		Elections	546,140	
1,948,510		1,732,300		Corporate Activities	1,687,070	
1,109,220		1,264,950		Member Activities	1,238,440	
24,260		6,500		Local Council Liaison	5,260	
11,890		10,860		Outdoor Youth Facilities	1,790	
491,960		499,730		Voluntary Services	475,770	
287,620		265,770		Internal Audit	273,450	
507,030		486,240		Democratic Services	487,210	
	4,869,410		4,637,530	<b>Total Expenditure</b>		4,715,130
	1,527,460		1,466,160	Income from Internal Charges		1,459,640
	3,341,950		3,171,370	<b>Net Expenditure (see Annex 3)</b>		3,255,490
				<b>Service Generated Income</b>		
1,160		14,310		Fees and Charges	1,160	
114,800		-		Grants and Reimbursements by other Bodies	192,900	
	115,960		14,310	<b>Total Income</b>		194,060
	3,225,990		3,157,060	<b>To be met from Government Grant and Local Taxation</b>		3,061,430
	-		-	<b>Capital Expenditure (see Annex 5)</b>		-

## Corporate Support Services

## Programme 2011/12

2010/11 Original		2010/11 Revised		Revenue Expenditure	2011/12 Original	
£	£	£	£		£	£
286,280		287,390		Licensing	295,510	
349,740		360,340		Local Land Charges	358,960	
154,340		386,760		Land & Property	570,890	
405,940		391,180		Other Activities	391,870	
1,737,750		1,561,670		Legal & Administration Services	1,565,320	
2,342,890		2,407,370		Accommodation Services	2,476,290	
1,694,890		1,743,830		Other Support Services	1,672,220	
	6,971,830		7,138,540	<b>Total Expenditure</b>		7,331,060
	5,676,150		5,665,050	Income from Internal Charges		5,586,210
	1,295,680		1,473,490	<b>Net Expenditure (see Annex 3)</b>		1,744,850
				<b>Service Generated Income</b>		
1,037,890		1,017,700		Miscellaneous Rents, Trading Operations etc	2,833,830	
522,200		567,790		Fees and Charges	491,290	
-		-		Grants and Reimbursements by other Bodies	41,500	
	1,560,090		1,585,490	<b>Total Income</b>		3,366,620
	(264,410)		(112,000)	<b>To be met from Government Grant and Local Taxation</b>		(1,621,770)
	1,187,000		1,045,000	<b>Capital Expenditure (see Annex 5)</b>		307,000

## Deputy Chief Executive

## Programme 2011/12

2010/11 Original		2010/11 Revised		Revenue Expenditure	2011/12 Original	
£	£	£	£		£	£
913,310		894,430		Arts & Museum	868,330	
1,023,400		1,012,340		Sports Development & Other Amenities	992,370	
97,550		112,590		Customer Services	117,770	
2,101,380		2,019,340		Support Services	2,074,970	
	4,135,640		4,038,700	<b>Total Expenditure</b>		4,053,440
	2,095,160		2,019,120	Income from Internal Charges		2,074,740
	2,040,480		2,019,580	<b>Net Expenditure (see Annex 3)</b>		1,978,700
				<b>Service Generated Income</b>		
118,500		169,510		Fees and Charges	162,860	
219,140		191,820		Grants and Reimbursements by other Bodies	188,410	
	337,640		361,330	<b>Total Income</b>		351,270
	1,702,840		1,658,250	<b>To be met from Government Grant and Local Taxation</b>		1,627,430
	2,435,000		255,000	<b>Capital Expenditure (see Annex 5)</b>		1,437,000

## Environmental and Street Scene

## Programme 2011/12

2010/11 Original		2010/11 Revised		Revenue Expenditure	2011/12 Original	
£	£	£	£		£	£
1,502,500		1,407,080		Environmental Health	1,453,280	
7,902,580		8,034,720		Waste Collection & Street Cleansing	8,125,170	
567,960		556,680		Highways	578,190	
1,250,990		1,218,600		Car Parking	1,247,910	
817,060		925,130		Land Drainage & Sewerage	755,900	
490,280		479,550		Safer Communities	448,960	
1,749,300		1,652,300		Leisure Facilities	1,652,060	
723,900		733,130		Parks and Grounds	723,640	
967,880		985,950		North Weald	913,040	
3,877,810		3,817,220		Environmental Admin & Policy	3,910,520	
	19,850,260		19,810,360	<b>Total Expenditure</b>		19,808,670
	3,765,710		3,658,520	Income from Internal Charges		3,758,390
	16,084,550		16,151,840	<b>Net Expenditure (see Annex 3)</b>		16,050,280
<b>Service Generated Income</b>						
1,371,720		1,381,260		Miscellaneous Rents, Trading Operations etc	1,430,260	
4,057,710		4,533,170		Fees and Charges	4,544,040	
428,840		132,240		Grants and Reimbursements by other Bodies	3,000	
	5,858,270		6,046,670	<b>Total Income</b>		5,977,300
	10,226,280		10,105,170	<b>To be met from Government Grant and Local Taxation</b>		10,072,980
	1,948,000		1,455,000	<b>Capital Expenditure (see Annex 5)</b>		2,181,000

## Finance and ICT

## Programme 2011/12

2010/11 Original		2010/11 Revised		Revenue Expenditure	2011/12 Original	
£	£	£	£		£	£
42,749,330		45,205,330		Housing Benefits	46,145,260	
1,661,670		1,662,470		Local Taxation	1,643,380	
814,660		797,510		Concessionary Fares	122,900	
190,030		22,160		Other Activities	-	54,600
2,999,130		2,999,060		ICT Services	3,069,350	
2,433,040		2,462,780		Financial Services	2,476,330	
	50,847,860		53,149,310	<b>Total Expenditure</b>		53,402,620
	5,303,250		5,421,660	Income from Internal Charges		5,530,960
	45,544,610		47,727,650	<b>Net Expenditure (see Annex 3)</b>		47,871,660
				<b>Service Generated Income</b>		
42,080,690		44,620,980		Government Subsidies	45,533,330	
66,390		57,110		Miscellaneous Rents, Trading Operations etc	26,120	
495,460		21,800		Fees and Charges	69,300	
358,570		605,880		Grants and Reimbursements by other Bodies	593,000	
	43,001,110		45,305,770	<b>Total Income</b>		46,221,750
	2,543,500		2,421,880	<b>To be met from Government Grant and Local Taxation</b>		1,649,910
	661,000		408,000	<b>Capital Expenditure (see Annex 5)</b>		488,000

## Housing

## Programme 2011/12

General Fund £	Housing Revenue £	2010/11 Original	General Fund £	Housing Revenue £	2010/11 Revised	Revenue Expenditure	General Fund £	2011/12 Original Housing Revenue £	Total £
		Total £			Total £			Total £	
	33,985,000	33,985,000		34,379,000	34,379,000	Council Housing		35,427,000	35,427,000
1,435,210		1,435,210	1,425,910		1,425,910	Private Sector Housing	1,464,480		1,464,480
441,390		441,390	422,880		422,880	Homelessness	457,150		457,150
50,880		50,880	43,380		43,380	Housing Investment Programme	42,370		42,370
326,360		326,360	635,440		635,440	Affordable Housing Grants	474,770		474,770
286,630		286,630	288,130		288,130	Leasehold Services Administration	290,890		290,890
<b>2,540,470</b>	<b>33,985,000</b>	<b>36,525,470</b>	<b>2,815,740</b>	<b>34,379,000</b>	<b>37,194,740</b>	<b>Total Expenditure</b>	<b>2,729,660</b>	<b>35,427,000</b>	<b>38,156,660</b>
						<b>Service Generated Income</b>			
571,860		571,860	735,890		735,890	Government Subsidies	405,280		405,280
	25,791,000	25,791,000		25,644,000	25,644,000	Rents from Dwellings		27,502,000	27,502,000
100,000	2,606,000	2,706,000	65,000	2,649,000	2,714,000	Miscellaneous Rents, Trading Operations etc	75,000	930,000	1,005,000
289,750	1,928,000	2,217,750	289,360	1,729,000	2,018,360	Fees and Charges	292,630	1,715,000	2,007,630
	3,000	3,000		2,000	2,000	Interest on Mortgages and Investments		2,000	2,000
88,400		88,400	111,780		111,780	Grants and Reimbursements by other Bodies	70,880		70,880
	3,650,000	3,650,000		4,228,000	4,228,000	HRA Interest & Reversal of Depn		4,696,000	4,696,000
	7,000	7,000		127,000	127,000	Use of Balances		582,000	582,000
<b>1,050,010</b>	<b>33,985,000</b>	<b>35,035,010</b>	<b>1,202,030</b>	<b>34,379,000</b>	<b>35,581,030</b>	<b>Total Income</b>	<b>843,790</b>	<b>35,427,000</b>	<b>36,270,790</b>
<b>1,490,460</b>	<b>-</b>	<b>1,490,460</b>	<b>1,613,710</b>	<b>-</b>	<b>1,613,710</b>	<b>To be met from Government Grant and Local Taxation</b>	<b>1,885,870</b>	<b>-</b>	<b>1,885,870</b>
<b>2,155,000</b>	<b>6,956,000</b>	<b>9,111,000</b>	<b>1,558,000</b>	<b>6,636,000</b>	<b>8,194,000</b>	<b>Capital Expenditure (see Annex 5)</b>	<b>1,778,000</b>	<b>6,919,000</b>	<b>8,697,000</b>



**Planning & Economic Development**

**Programme 2011/12**

<b>2010/11 Original</b>		<b>2010/11 Revised</b>			<b>2011/12 Original</b>	
£	£	£	£	<b>Revenue Expenditure</b>	£	£
163,760		200,580		Economic Development	143,540	
29,620		40,780		Tourism	32,580	
58,450		56,690		Environmental Initiatives	56,940	
214,540		208,970		Conservation Policy	179,150	
882,540		563,020		Forward Planning	858,670	
223,680		204,110		Town Centre Enhancements	208,770	
317,590		288,060		Countrycare	231,460	
2,661,750		2,545,120		Regulatory Services	2,551,450	
1,084,680		1,117,960		Planning Administration & Policy	1,057,480	
	5,636,610		5,225,290	<b>Total Expenditure</b>		5,320,040
	1,088,330		1,114,770	Income from Internal Charges		1,056,950
	4,548,280		4,110,520	<b>Net Expenditure (see Annex 3)</b>		4,263,090
				<b>Service Generated Income</b>		
1,261,860		1,045,540		Fees and Charges	1,132,880	
85,960		40,100		Grants and Reimbursements by other Bodies	34,630	
	1,347,820		1,085,640	<b>Total Income</b>		1,167,510
	3,200,460		3,024,880	<b>To be met from Government Grant and Local Taxation</b>		3,095,580
	125,000		65,000	<b>Capital Expenditure (see Annex 5)</b>		240,000

## Internal Trading Organisations

## Programme 2011/12

2010/11 Original		2010/11 Revised			2011/12 Original	
£	£	£	£	Revenue Expenditure	£	£
2,849,650		2,761,650		Housing Maintenance	2,963,150	
482,830		463,300		Fleet Operations	460,940	
<hr/>		<hr/>		<b>Total Expenditure</b>	<hr/>	
	3,332,480		3,224,950			3,424,090
	3,065,300		2,970,390	Income from Internal Charges		3,132,170
<hr/>		<hr/>		<b>Net Expenditure (see Annex 3)</b>	<hr/>	
	267,180		254,560			291,920
<hr/>		<hr/>		<b>Service Generated Income</b>	<hr/>	
320,130		345,000		Fees and Charges	380,950	
<hr/>		<hr/>		<b>Total Income</b>	<hr/>	
	320,130		345,000			380,950
<hr/>		<hr/>		<b>To be met from Government Grant and Local Taxation</b>	<hr/>	
	(52,950)		(90,440)			(89,030)
<hr/>		<hr/>		<b>Capital Expenditure (see Annex 5)</b>	<hr/>	
	-		-			54,000
<hr/>		<hr/>			<hr/>	

## Non Service Budgets

## Programme 2011/12

2010/11 Original	2010/11 Revised		2011/12 Original		
Total £	Total £	Revenue Expenditure	General Fund £	Housing Revenue £	Total £
(897,000)	(594,000)	Interest & Investment Income	(667,000)		(667,000)
375,000	375,000	Impairment of Investments	-		-
	47,000	Revenue Contribution to Capital	22,000		22,000
(112,500)	(206,000)	Other Items	(44,000)		(44,000)
39,000	28,000	Interest Payable (Inc HRA)	786,000	(748,000)	38,000
4,620,000	3,960,000	Depreciation Reversals & Other Adjs.	(2,960,000)	6,923,000	3,963,000
<hr/>	<hr/>		<hr/>	<hr/>	<hr/>
4,024,500	3,610,000		(2,863,000)	6,175,000	3,312,000
3,116,000	3,855,000	Transferred to Housing Summary	-	3,948,000	3,948,000
<hr/>	<hr/>		<hr/>	<hr/>	<hr/>
7,140,500	7,465,000		(2,863,000)	10,123,000	7,260,000
(545,856)	(308,696)	Contribution (from)/to Revenue Reserves			(171,247)
233,000	163,000	FRS 17 Adjustment			170,000
(24,000)	176,000	Contribution (from)/to Other Reserves			
-	-	Council Tax Freeze Grant			(203,000)
(1,884,000)	(1,906,000)	Contribution from District Development Fund			(1,104,000)
<hr/>	<hr/>				<hr/>
4,919,644	5,589,304	<b>Reduction in Amount to be met from Government Grant and Local Taxation &amp; other Housing Revenue Account items</b>			<b>5,951,753</b>
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## Capital Programme

## Programme 2011/12

General Fund £	Housing Revenue £	2010/11 Original	General Fund £	Housing Revenue £	2010/11 Revised	Gross Expenditure	General Fund £	2011/12 Original Housing Revenue £	Total £
		Total £			Total £				
1,187,000		1,187,000	1,045,000		1,045,000	Corporate Support Services	307,000		307,000
2,435,000		2,435,000	255,000		255,000	Deputy Chief Executive	1,437,000		1,437,000
1,948,000		1,948,000	1,455,000		1,455,000	Environmental and Street Scene	2,181,000		2,181,000
661,000		661,000	408,000		408,000	Finance and ICT	488,000		488,000
2,155,000	6,956,000	9,111,000	1,558,000	6,636,000	8,194,000	Housing	1,778,000	6,919,000	8,697,000
125,000		125,000	65,000		65,000	Planning & Economic Development	240,000		240,000
-	-	-	-	-	-	Internal Trading Organisations	-	54,000	54,000
8,511,000	6,956,000	15,467,000	4,786,000	6,636,000	11,422,000	<b>Total Capital Expenditure</b>	6,431,000	6,973,000	13,404,000
	6,906,000	6,906,000	47,000	6,546,000	6,593,000	Less: Revenue Contributions to Capital	22,000	6,923,000	6,945,000
8,511,000	50,000	8,561,000	4,739,000	90,000	4,829,000	<b>To be met from Capital Resources</b>	6,409,000	50,000	6,459,000
<b>Financed by:</b>									
7,720,000		7,720,000	3,421,000	10,000	3,431,000	Capital Receipts	5,801,000		5,801,000
479,000		479,000	714,000		714,000	Government Grants	520,000		520,000
312,000	50,000	362,000	604,000	80,000	684,000	Other Grants	88,000	50,000	138,000
8,511,000	50,000	8,561,000	4,739,000	90,000	4,829,000	<b>Total Financing</b>	6,409,000	50,000	6,459,000

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COUNCIL TAX RATES FOR DISTRICT & PARISH/TOWN COUNCILS 2011/12

Annex 6

Authorities	Tax Base No.'s	Precept 2011/12	Council Tax Band D	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
		£	£	£	£	£	£	£	£	£	£
<b>District Expenses</b>	<b>54,609.2</b>	<b>8,124,211</b>	<b>148.77</b>	<b>99.18</b>	<b>115.71</b>	<b>132.24</b>	<b>148.77</b>	<b>181.83</b>	<b>214.89</b>	<b>247.95</b>	<b>297.54</b>
<b>Abdess, Berners and Beauchamp Roding</b>	<b>199.7</b>	<b>5,000</b>	<b>25.04</b>	<b>115.87</b>	<b>135.19</b>	<b>154.50</b>	<b>173.81</b>	<b>212.43</b>	<b>251.06</b>	<b>289.68</b>	<b>347.62</b>
<b>Buckhurst Hill</b>	<b>5,301.8</b>	<b>367,142</b>	<b>69.25</b>	<b>145.35</b>	<b>169.57</b>	<b>193.80</b>	<b>218.02</b>	<b>266.47</b>	<b>314.92</b>	<b>363.37</b>	<b>436.04</b>
<b>Chigwell</b>	<b>5,983.1</b>	<b>217,958</b>	<b>36.43</b>	<b>123.47</b>	<b>144.04</b>	<b>164.62</b>	<b>185.20</b>	<b>226.36</b>	<b>267.51</b>	<b>308.67</b>	<b>370.40</b>
<b>Epping Town</b>	<b>5,110.8</b>	<b>428,500</b>	<b>83.84</b>	<b>155.07</b>	<b>180.92</b>	<b>206.76</b>	<b>232.61</b>	<b>284.30</b>	<b>335.99</b>	<b>387.68</b>	<b>465.22</b>
<b>Epping Upland</b>	<b>414.9</b>	<b>11,500</b>	<b>27.72</b>	<b>117.66</b>	<b>137.27</b>	<b>156.88</b>	<b>176.49</b>	<b>215.71</b>	<b>254.93</b>	<b>294.15</b>	<b>352.98</b>
<b>Fyfield</b>	<b>410.4</b>	<b>10,423</b>	<b>25.40</b>	<b>116.11</b>	<b>135.47</b>	<b>154.82</b>	<b>174.17</b>	<b>212.87</b>	<b>251.58</b>	<b>290.28</b>	<b>348.34</b>
<b>High Ongar</b>	<b>575.0</b>	<b>13,500</b>	<b>23.48</b>	<b>114.83</b>	<b>133.97</b>	<b>153.11</b>	<b>172.25</b>	<b>210.53</b>	<b>248.81</b>	<b>287.08</b>	<b>344.50</b>
<b>Lambourne</b>	<b>936.6</b>	<b>29,860</b>	<b>31.88</b>	<b>120.43</b>	<b>140.51</b>	<b>160.58</b>	<b>180.65</b>	<b>220.79</b>	<b>260.94</b>	<b>301.08</b>	<b>361.30</b>
<b>Loughton Town</b>	<b>13,038.3</b>	<b>641,200</b>	<b>49.18</b>	<b>131.97</b>	<b>153.96</b>	<b>175.96</b>	<b>197.95</b>	<b>241.94</b>	<b>285.93</b>	<b>329.92</b>	<b>395.90</b>
<b>Matching</b>	<b>333.9</b>	<b>10,500</b>	<b>31.45</b>	<b>120.15</b>	<b>140.17</b>	<b>160.20</b>	<b>180.22</b>	<b>220.27</b>	<b>260.32</b>	<b>300.37</b>	<b>360.44</b>
<b>Moreton, Bobbingworth and the Lavers</b>	<b>669.1</b>	<b>13,285</b>	<b>19.86</b>	<b>112.42</b>	<b>131.16</b>	<b>149.89</b>	<b>168.63</b>	<b>206.10</b>	<b>243.58</b>	<b>281.05</b>	<b>337.26</b>
<b>Nazeing</b>	<b>2,108.1</b>	<b>72,476</b>	<b>34.38</b>	<b>122.10</b>	<b>142.45</b>	<b>162.80</b>	<b>183.15</b>	<b>223.85</b>	<b>264.55</b>	<b>305.25</b>	<b>366.30</b>
<b>North Weald Bassett</b>	<b>2,569.2</b>	<b>132,205</b>	<b>51.46</b>	<b>133.49</b>	<b>155.73</b>	<b>177.98</b>	<b>200.23</b>	<b>244.73</b>	<b>289.22</b>	<b>333.72</b>	<b>400.46</b>
<b>Ongar Town</b>	<b>2,767.9</b>	<b>193,481</b>	<b>69.90</b>	<b>145.78</b>	<b>170.08</b>	<b>194.37</b>	<b>218.67</b>	<b>267.26</b>	<b>315.86</b>	<b>364.45</b>	<b>437.34</b>
<b>Roydon</b>	<b>1,326.5</b>	<b>28,821</b>	<b>21.73</b>	<b>113.67</b>	<b>132.61</b>	<b>151.56</b>	<b>170.50</b>	<b>208.39</b>	<b>246.28</b>	<b>284.17</b>	<b>341.00</b>
<b>Sheering</b>	<b>1,367.4</b>	<b>31,660</b>	<b>23.15</b>	<b>114.61</b>	<b>133.72</b>	<b>152.82</b>	<b>171.92</b>	<b>210.12</b>	<b>248.33</b>	<b>286.53</b>	<b>343.84</b>
<b>Stanford Rivers</b>	<b>364.9</b>	<b>11,700</b>	<b>32.06</b>	<b>120.55</b>	<b>140.65</b>	<b>160.74</b>	<b>180.83</b>	<b>221.01</b>	<b>261.20</b>	<b>301.38</b>	<b>361.66</b>
<b>Stapleford Abbots</b>	<b>512.4</b>	<b>6,638</b>	<b>12.95</b>	<b>107.81</b>	<b>125.78</b>	<b>143.75</b>	<b>161.72</b>	<b>197.66</b>	<b>233.60</b>	<b>269.53</b>	<b>323.44</b>
<b>Stapleford Tawney</b>	<b>72.3</b>	<b>1,379</b>	<b>19.07</b>	<b>111.89</b>	<b>130.54</b>	<b>149.19</b>	<b>167.84</b>	<b>205.14</b>	<b>242.44</b>	<b>279.73</b>	<b>335.68</b>
<b>Theydon Bois</b>	<b>1,979.7</b>	<b>103,280</b>	<b>52.17</b>	<b>133.96</b>	<b>156.29</b>	<b>178.61</b>	<b>200.94</b>	<b>245.59</b>	<b>290.25</b>	<b>334.90</b>	<b>401.88</b>
<b>Theydon Garnon</b>	<b>66.5</b>	<b>970</b>	<b>14.59</b>	<b>108.91</b>	<b>127.06</b>	<b>145.21</b>	<b>163.36</b>	<b>199.66</b>	<b>235.96</b>	<b>272.27</b>	<b>326.72</b>
<b>Theydon Mount</b>	<b>108.4</b>	<b>1,507</b>	<b>13.90</b>	<b>108.45</b>	<b>126.52</b>	<b>144.60</b>	<b>162.67</b>	<b>198.82</b>	<b>234.97</b>	<b>271.12</b>	<b>325.34</b>
<b>Waltham Abbey Town</b>	<b>8,145.1</b>	<b>769,363</b>	<b>94.46</b>	<b>162.15</b>	<b>189.18</b>	<b>216.20</b>	<b>243.23</b>	<b>297.28</b>	<b>351.33</b>	<b>405.38</b>	<b>486.46</b>
<b>Willingale</b>	<b>247.2</b>	<b>4,500</b>	<b>18.20</b>	<b>111.31</b>	<b>129.87</b>	<b>148.42</b>	<b>166.97</b>	<b>204.07</b>	<b>241.18</b>	<b>278.28</b>	<b>333.94</b>
<b>Town and Parish Total</b>	<b>54,609.2</b>	<b>3,106,848</b>	<b>56.89</b>	<b>37.93</b>	<b>44.25</b>	<b>50.57</b>	<b>56.89</b>	<b>69.53</b>	<b>82.17</b>	<b>94.82</b>	<b>113.78</b>
<b>District, Town and Parish Total</b>	<b>54,609.2</b>	<b>11,231,059</b>	<b>205.66</b>	<b>137.11</b>	<b>159.96</b>	<b>182.81</b>	<b>205.66</b>	<b>251.36</b>	<b>297.06</b>	<b>342.77</b>	<b>411.32</b>

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## PART A : ANALYSIS OF MAJOR PRECEPTING AUTHORITIES 2011/12

Annex 7

Authorities	Tax Base No.'s	Precept 2011/12	Council Tax Band D	Band A	Band B	Band C	Band D	Band E	Band F	Band G	Band H
		£	£	£	£	£	£	£	£	£	£
Essex County Council	54,609.2	59,346,548	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	54,609.2	7,214,968	132.12	88.08	102.76	117.44	132.12	161.48	190.84	220.20	264.24
Essex Fire Authority	54,609.2	3,627,143	66.42	44.28	51.66	59.04	66.42	81.18	95.94	110.70	132.84
District Expenses	54,609.2	8,124,211	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 2011/12

Abess, Berners and Beauchamp Roding	199.7	5,000	25.04	972.73	1,134.86	1,296.98	1,459.10	1,783.34	2,107.59	2,431.83	2,918.20
Buckhurst Hill	5,301.8	367,142	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	5,983.1	217,958	36.43	980.33	1,143.71	1,307.10	1,470.49	1,797.27	2,124.04	2,450.82	2,940.98
Epping Town	5,110.8	428,500	83.84	1,011.93	1,180.59	1,349.24	1,517.90	1,855.21	2,192.52	2,529.83	3,035.80
Epping Upland	414.9	11,500	27.72	974.52	1,136.94	1,299.36	1,461.78	1,786.62	2,111.46	2,436.30	2,923.56
Fyfield	410.4	10,423	25.40	972.97	1,135.14	1,297.30	1,459.46	1,783.78	2,108.11	2,432.43	2,918.92
High Ongar	575.0	13,500	23.48	971.69	1,133.64	1,295.59	1,457.54	1,781.44	2,105.34	2,429.23	2,915.08
Lambourne	936.6	29,860	31.88	977.29	1,140.18	1,303.06	1,465.94	1,791.70	2,117.47	2,443.23	2,931.88
Loughton Town	13,038.3	641,200	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	333.9	10,500	31.45	977.01	1,139.84	1,302.68	1,465.51	1,791.18	2,116.85	2,442.52	2,931.02
Moreton, Bobbingworth and the Lavers	669.1	13,285	19.86	969.28	1,130.83	1,292.37	1,453.92	1,777.01	2,100.11	2,423.20	2,907.84
Nazeing	2,108.1	72,476	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	2,569.2	132,205	51.46	990.35	1,155.40	1,320.46	1,485.52	1,815.64	2,145.75	2,475.87	2,971.04
Ongar Town	2,767.9	193,481	69.90	1,002.64	1,169.75	1,336.85	1,503.96	1,838.17	2,172.39	2,506.60	3,007.92
Roydon	1,326.5	28,821	21.73	970.53	1,132.28	1,294.04	1,455.79	1,779.30	2,102.81	2,426.32	2,911.58
Sheering	1,367.4	31,660	23.15	971.47	1,133.39	1,295.30	1,457.21	1,781.03	2,104.86	2,428.68	2,914.42
Stanford Rivers	364.9	11,700	32.06	977.41	1,140.32	1,303.22	1,466.12	1,791.92	2,117.73	2,443.53	2,932.24
Stapleford Abbotts	512.4	6,638	12.95	964.67	1,125.45	1,286.23	1,447.01	1,768.57	2,090.13	2,411.68	2,894.02
Stapleford Tawney	72.3	1,379	19.07	968.75	1,130.21	1,291.67	1,453.13	1,776.05	2,098.97	2,421.88	2,906.26
Theydon Bois	1,979.7	103,280	52.17	990.82	1,155.96	1,321.09	1,486.23	1,816.50	2,146.78	2,477.05	2,972.46
Theydon Garnon	66.5	970	14.59	965.77	1,126.73	1,287.69	1,448.65	1,770.57	2,092.49	2,414.42	2,897.30
Theydon Mount	108.4	1,507	13.90	965.31	1,126.19	1,287.08	1,447.96	1,769.73	2,091.50	2,413.27	2,895.92
Waltham Abbey Town	8,145.1	769,363	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	247.2	4,500	18.20	968.17	1,129.54	1,290.90	1,452.26	1,774.98	2,097.71	2,420.43	2,904.52

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## **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 2013/14, as it is anticipated that most Councils will freeze their charges for 2011/12 and 2012/13. The Council currently has the second lowest charge and last year saw the gap to the lowest Band D charge in Essex reduce from £3.33 to £1.35.
4. At its 27 September 2010 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 those was how the incoming government would 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 £17.1m for CSB expenditure for 2011/12 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 at the end of the forecast.
7. At that time the predicted General Fund balance at 1 April 2015 of £5.6m represented nearly 36% of the anticipated Net Budget Requirement (NBR) for 2014/15 and was therefore somewhat higher than the guideline of 25%. It was also predicted at that time that there would be £562,000 left in the DDF at 1 April 2015.

## Updated Medium Term Financial Strategy

8. As the general reductions in public spending and the specific reductions in Council's grants from Government became clearer it has been necessary to keep the CSB targets and the associated net savings requirements under review. The final grant figures were only announced on the evening of 13 December and an update was provided for Council on 14 December. Given the limited time to prepare the update, it was only an approximation but indicated that savings over the period would need to increase from £2.3m to £3m. 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 – the net savings required for 2011/12 have been found, but budgets will be re-visited during the course of 2011/12 to seek further reductions. In common with the earlier version of the strategy, target CSB savings are included for the period 2012/13 to 2014/15. The removal of under spent budgets, a lower than anticipated pay award and the lower than estimated reduction in administration subsidy from the Department for Work and Pensions have helped achieve the savings required for 2011/12. However, annual net savings targets of £1.3m for 2012/13, £750,000 for 2013/14, and £500,000 for 2014/15 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 £216,000 is still available. This is an improvement on the position in the current year's budget, where the MTFs adopted in February 2010 showed a closing balance at the end of the period of £156,000.
  - c) Grant Funding – beyond 2012/13 it has been assumed that there will be a 6% reduction in grant over the remaining two years of the CSR period. This is in line with the headline figures provided in October 2010 but is likely to be effected by the Government's re-working of the grant allocation model and the strength of the economic recovery.
  - d) Council Tax Increase – Members have confirmed they wish to freeze the charge for 2011/12 and 2012/13 and limit the increase to 2.5% for subsequent years. These assumptions have been built into the strategy.
9. This revised medium term financial strategy has deficits in for the entire period, although these are reducing and the use of reserves in 2014/15 is £260,000 lower than in 2013/14. The predicted revenue balance at the end of the period is £5.909m, which represents 40% of the NBR for 2014/15 and thus comfortably exceeds the target of 25%.
10. It is worth repeating that significant savings are necessary in each of the 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 2011 meeting of the Finance and Performance Management Cabinet Committee.

## GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2009/10 - 2014/15

ORIGINAL 2010/11	REVISED				
	FORECAST 2010/11	FORECAST 2011/12	FORECAST 2012/13	FORECAST 2013/14	FORECAST 2014/15
£'000 <b>NET REVENUE EXPENDITURE</b>	£'000	£'000	£'000	£'000	£'000
18,309 Continuing Services Budget	17,935	17,293	16,763	16,118	15,638
-237 CSB - Growth Items	-122	-1,408	-20	205	77
0 Net saving	0	0	-1,300	-750	-500
<b>18,072 Total C.S.B</b>	<b>17,813</b>	<b>15,885</b>	<b>15,443</b>	<b>15,573</b>	<b>15,215</b>
1,884 One - off Expenditure	1,906	1,104	763	38	14
<b>19,956 Total Net Operating Expenditure</b>	<b>19,719</b>	<b>16,989</b>	<b>16,206</b>	<b>15,611</b>	<b>15,229</b>
-24 Contribution to/from (-) Insurance Res	0	0	0	0	0
-1,884 Contribution to/from (-) DDF Balances	-1,906	-1,104	-763	-38	-14
-544 Contribution to/from (-) Balances	-309	-171	-627	-772	-512
<b>17,504 Net Budget Requirement</b>	<b>17,504</b>	<b>15,714</b>	<b>14,816</b>	<b>14,801</b>	<b>14,703</b>
<b>FINANCING</b>					
9,379 Government Support (NNDP+RSG)	9,379	7,387	6,453	6,401	6,056
36 RSG Floor Gains/(-Losses)	36	0	0	0	0
<b>9,415 Total External Funding</b>	<b>9,415</b>	<b>7,387</b>	<b>6,453</b>	<b>6,401</b>	<b>6,056</b>
8,089 District Precept	8,089	8,124	8,160	8,400	8,647
0 Grant for Council tax Freeze	0	203	203	0	0
<b>To be met from Government 17,504 Grants and Local Tax Payers</b>	<b>17,504</b>	<b>15,714</b>	<b>14,816</b>	<b>14,801</b>	<b>14,703</b>
Band D Council Tax	148.77	148.77	148.77	152.49	156.30
<b>Percentage Increase %</b>		0.0	0.0	2.5	2.5

## GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY 2010/11 - 2014/15

	REVISED FORECAST 2010/11	FORECAST 2011/12	FORECAST 2012/13	FORECAST 2013/14	FORECAST 2014/15
	£'000	£'000	£'000	£'000	£'000
<b>REVENUE BALANCES</b>					
Balance B/forward	8,300	7,991	7,820	7,193	6,421
Surplus/Deficit(-) for year	-309	-171	-627	-772	-512
<b>Balance C/Forward</b>	<b>7,991</b>	<b>7,820</b>	<b>7,193</b>	<b>6,421</b>	<b>5,909</b>
<b>DISTRICT DEVELOPMENT FUND</b>					
Balance B/forward	4,041	2,135	1,031	268	230
Transfer Out	-1,906	-1,104	-763	-38	-14
<b>Balance C/Forward</b>	<b>2,135</b>	<b>1,031</b>	<b>268</b>	<b>230</b>	<b>216</b>
<b>CAPITAL FUND (inc Cap Receipts)</b>					
Balance B/forward	21,091	17,661	12,095	10,366	9,742
New Usable Receipts	201	235	295	294	294
Use of Capital Receipts	-3,631	-5,801	-2,024	-918	-860
<b>Balance C/Forward</b>	<b>17,661</b>	<b>12,095</b>	<b>10,366</b>	<b>9,742</b>	<b>9,176</b>
<b>TOTAL BALANCES</b>	<b>27,787</b>	<b>20,946</b>	<b>17,827</b>	<b>16,393</b>	<b>15,301</b>

**Report on the Council's Prudential Indicators for 2011/12 to 2013/14 and the Treasury Management Strategy for 2011/12**

This report outlines the Council's prudential indicators for 2011/12 – 2013/14 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 and the Department for Communities and Local Government (CLG) updated the Investment Guidance is fully incorporated within these reports.

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 2011/12 to 2013/14 contained within Annex 9a of the report. The main indicators are summarised in the table below:**

	<b>2009/10 Actual</b>	<b>2010/11 Revised</b>	<b>2011/12 Estimate</b>	<b>2012/13 Estimate</b>	<b>2013/14 Estimate</b>
Capital Expenditure	£13.222m	£11.422m	£13.404m	£9.245m	£7.052m
Capital financing requirement	-£0.784m	-£0.784m	-£0.784m	-£0.784m	-£0.784m
Ratio of financing costs to net revenue stream – General Fund	-3.36%	-1.67%	-2.01%	-3.40%	-4.36%
Ratio of financing costs to net revenue stream – HRA	-3.48%	-1.73%	-2.05%	-3.47%	-4.45%
Incremental impact of capital investment decisions on the Band D Council Tax	N/a	-£0.42	£0.71	£2.33	£3.13
Incremental impact of capital investment decisions on weekly housing rents levels	N/a	£0.11	£1.81	£3.99	£3.98

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 2011/12 to 2013/14 contained within Annex 9a. The treasury prudential indicators are set out in the tables below;

	2009/10 Actual	2010/11 Revised	2011/12 Estimate	2012/13 Estimate	2013/14 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	2011/12 Upper	2012/13 Upper	2013/14 Upper
Limits on fixed interest rates	100%	100%	100%
Limits on variable interest rates	50%	50%	50%

Maturity Structure of fixed interest rate borrowing						
	2011/12		2012/13		2013/14	
	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%
<b>Maximum principal sums invested for 1 year or more</b>	£30 m		£30 m		£30 m	

4. Members are recommended to approve the investment strategy for 2011/12 contained in the treasury management strategy (Annex 9a), and the detailed criteria included within it, specifically approving:
- The criteria for specified investments (Annex 9a(iii))
  - The criteria for non-specified investments (Annex 9a(iv))



**Epping Forest District Council  
Treasury Management Strategy Statement  
and Investment Strategy 2011/12 to 2013/14**

**Contents**

1. Background
2. Balance Sheet and Treasury Position
3. Borrowing
4. Investment Policy and Strategy
5. Outlook for Interest Rates
6. Balanced Budget Requirement
7. 2011/12 MRP Statement
8. Reporting
9. Other Items

**Annexes 9a**

- (i) Current and Projected Portfolio Position
- (ii) Interest Rate Outlook: The Council's, Arlingclose's
- (iii) Specified Investments for use by the Council
- (iv) Non- Specified Investments for use by the Council
- (v) Credit Ratings

## 1. Background

- 1.1. The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services (the "CIPFA TM Code") and the Prudential Code require local authorities to determine the Treasury Management Strategy Statement (TMSS) and Prudential Indicators on an annual basis. The TMSS also incorporates the Investment Strategy as required under the CLG's Investment Guidance.
- 1.2. CIPFA has defined Treasury Management 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."*
- 1.3. The Council is responsible for its treasury decisions and activity. No treasury management activity is without risk. The successful identification, monitoring and control of risk are integral element to treasury management activities and include Credit and Counterparty Risk, Liquidity Risk, Market or Interest Rate Risk, Refinancing Risk and Legal and Regulatory Risk.
- 1.4. The strategy takes into account the impact of the Council's Revenue Budget and Capital Programme on the Balance Sheet position, the current and projected Treasury position (Annex 9a(i), the Prudential Indicators and the outlook for interest rates (Annex 9a(ii)).
- 1.5. The purpose of this TMSS is to approve:
  - Treasury Management Strategy for 2011-12 (Borrowing - Section 3, Investments - Section 5)
  - Prudential Indicators – (NB: the Authorised Limit is a statutory limit)
  - MRP Statement – Section 7
  - Use of Specified and Non-Specified Investments – Annexes 9a(iii) & 9a(iv)
- 1.6. The Council approved the adoption of the CIPFA Treasury Management Code on 22 April 2002. The Council has incorporated the changes from the revised CIPFA Code of Practice into its treasury policies, procedures and practices. However, the revised Code of Practice has amended the Treasury Management Policy Statement and this was approved at Council on 16 February 2010.
- 1.7. All treasury activity will comply with relevant statute, guidance and accounting standards.

## 2. Balance Sheet and Treasury Position

2.1. The underlying need to borrow for capital purposes, as measured by the Capital Financing Requirement (CFR), together with Balances and Reserves, are the core drivers of Treasury Management Activity. The estimates, based on the current Revenue Budget and Capital Programmes, are:

	31/03/2011 Estimate £m	31/03/2012 Estimate £m	31/03/2013 Estimate £m	31/03/2014 Estimate £m
General Fund CFR	37.519	37.519	37.519	37.519
HRA CFR	-38.303	-38.303	-38.303	-38.303
Total CFR	-0.784	-0.784	-0.784	-0.784
Balances & Reserves	-50.000	-47.000	-43.000	-37.000
Cumulative Net Borrowing Requirement/(Investments)	-50.784	-47.784	-43.784	-37.784

2.2. The Council's level of physical debt and investments is linked to these components of the Balance Sheet. The current portfolio position is set out at Appendix A. Market conditions, interest rate expectations and credit risk considerations will influence the Council's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position. The Council will ensure that net physical external borrowing (i.e. net of investments) will not exceed the CFR other than for short term cash flow requirements.

Estimates of Capital Expenditure:

2.3. It is a requirement of the Prudential Code to ensure that capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

Capital Expenditure	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Non-HRA	8.511	4.786	6.431	2.370	1.221
HRA	6.956	6.636	6.973	6.875	5.831
Total	15.467	11.422	13.404	9.245	7.052

2.4. Capital expenditure is expected to be financed as follows:

Capital Financing	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Capital receipts	7.720	3.431	5.801	2.024	0.918
Government Grants	0.841	1.398	0.658	0.396	0.353
Major Repairs Allowance	5.143	4.783	4.873	4.775	3.731
Revenue contributions	1.763	1.810	2.072	2.050	2.050
Total Financing	15.467	11.422	13.404	9.245	7.052

**Incremental Impact of Capital Investment Decisions:**

2.5. As an indicator of affordability the table below shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme.

Incremental Impact of Capital Investment Decisions	2010/11 Approved £	2011/12 Estimate £	2012/13 Estimate £	2013/14 Estimate £
Increase in Band D Council Tax	-0.42	0.71	2.33	3.13
Increase in Average Weekly Housing Rents	0.11	1.81	3.99	3.98

2.6. Reform to the Council Housing Subsidy System: CLG consulted on proposals to reform the council housing subsidy system in July 2010. The consultation proposed a removal of the subsidy system by offering a one-off reallocation of debt. Details of the new system will be announced following the recent Comprehensive Spending Review, and will be introduced in the Localism Bill later this Autumn to enable the new system to start in 2012.

This will require the Council to fund the amount owed in the medium term through internal resources and/or external borrowing. The Council has the option of borrowing from the PWLB or the market. The type of loans taken will be decided on in discussions with the Housing department and the councils' Treasury Advisors.

2.7. The estimate for interest payments in 2011/12 is nil and for interest receipts is £0.667m. The ratio of financing costs to the Council's net revenue stream is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The ratio is based on costs net of investment income.

Ratio of Financing Costs to Net Revenue Stream	2010/11 Approved %	2010/11 Revised %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
Non-HRA	-2.52	-1.67	-2.01	-3.40	-4.36
HRA	-2.60	-1.73	-2.05	-3.47	-4.45

### 3. Borrowing Strategy

- 3.1. The Council's balance of actual gross borrowing plus other long-term liabilities is shown in Appendix A. This is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.
- 3.2. The Authorised Limit sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) and is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit).
- 3.3. The Operational Boundary links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

External Debt	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
Authorised Limit	5.0	5.0	5.0	5.0	5.0
Operational Boundary	0.5	0.5	0.5	0.5	0.5

- 3.4. In conjunction with advice from its treasury advisor, Arlingclose Ltd, the Council will keep under review the following borrowing options:
- PWLB loans
  - Borrowing from other local authorities
  - Borrowing from institutions such as the European Investment Bank and directly from Commercial Banks
  - Borrowing from the Money Markets
  - Local authority stock issues
  - Structured finance
- 3.5. Notwithstanding the issuance of Circular 147 on 20<sup>th</sup> October following the CSR announcement which increases the cost of new local authority fixed rate loans to 1% above the cost of the Government's borrowing, the PWLB remains an attractive source of borrowing, given the transparency and control that its facilities continue to provide. The types of PWLB borrowing that are considered appropriate for a low interest rate environment are:
- Variable rate borrowing
  - Medium-term year Equal Instalments of Principal (EIP) or Annuity Loans
  - Long-term Maturity loans, where affordable
- 3.6. Capital expenditure levels, market conditions and interest rate levels will be monitored during the year in order to minimise borrowing costs over the medium to longer term and maintaining stability. The differential between debt costs and investment earnings, despite long term borrowing rates being at low levels, remains acute and this is expected to remain a feature during 2011/12. The "cost of carry" associated with medium and long-term borrowing compared to temporary investment returns means that new fixed rate borrowing could entail additional short-term costs. The use of internal resources in lieu of borrowing may again, in 2011/12, be the most cost effective means of financing capital expenditure.

3.7. PWLB variable rates are expected to remain low as the Bank Rate is maintained at historically low levels for an extended period. Exposure to variable interest rates will be kept under regular review. Each time the spread between long-term rates and variable rates narrows by 0.50%, this will trigger a formal review point and options will be considered in conjunction with the Authority's Treasury Advisor and decisions taken on whether to retain the same exposure or change from variable to fixed rate debt.

3.8. The following Prudential Indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget. The limit allows for the use of variable rate debt to offset exposure to changes in short-term rates on investments.

3.9. The Council's existing level of fixed interest rate exposure is 74% and variable rate exposure is 26%.

Interest Rate Exposure on:	2010/11 Approved %	2010/11 Revised %	2011/12 Estimate %	2012/13 Estimate %	2013/14 Estimate %
Upper Limit for Fixed	100	100	100	100	100
Upper Limit for Variable	50	50	50	50	50

3.10. The limits on the below table 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.

Maturity structure of fixed rate borrowing	Existing level (or Benchmark level) at 31/03/10 %	Lower Limit for 2011/12 %	Upper Limit for 2011/12 %
under 12 months	0	0	100
12 months and within 24 months	0	0	0
24 months and within 5 years	0	0	0
5 years and within 10 years	0	0	0
10 years and above	0	0	0

#### 4. Investment Policy and Strategy

- 4.1. Guidance from CLG on Local Government Investments in England requires that an Annual Investment Strategy (AIS) be set.
- 4.2. The Council's investment priorities are:
- security of the invested capital;
  - liquidity of the invested capital;
  - an optimum yield which is commensurate with security and liquidity.
- 4.3. Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the CLG Guidance. Potential instruments for the Council's use within its investment strategy are contained in Annexes 9a(iii) and 9a(iv). The Director of Finance & ICT under delegated powers, will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Decisions taken on the core investment portfolio are covered in the mid-year report to the Audit & Governance Committee.
- 4.4. Changes to investment strategy for 2011/12 include:
- Term deposits in Sweden
  - Maximum duration for new deposits 2 years
- 4.5. The Council's current level of investments is presented at Annex 9a(i).
- 4.6. The Council's in-house investments are made with reference to the outlook for the UK Bank Rate and money market rates.
- 4.7. In any period of significant stress in the markets, the default position is for investments to be made with the Debt Management Office or UK Treasury Bills. (The rates of interest from the DMO are below equivalent money market rates, but the returns are an acceptable trade-off for the guarantee that the Council's capital is secure.)
- 4.8. The Council selects countries and the institutions within them for the counterparty list after analysis and careful monitoring of:
- Credit Ratings (minimum long-term A+ for counterparties; AA+ for countries)
  - Credit Default Swaps (where quoted)
  - GDP; Net Debt as a Percentage of GDP
  - Sovereign Support Mechanisms/potential support from a well-resourced parent institution
  - Share Prices
  - Macro-economic indicators
  - Corporate developments, news and articles , market sentiment.
- 4.9. The Council and its Treasury Advisors, Arlingclose, will continue to analyse and monitor these indicators and credit developments on a regular basis and respond as necessary to ensure security of the capital sums invested.
- 4.10. The UK Bank Rate has been maintained at 0.5% since March 2009, and is anticipated to remain at low levels throughout 2011/12. Short-term money market rates are likely to remain at very low levels for an extended period which will have a significant impact on investment income.

- 4.11. To protect against a lower for longer prolonged period of low interest rates and to provide certainty of income, 2-year deposits and longer-term secure investments will be actively considered within the limits the Council has set for Non-Specified Investments (see Appendix D). The longer-term investments will be likely to include:
- Term Deposits with counterparties rated at least A+ (or equivalent)
  - Supranational Bonds (bonds issued by multilateral development banks): Even at the lower yields likely to be in force, the return on these bonds will provide certainty of income against an outlook of low official interest rates.
- 4.12. The Council has placed an upper limit for principal sums invested for over 364 days, as required by the Prudential Code. This limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

Upper limit for total principal sums invested over 364 days	2010/11 Approved £m	2010/11 Revised £m	2011/12 Estimate £m	2012/13 Estimate £m	2013/14 Estimate £m
	30.0	30.0	30.0	30.0	30.0

## 5. Outlook for Interest Rates

5.1 The economic interest rate outlook provided by the Council's treasury advisor, Arlingclose Ltd, is attached at Appendix B. The Council will reappraise its strategy from time to time and, if needs be, realign it with evolving market conditions and expectations for future interest rates.

## 6. Balanced Budget Requirement

6.1. The Council complies with the provisions of S32 of the Local Government Finance Act 1992 to set a balanced budget.

## 7. 2011/12 MRP Statement

7.1. The Local Authorities (Capital Finance and Accounting)(England)(Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision has been issued by the Secretary of State and local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003.

7.2. The four MRP options available are:

- Option 1: Regulatory Method
- Option 2: CFR Method
- Option 3: Asset Life Method
- Option 4: Depreciation Method



7.3. MRP in 2011/12: Options 1 and 2 may be used only for supported expenditure. Methods of making prudent provision for self financed expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses).

7.4. The MRP Statement will be submitted to Council before the start of the 2011/12 financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement should be put to Council at that time.

7.5. The Council's CFR at 31<sup>st</sup> March 2011 is estimated to be negative £0.784m and as such under Option 2 (the CFR Method) there is no requirement to charge MRP in 2011/12.

## 8. Monitoring and Reporting on the Treasury Outturn and Prudential Indicators

Treasury activity is monitored monthly and reported internally to Director of Finance & ICT.

The Director of Finance & ICT will report to the Finance & Performance Cabinet Committee on treasury management activity and Performance Indicators as follows:

(a) Mid-year against the strategy approved for the year.

(b) The Council will produce an outturn report on its treasury activity no later than 30<sup>th</sup> September after the financial year end.

(c) The Audit & Governance Committee will be responsible for the scrutiny of treasury management activity and practices.

## 9. Other Items

### Training

CIPFA's Code of Practice requires the Director of Finance & ICT to ensure that all members tasked with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities.

### Investment Consultants

The Council appointed Arlingclose to act as Investment Consultants from 1 May 2010 for a period of three years. Regular meetings are held with Arlingclose to discuss the performance of the Council's investments and any opportunities arising in the market.

## EXISTING PORTFOLIO PROJECTED FORWARD

	Current Portfolio £m	%	31 Mar 11 Estimate £m	31 Mar 12 Estimate £m	31 Mar 13 Estimate £m	31 Mar 14 Estimate £m
<b>External Borrowing:</b>						
Total External Borrowing	0.0		0.0	0.0	0.0	0.0
Existing long-term liabilities	0.0		0.0	0.0	0.0	0.0
<b>Total Gross External Debt</b>	<b>0.0</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Investments:</b>						
<i>Managed in-house</i>						
- Short-term monies (Deposits/ monies on call /MMFs)	-50.5		-50.0	-47.0	-43.0	-37.0
- Long-term investments (maturities over 12 months)						
<b>Total Investments</b>	<b>-50.5</b>		<b>-50.0</b>	<b>-47.0</b>	<b>-43.0</b>	<b>-37.0</b>
<b>(Net Borrowing Position)/ Net Investment position</b>	<b>-50.5</b>		<b>-50.0</b>	<b>-47.0</b>	<b>-43.0</b>	<b>-37.0</b>

### Arlingclose's Economic and Interest Rate Forecast

	Dec-10	Mar-11	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Sep-12	Dec-12	Mar-13	Jun-13
<b>Official Bank Rate</b>											
<b>Upside risk</b>	-	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Central case</b>	0.50	0.50	0.50	0.75	1.00	1.25	1.50	2.00	2.50	2.75	2.75
<b>Downside risk</b>	-	-	-	- 0.25	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50
<b>1-yr LIBID</b>											
<b>Upside risk</b>	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Central case</b>	1.50	1.75	2.00	2.25	2.50	2.75	3.00	3.25	3.50	3.50	3.50
<b>Downside risk</b>	- 0.25	- 0.25	- 0.25	- 0.25	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50	- 0.50
<b>5-yr gilt</b>											
<b>Upside risk</b>	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Central case</b>	2.00	2.25	2.75	3.25	3.50	3.75	4.00	4.00	4.00	4.00	4.00
<b>Downside risk</b>	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
<b>10-yr gilt</b>											
<b>Upside risk</b>	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50
<b>Central case</b>	3.50	3.75	3.75	4.00	4.25	4.50	4.75	4.75	4.75	4.75	4.75
<b>Downside risk</b>	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
<b>20-yr gilt</b>											
<b>Upside risk</b>	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50
<b>Central case</b>	4.25	4.50	4.75	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
<b>Downside risk</b>	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25
<b>50-yr gilt</b>											
<b>Upside risk</b>	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
<b>Central case</b>	4.25	4.25	4.50	4.75	4.75	4.75	4.75	4.50	4.50	4.50	4.50
<b>Downside risk</b>	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25	- 0.25

- The recovery in growth is likely to be slow, uneven and more "Square root" than "V" shaped.
- The initial reaction to the CSR is positive but implementation risks remain.
- The path of base rates reflects the fragility of the recovery and the significantly greater fiscal tightening of the emergency budget. With growth and underlying inflation likely to remain subdued, the Bank will stick to its lower for longer stance on policy rates.
- Gilts will remain volatile as the growth versus headline inflation debate escalates

#### Underlying assumptions:

- The framework and target announced in the Comprehensive Spending Review to reduce the budget deficit and government debt are the same as announced in June and focuses on how the cuts are to be distributed. The next big fiscal milestone will be the Office Of Budget Responsibility's assessment of the CSR's implications for growth, employment and inflation.
- The minutes of the Monetary Policy Committee's meeting suggest an increased likelihood of further Quantitative Easing. Money supply is weak and growth prospects remain subdued. The analysis and projections in November's Quarterly Inflation Report will give the Bank of England the opportunity to re-evaluate the outlook for economic activity and inflation and the fiscal impact of the CSR.
- Consumer Price Inflation is stubbornly above 3% and could remain higher than the MPC has previously forecast.
- The employment outlook remains uncertain, as unemployment remains near a 16 year high at just over 2.4 Million.
- The recently announced Basel III capital/liquidity rules and extended timescales is positive for banks. However, the restructuring of UK bank balance sheets is ongoing and expected to take a

long time to complete, and is a pre-condition for eventual normalisation of credit conditions and bank lending.

- A high savings ratio combined with a reduction in net consumer credit and weak consumer confidence are consistent with lower consumption and therefore future trend rate of growth despite Q2's strong performance.
- Uncertainty surrounding Eurozone sovereign debt and the risk of contagion will remain a driver of global credit market sentiment.
- The US Federal Reserve downgraded its outlook for US growth; the Fed is concerned enough to signal further QE through asset purchases might be required. Industrial production and growth in the Chinese economy are showing signs of slowing. Both have implications for the global economy.

### Specified Investments

Specified Investments identified for use by the Council

Specified Investments will be those that meet the criteria in the CLG Guidance, i.e. the investment

- is sterling denominated
- has a maximum maturity of 1 year
- meets the "high credit quality" as determined by the Council or is made with the UK government or is made with a local authority in England, Wales, Scotland or Northern Ireland or a parish or community council.
- the making of which is not defined as capital expenditure under section 25(1)(d) in SI 2003 No 3146 (i.e. the investment is not loan capital or share capital in a body corporate).

"Specified" Investments identified for the Council's use are:

- Deposits in the DMO's Debt Management Account Deposit Facility
- Deposits with UK local authorities
- Deposits with banks and building societies
- \*Certificates of deposit with banks and building societies
- \*Gilts: (bonds issued by the UK government)
- \*Bonds issued by multilateral development banks
- AAA-rated Money Market Funds with a Constant Net Asset Value (CNAV)
- Other Money Market Funds and Collective Investment Schemes– i.e. credit rated funds which meet the definition of a collective investment scheme as defined in SI 2004 No 534 and SI 2007 No 573.

1. \* *Investments in these instruments will be on advice from the Council's treasury advisor.*

For credit rated counterparties, the minimum criteria will be the lowest equivalent short-term and long-term ratings assigned by Fitch, Moody's and Standard & Poor's (where assigned).

*Long-term minimum: A+(Fitch); A1 (Moody's); A+ (S&P)*

*Short-term minimum: F1 (Fitch); P-1 (Moody's); A-1 (S&P)*

The Council will also take into account information on corporate developments of and market sentiment towards investment counterparties.

New specified investments will be made within the following limits:

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limits £m
Term Deposits	UK	DMADF, DMO	No limit
Term Deposits/Call Accounts	UK	Other UK Local Authorities	No limit
Term Deposits/Call Accounts	UK*	Counterparties rated at least A+ Long Term and F1 Short Term (or equivalent)	10.0
Term Deposits/Call Accounts	Non-UK*	Counterparties rated at least A+ Long Term and F1 Short Term (or equivalent) in select countries with a Sovereign Rating of at least AA+	10.0
Gilts	UK	DMO	No limit
Bonds issued by multilateral development banks		(For example, European Investment Bank/Council of Europe, Inter American Development Bank)	10.0
AAA-rated Money Market Funds	UK/Ireland/ Luxembourg domiciled	CNAV MMFs	10.0
Other MMFs and CIS	UK/Ireland/ Luxembourg domiciled	Pooled funds which meet the definition of a Collective Investment Scheme per SI 2004 No 534 and subsequent amendments	10.0

*NB Any existing deposits outside of the current criteria will be reinvested with the above criteria on maturity.*

**NB**

*Non-UK Banks - These should be restricted to a maximum exposure of 25-30% per country. This means that effectively all the authority's investments can be made with non-UK institutions should you wish, but it limits the risk of over-exposure to any one country.*

Instrument	Country/ Domicile	Counterparty	Maximum Counterparty Limit £m
Term Deposits/Call Accounts	UK	Santander UK Plc (Banco Santander Group)	10.0
Term Deposits/Call Accounts	UK	Bank of Scotland (Lloyds Banking Group)	10.0
Term Deposits/Call Accounts	UK	Lloyds TSB (Lloyds Banking Group)	10.0
Term Deposits/Call Accounts	UK	Barclays Bank Plc	10.0
Term Deposits/Call Accounts	UK	Clydesdale Bank (National Australia Bank Group)	10.0
Term Deposits/Call Accounts	UK	HSBC Bank Plc	10.0
Term Deposits/Call Accounts	UK	Nationwide Building Society	10.0
Term Deposits/Call Accounts	UK	NatWest (RBS Group)	10.0
Term Deposits/Call Accounts	UK	Royal Bank of Scotland (RBS Group)	10.0
Term Deposits/Call Accounts	Australia	Australia and NZ Banking Group	10.0
Term Deposits/Call Accounts	Australia	Commonwealth Bank of Australia	10.0
Term Deposits/Call Accounts	Australia	National Australia Bank Ltd (National Australia Bank Group)	10.0
Term Deposits/Call Accounts	Australia	Westpac Banking Corp	10.0
Term Deposits/Call Accounts	Canada	Bank of Montreal	10.0
Term Deposits/Call Accounts	Canada	Bank of Nova Scotia	10.0
Term Deposits/Call Accounts	Canada	Canadian Imperial Bank of Commerce	10.0
Term Deposits/Call Accounts	Canada	Royal Bank of Canada	10.0
Term Deposits/Call Accounts	Canada	Toronto-Dominion Bank	10.0
Term Deposits/Call Accounts	Finland	Nordea Bank Finland	10.0
Term Deposits/Call Accounts	France	BNP Paribas	10.0
Term Deposits/Call Accounts	France	Credit Agricole CIB (Credit Agricole Group)	10.0
Term Deposits/Call Accounts	France	Credit Agricole SA (Credit Agricole Group)	10.0
Term Deposits/Call Accounts	France	Société Générale	10.0
Term Deposits/Call Accounts	Germany	Deutsche Bank AG	10.0
Term Deposits/Call Accounts	Netherlands	ING Bank NV	10.0

Term Deposits/Call Accounts	Netherlands	Rabobank	10.0
Term Deposits/Call Accounts	Sweden	Svenska Handelsbanken	10.0
Term Deposits/Call Accounts	Switzerland	Credit Suisse	10.0
Term Deposits/Call Accounts	US	JP Morgan	10.0

*Please note this list could change if, for example, a counterparty/country is upgraded, and meets our other creditworthiness tools. Alternatively if a counterparty is downgraded, this list may be shortened.*



### Non-Specified Investments determined for use by the Council

Having considered the rationale and risk associated with Non-Specified Investments, the following have been determined for the Council's use:

	In-house use	Maximum maturity	Maximum Amount	Capital expenditure?
<ul style="list-style-type: none"> <li>▪ Deposits with banks and building societies</li> <li>▪ CDs with banks and building societies</li> </ul>	✓  ✓	5 years	£20m	No
<ul style="list-style-type: none"> <li>▪ Gilts</li> <li>▪ Bonds issued by multilateral development banks</li> <li>▪ Bonds issued by financial institutions guaranteed by the UK government</li> <li>▪ Sterling denominated bonds by non-UK sovereign governments</li> </ul>	✓ (on advice from treasury advisor)	10 years	£10m	No
Money Market Funds and Collective Investment Schemes, which are not credit rated	✓ (on advice from treasury advisor)	These funds do not have a defined maturity date	£10m	No

1. In determining the period to maturity of an investment, the investment should be regarded as commencing on the date of the commitment of the investment rather than the date on which funds are paid over to the counterparty.
2. The use of the above instruments by the Council's fund manager(s) will be by reference to the fund guidelines contained in the agreement between the Council and the individual manager.

## **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.

<b>Definitions (from S&amp;P)</b>	<b>Fitch</b>	<b>Moody</b>	<b>Standard &amp; Poor</b>
Has extremely strong capacity to meet its financial commitments. Is the highest credit	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.

<b>Definitions (from S&amp;P)</b>	<b>Fitch</b>	<b>Moody</b>	<b>Standard &amp; Poor</b>
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

The Chief Financial Officer's report to the Council on the robustness of the estimates for the purposes of the Council's 2011/12 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 2011/12. 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 2011/12 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 work closely with Directors to deliver acceptable and accurate budgets. This role has been taken seriously and has helped enhance the detailed knowledge of the Cabinet.
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 2011/12.**

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

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

## **Factor Assessment**

### **a. Inflationary pressures**

11. Every year base budget estimates are produced and then different inflation factors are applied to the resultant figures to take budgets to out-turn prices. It is inevitable that there will be either over or under provision for the full cost of inflation, as prices will vary against the estimates made. Efforts have been made to predict the level of inflation in the coming year, although the difficulty in making these predictions is highlighted by inflation remaining stubbornly high and above the target for, and predictions of, the Monetary Policy Committee. Inflation, as measured by the annual rate of increase in the Retail Prices Index, rose from 4.7% for November to 4.8% for December. Over this period the Consumer Prices Index rose from 3.3% to 3.7% and so is rapidly approaching double the Government target of 2%. However, whilst recovery in the overall economy remains weak the Monetary Policy Committee are likely to continue their cautious stance and not strongly intervene with increases in interest rates to reduce inflation.
12. If inflation remains at the current level for long pressure for a pay award will increase. Pay rates have been frozen for 2010/11 and the Government has stressed the need for restraint in public sector pay over the length of the Comprehensive Spending Review. The Medium Term Financial Strategy (MTFS) includes an allowance of 1.5% for pay awards for 2013/14 and 2014/15, as it is felt that a pay freeze for the entire period is unlikely to be sustainable. 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 increased from 2% to 2.5%. This reflects the ongoing underspends, with total salaries at December 2010 being 3.8% underspent. It is unlikely that the Authority will have a full establishment throughout 2011/12 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. 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 2011/12.
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. 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.
15. Even with the Authority's substantial capital programme, which exceeds £48m over five years, it is anticipated that the balance of usable capital receipts at 31 March 2015 will be £9.2m. The Capital Strategy continues to emphasise that priority will be given to capital schemes that will create future revenue benefit, either through increased income or reduced costs.

**c. Treatment of demand led pressures and savings**

16. The main demand led pressures are still on the benefits and homelessness services as people continue to struggle with the difficult economic circumstances and rising unemployment. Stagnation in the housing market is an ongoing problem and the lack of activity in this area continues to impact on key income streams like planning and building control fees and land charges. One encouraging development in this area is the possible move away from prescribed planning fees, with Council's being able to seek full recovery of their costs. The outcome of the consultation on this proposal is eagerly awaited as any additional freedom over charging would be welcomed.
17. Savings have been achieved for the 2011/12 budget by focusing on areas that have historically underspent. There has been some history in recent years of the budget as a whole being underspent and an exercise was undertaken to limit budgets going forward to the average amount spent in the previous three years. This removed over £350,000 from the CSB and, together with the transfer of the commercial property from the Housing Revenue Account, provided a sound base for the 2011/12 budget. However, these were the "quick wins" and going forward a public consultation exercise will be necessary to inform decisions on future service provision.

**d. Risks inherent in partnership arrangements etc**

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

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

19. The Authority is currently debt free and would like to remain so in the medium term. Revenue reserves for both the General Fund and the Housing Revenue Account are in a healthy state.
20. The largest threat to the Authority's financial standing is the reform of the housing subsidy system. The reform of the housing subsidy system was proposed by the previous Government and the new Government is continuing with these reforms. It is likely that this Council will be required to take on approximately £200m of debt in order to avoid annual payments of £11m of subsidy. There are also concerns about how the reforms will be implemented and possible unintended negative consequences on the General Fund. These issues were raised in the Council's consultation response but it remains to be seen whether the Government will make appropriate allowances.
21. There is also a potential income stream that may significantly benefit the Authority but has not been allowed for. The New Homes Bonus provides an incentive for Councils to encourage residential development. Grant will be payable to Councils based on the year to year increase in their tax base, the amount of grant is likely to be payable for six years and should commence from 1 April 2011. However, the consultation on the calculation of the bonus and how it is to be shared between district and county levels only closed on 24 December and no firm date has been given by DCLG for confirming the details of the scheme. Whilst such uncertainty exists over the calculation and the amounts payable it is not prudent to build this income into the MTFs.

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

22. The Authority has a proven track record in financial management as borne out by the Use of Resources assessments and Annual Audit Letters from the Authority's external auditors. A comparison of actual net expenditure with estimates over a number of year's shows that the Council rarely experiences over spends of any significance.
23. Most managers have received training on budget management. A course involving an external trainer the CFO and the Chief Internal Auditor has now been supplemented with additional detailed training on a directorate basis being provided by accountancy staff.
24. The quarterly budget monitoring reports on key budgets to both the Finance and Performance Management Cabinet Committee and Scrutiny Panel will continue throughout 2011/12. 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. Following a collaborative procurement exercise with twelve other authorities a new long term agreement has been entered into. As part of this process a number of options on excess levels and joint arrangements were considered. However, the most cost effective option proved to be keeping the portfolio of policies with Zurich on similar excesses. The Authority still maintains an insurance fund, which as at 31 March 2010 had a balance of £428,000.

**i. Pension liabilities**

27. The latest triennial valuation as at 31 March 2010 showed a reduction in the funding level of the scheme to 71% (the value of the scheme's assets only cover 71% of the liabilities). However, the actuaries have been able to keep the deficit payments at a similar level for the next three years by increasing the deficit recovery period from 20 to 27 years. Ongoing contributions have benefitted from a slight reduction from 13.1% to 13%.
28. Annual applications are made to Department for Communities and Local Government (DCLG) for capitalisation directions, as separate directions are required for the Housing Revenue Account and the General Fund. 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. For 2010/11 the Government have limited capitalisation directions to 38% of the amounts applied for. This restriction has caused amounts of £176,000 to be charged to the District Development Fund and £82,000 to the 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 previously 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 2012 is £7.8m 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 6% over in last 2 years of CSR	900	50	450
Pay award being settled 1% in excess of estimate for 11/12 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
Unintended consequences of HRA reform impacting on General Fund	2,000	50	1,000
Capitalisation applications refused for 11/12 and 12/13	1,300	40	520
Renegotiating External contracts and partnership arrangements	1,000	10	100
Emergency Contingency	800	20	160
New Homes Bonus, income over MTFS at level implied in consultation	(2,800)	30	(840)
Total	9,000		3,590



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.
33. 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.
34. 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.
35. 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 £16m, which suggests a figure of £800,000.
36. 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 had been increasing since 2003/04 but 2009/10 saw a reduction of £135,000 to leave a balance of £8.3m at 31 March 2010.
37. A number of policies have been determined previously to bring about reductions and the current policy reflects that deficit budgets are necessary to support the structured reduction in spending. The current policy allows for balances to fall to no lower than 25% of Net Budget Requirement (NBR). This is slightly different from the NOE stated above, the average NBR figure for the next four years is expected to be £15m therefore 25% of that figure equates to £3.75m. The current four-year forecast shows balances still at £5.9m at the end of 2014/15.
38. 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 2015 balances will represent 40% 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.
39. It has already been stated that the capital fund is expected to remain in a surplus position beyond 2014/15 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 2010 is expected to decrease, by £127,000 in 2010/11 and £582,000 in 2011/12. The balance on the Housing Repairs Fund is expected to reduce over the next year, from £4.1m to £3.6m. In contrast, the Housing Major Repairs Reserve is predicted to increase from £5.79m to £9m. Even though reductions in reserves are budgeted the overall financial standing of the HRA and its reserves going into 2011/12 remain healthy.
42. **The conclusion is that the reserves of the Council are adequate to cope with the financial risks the Council faces in 2011/12 but that savings will be needed in subsequent years to bring the budget back into balance in the medium term.**