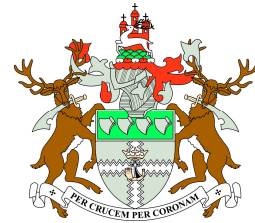


# Council Agenda



## Epping Forest District Council

### NOTICE OF COUNCIL MEETING

You are hereby summoned to a meeting of the EPPING FOREST DISTRICT COUNCIL to be held in the COUNCIL CHAMBER, CIVIC OFFICES, HIGH STREET, EPPING at 7.30 pm on Thursday, 27 September 2012 for the purpose of transacting the business set out in the agenda.

A handwritten signature in black ink, appearing to read "D. Macnab".

**DEREK MACNAB**  
Acting Chief Executive

**Democratic Services  
Officer:**

Council Secretary: Ian Willett  
Tel: 01992 564243 Email:  
[democraticservices@eppingforestdc.gov.uk](mailto:democraticservices@eppingforestdc.gov.uk)

#### WEBCASTING NOTICE

Please note: this meeting may be filmed for live or subsequent broadcast via the Council's internet site - at the start of the meeting the Chairman will confirm if all or part of the meeting is being filmed.

You should be aware that the Council is a Data Controller under the Data Protection Act. Data collected during this webcast will be retained in accordance with the Council's published policy and copies made available to those that request it.

Therefore by entering the Chamber and using the lower public seating area, you are consenting to being filmed and to the possible use of those images and sound recordings for web casting and/or training purposes. If members of the public do not wish to have their image captured they should sit in the upper council chamber public gallery area

If you have any queries regarding this, please contact the Senior Democratic Services Officer on 01992 564249.

## **BUSINESS**

### **1. WEBCASTING INTRODUCTION**

1. This meeting is to be webcast. Members are reminded of the need to activate their microphones before speaking.

2. The Chief Executive will read the following announcement:

“This meeting will be webcast live to the Internet and will be archived for later viewing. Copies of recordings may be made available on request.

By entering the chamber’s lower seating area you consenting to becoming part of the webcast.

If you wish to avoid being filmed you should move to the public gallery or speak to the webcasting officer”

### **2. MINUTES (Pages 7 - 20)**

To approve as a correct record and sign the minutes of the meeting held on 31 July 2012 (attached).

### **3. DECLARATIONS OF INTEREST**

(Chief Executive) To declare interests in any item on the agenda.

### **4. ANNOUNCEMENTS**

**(a) Apologies for Absence**

**(b) Announcements**

To consider any announcements by:

- (i) the Chairman of the Council;
- (ii) the Leader of the Council; and
- (iii) any other Cabinet Member.

### **5. PUBLIC QUESTIONS (IF ANY)**

To answer questions asked after notice in accordance with the provisions contained in paragraph 9.3 of the Council Procedure Rules of the Constitution on any matter in relation to which the Council has powers or duties or which affects the District:

- (a) to the Leader of the Council;
- (b) to the Chairman of the Overview and Scrutiny Committee; or
- (c) to any Portfolio Holder.

Questions, if any, will follow if not received in time to be incorporated into the agenda.

## **6. REPORTS FROM THE LEADER AND MEMBERS OF THE CABINET (Pages 21 - 42)**

To receive reports from the Leader and members of the Cabinet on matters falling within their area of responsibility:

- (a) Report of the Leader;
- (b) Report of the Asset Management and Economic Development Portfolio Holder;
- (c) Report of the Environment Portfolio Holder;
- (d) Report of the Finance and Technology Portfolio Holder;
- (e) Report of the Housing Portfolio Holder;
- (f) Report of the Leisure and Wellbeing Portfolio Holder;
- (g) Report of the Planning Portfolio Holder (report to follow);
- (h) Report of the Safer, Greener and Highways Portfolio Holder;
- (i) Report of the Support Services Portfolio Holder.

## **7. QUESTIONS BY MEMBERS WITHOUT NOTICE**

Council Procedure Rule 12.6 provides for questions by any member of the Council to the Leader or any Portfolio Holder, without notice on:

- (i) reports under item 5 above; or
- (ii) any other matter of a non operational character in relation to the powers and duties of the Council or which affects all or part of the District or some or all of its inhabitants.

Council Procedure Rule 12.7 provides that answers to questions without notice may take the form of:

- (a) direct oral answer from the Leader or, at the request of the Leader, from another member of the Cabinet;
- (b) where the desired information is in a publication of the Council or other published work, a reference to that publication;
- (c) where the reply cannot conveniently be given orally, a written answer circulated later to the questioner; or
- (d) where the question relates to an operational matter, the Leader or a member of the Cabinet will request that a response be given direct to the questioner by the relevant Chief Officer.

In accordance with the Council Procedure Rule 12.8, a time limit of twenty minutes is set for questions. Any question not dealt with within the time available will receive a written reply. The Chairman may extend this period by up to a further 10 minutes to ensure that all political groups and independent members may have their questions answered.

## **8. MOTIONS**

To consider any motions, notice of which has been given under Council Procedure Rule 11.

Motions, if any, will follow if not received in time to be incorporated into the agenda.

**9. QUESTIONS BY MEMBERS UNDER NOTICE**

To answer questions asked after notice in accordance with the provisions contained in paragraph 10.3 of the Council Procedure Rules of the Constitution on any matter in relation to which the Council has powers or duties or which affects the District:

- (a) to the Chairman of the Council;
- (b) to the Leader of the Council;
- (c) to the Chairman of the Overview and Scrutiny Committee or
- (d) to any Member of the Cabinet;.

Council Procedure rule 10.4 provides that answers to questions under notice may take the form of:

- (a) direct oral answer;
- (b) where the desired information is in a publication of the Council or other published work, a reference to that publication; or
- (c) where the reply cannot conveniently be given orally, a written answer circulated later to the questioner.

Answers to questions falling within (a) and (b) above will be made available to the member asking the question one hour before the meeting. Answers to questions falling within (c) above will be circulated to all councillors.

Questions, if any, will follow if not received in time to be incorporated into the agenda.

**10. STATUTORY STATEMENT OF ACCOUNTS 2011/12 (Pages 43 - 136)**

A report to be considered by the Audit and Governance Committee on 24 September 2012 is attached together with the Statutory Statement of Accounts 2011/12.

The Chairman of the Audit and Governance Committee will report orally on that Committee's consideration of and recommendations regarding the Statutory Statement of Accounts 2011/12.

**11. REPORT OF THE CABINET - DEVELOPMENT AND DESIGN BRIEF - ST JOHN'S ROAD AREA,, EPPING (Pages 137 - 196)**

To consider the attached report.

**12. REPORT OF THE CABINET - SUPPLEMENTARY DDF ESTIMATE - NORTH WEALD AIRFIELD CONSULTANCY**

To consider the attached report.

**13. OVERVIEW AND SCRUTINY (Pages 197 - 218)**

- (a) Report of the Chairman of the Overview and Scrutiny Committee;
- (b) Reports of the Overview and Scrutiny Committee (if any); and
- (c) Reports (attached) of the Constitution & Member Services Scrutiny Panel on:

- (i) Audit & Governance Committee – Review of Constitution Article 11
- (ii) Complaints Panels – Jurisdiction
- (iii) Substitution Arrangements

#### **14. STANDARDS COMMITTEE - APPOINTMENT OF INDEPENDENT PERSONS**

##### **Recommendation:**

##### **To consider the recommendations of the Interview Panel on suitable candidates for the appointment of Independent Persons**

(Monitoring Officer) The Council on 18 June 2012 agreed that an Interview Panel be appointed to interview the applicants to become Independent Persons under the new Standards regime.

Members will recall that the Independent Persons are there to assist both the Standards Committee and the Monitoring Officer in standards matters and particularly complaints where they are able to offer input to the Monitoring Officer on complaints received and also support and advice to members who are the subject of complaints.

Following the receipt of nominations from Group Leaders, the Interview Panel (Councillors Angold-Stephens, Mitchell, Smith, Stallan and J H Whitehouse) will be meeting on 18 and 25 September 2012 to interview applicants and the Panel's recommendations will be tabled at the meeting.

#### **15. CALL- IN AND URGENCY - DATA CO-OPERATION AGREEMENT (Pages 219 - 220)**

To note the attached report.

#### **16. DECISIONS TAKEN BY THE LEADER OF THE COUNCIL (Pages 221 - 224)**

To note the attached decisions taken by the Leader of the Council since the last meeting of the Council:

- (a) Essex Countywide Traveller Unit; and
- (b) South East Enterprise Partnership (SELEP) and West Essex Alliance.

#### **17. JOINT ARRANGEMENTS AND EXTERNAL ORGANISATIONS**

- (a) To receive from Council representatives the reports (attached - if any) on the business of joint arrangements and external organisations and to receive answers to any questions on those bodies which may be put without notice; and
- (b) To request written reports from representatives on joint arrangements and external organisations for future meetings.

**18. EXCLUSION OF PUBLIC AND PRESS**

**Exclusion:** To consider whether, under Section 100(A)(4) of the Local Government Act 1972, the public and press should be excluded from the meeting for the items of business set out below on grounds that they will involve the likely disclosure of exempt information as defined in the following paragraph(s) of Part 1 of Schedule 12A of the Act (as amended) or are confidential under Section 100(A)(2):

| <b>Agenda Item No</b> | <b>Subject</b> | <b>Exempt Information Paragraph Number</b> |
|-----------------------|----------------|--|
| Nil                   | Nil            | Nil  |

The Local Government (Access to Information) (Variation) Order 2006, which came into effect on 1 March 2006, requires the Council to consider whether maintaining the exemption listed above outweighs the potential public interest in disclosing the information. Any member who considers that this test should be applied to any currently exempted matter on this agenda should contact the proper officer at least 24 hours prior to the meeting.

**Confidential Items Commencement:** Paragraph 9 of the Council Procedure Rules contained in the Constitution require:

- (1) All business of the Council requiring to be transacted in the presence of the press and public to be completed by 10.00 p.m. at the latest.
- (2) At the time appointed under (1) above, the Chairman shall permit the completion of debate on any item still under consideration, and at his or her discretion, any other remaining business whereupon the Council shall proceed to exclude the public and press.
- (3) Any public business remaining to be dealt with shall be deferred until after the completion of the private part of the meeting, including items submitted for report rather than decision.

**Background Papers:** Paragraph 8 of the Access to Information Procedure Rules of the Constitution define background papers as being documents relating to the subject matter of the report which in the Proper Officer's opinion:

- (a) disclose any facts or matters on which the report or an important part of the report is based; and
- (b) have been relied on to a material extent in preparing the report and does not include published works or those which disclose exempt or confidential information (as defined in Rule 10) and in respect of executive reports, the advice of any political advisor.

Inspection of background papers may be arranged by contacting the officer responsible for the item.

## EPHING FOREST DISTRICT COUNCIL COUNCIL MINUTES

**Committee:** Council

**Date:** 31 July 2012

**Place:** Council Chamber, Civic Offices,  
High Street, Epping

**Time:** 7.30 - 9.07 pm

**Members Present:** Councillors B Rolfe (Chairman), Mrs M Sartin (Vice-Chairman), K Angold-Stephens, K Avey, A Boyce, Mrs H Brady, W Breare-Hall, K Chana, G Chambers, Mrs T Cochrane, R Cohen, C Finn, L Girling, P Gode, Mrs A Grigg, J Hart, Ms J Hart, D Jacobs, Mrs S Jones, Ms H Kane, P Keska, Mrs J Lea, L Leonard, H Mann, J Markham, Mrs M McEwen, A Mitchell MBE, G Mohindra, R Morgan, S Murray, Mrs C Pond, B Sandler, Ms G Shiell, Mrs P Smith, P Spencer, D Stallan, Ms S Stavrou, Mrs T Thomas, Mrs L Wagland, G Waller, Ms S Watson, Mrs E Webster, C Whitbread, Mrs J H Whitehouse, J M Whitehouse, D Wixley, N Wright and J Wyatt

**Apologies:** Councillors R Bassett, T Church, Mrs R Gadsby, J Knapman, Ms Y Knight, A Lion and H Ulkun

**Officers Present:** D Macnab (Acting Chief Executive), C O'Boyle (Director of Corporate Support Services), R Palmer (Director of Finance and ICT), I Willett (Assistant to the Chief Executive), G Lunnun (Assistant Director (Democratic Services)), P Seager (Chairman's Secretary), R Perrin (Democratic Services Assistant), T Carne (Public Relations and Marketing Officer) and S Mitchell (PR Website Editor)

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### 20. 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.

### 21. MINUTES

**RESOLVED:**

That the minutes of the meeting held on 18 June 2012 be taken as read and signed by the Chairman as a correct record.

### 22. DECLARATIONS OF INTEREST

(a) Pursuant to the Council's Code of Member Conduct, Councillor Breare-Hall declared a non-pecuniary interest in agenda item 10 (Report of the Cabinet – Supplementary District Development Fund Estimate – St John's Road, Epping Development Brief) by virtue of being a member of Epping Town Council.

(b) Pursuant to the Council's Code of Member Conduct, Councillor Whitbread declared a non-pecuniary interest in agenda item 10 (Report of the Cabinet – Supplementary District Development Fund Estimate – St John's Road, Epping Development Brief) by virtue of being a resident of Epping. In addition the Councillor made the following statement:

"I wish to state that:

(a) in my own response as a local resident to the public consultation, I stated that I was opposed to the provision of a supermarket;

(b) my view has always been that the approved Development Brief should achieve the twin goals of revitalising the High Street economy and preserving its essential character;

(c) it has never been my view that maximising the financial or return on the Council's land holding in that area should be the only objective of the authority, community benefits are equally important in my mind; and

(d) the decision as to whether a supermarket or indeed any other form of development will form part of the brief is not mine as Leader of the Council but one for the whole Council."

(c) Pursuant to the Council's Code of Member Conduct, Councillor J M Whitehouse declared a non-pecuniary interest in agenda item 10 (Report of the Cabinet – Supplementary District Development Fund Estate – St John's Road, Epping Development Brief) by virtue of being an Epping Town Councillor and a resident of St John's Road, Epping.

(d) Pursuant to the Council's Code of Member Conduct, Councillor Avey declared a non- pecuniary interest in agenda item 10 (Report of the Cabinet – Supplementary District Development Fund Estimate – St John's Road, Epping Development Brief) by virtue of being a member of Epping Town Council.

(e) Pursuant to the Council's Code of Member Conduct, Councillor J H Whitehouse declared a non- pecuniary interest in agenda item 10 (Report of the Cabinet – Supplementary District Development Fund Estimate – St John's Road, Epping Development Brief) by virtue of being a County Councillor representing the Epping and Theydon Bois Division.

## **23. ANNOUNCEMENTS**

### **(a) Announcements by the Chairman of the Council**

#### **(i) Olympic Games – Torch Relay**

The Chairman reported that on 7 July 2012 the Olympic Torch had arrived at Waltham Abbey and that by 7.00 a.m. the streets had been full and a carnival atmosphere underway. He advised that after the Torch had passed through to much acclaim, a party had followed with a procession led by the Epping Pipe Band, himself, Councillor Webster – Chairman of the Waltham Abbey Town Council, Eleanor Laing MP, Councillor Whitbread, Leader of the Council and other local mayors and dignitaries. He advised that having crossed the Meridian Line where dragons signified "East meets West" entertainment had been provided by dancers and musicians outside the Epping Forest District Museum. He continued that had been followed with further entertainment being provided by staff from the District Council's Leisure Services and the Lee Valley Regional Park in the Abbey Gardens.

The Chairman stated that the Council owed a debt of gratitude to the officers of the Council led by the Acting Chief Executive and orchestrated by the Director of



Environment and Street Scene for the manner in which the event had been organised.

The Council watched a short video of the event.

## **(ii) Olympic Games Tickets**

The Chairman announced that as "host authority" for the Olympic Games the Council had been able to apply for and purchase a number of tickets for the Games. He advised that the Council had previously decided to award tickets to the Citizen of the Year Award winner and the two runners up and also to the Young Citizen of the Year Award winner and the two runners up. In addition, tickets had been given to King Harold School as the school nearest to the Olympic venue at the Lee Valley Park White Water Centre.

The Chairman advised that the remaining tickets had been allocated to deserving residents of the District. He informed the Council that there had been an excellent response to an advertisement for residents to nominate deserving recipients and a panel of judges made up of himself, Councillor Sartin (Vice-Chairman) and Councillor Webster (Olympic Champion) had met to discuss the applications received. Whilst all the applicants had been worthy of tickets, as the Council only had a limited number available the panel had decided to allocate the tickets to those persons who had volunteered widely throughout the District. He advised that the tickets had been allocated to a wide range of ages and that some of the recipients in addition to volunteering for a number of years had coped with health problems or had overcome adversity throughout their lives.

The Chairman stated that the winners' citations showed that this District had a large number of volunteers working with young people, the elderly, involved with fund raising, organising or running community and voluntary groups across all areas. He continued that without those volunteers, communities would really suffer and in his opinion the winners were hugely deserving of receiving the tickets which had represented a very small thank you from the District Council for the services they provided.

## **(iii) Attendance at Events**

The Chairman reported on his attendance at some events held since the last Council meeting.

On 3 June together with his wife he had joined the Avenue of Sail on the River Thames to celebrate Her Majesty the Queen's Diamond Jubilee. Together with other chairmen and mayors of district and borough councils in Essex they had been ferried out to the sailing barge "Hydrogen" chartered by Essex County Council and moored down stream from Tower Bridge. Despite the subsequent inclement weather it had been a wonderful experience which had been a privilege to attend.

The Chairman advised that he had been questioned by some people as to whether it was right to spend public funds on such events, bearing in mind the current economic crisis. In order to avoid any misunderstanding he advised that in addition to two commercial sponsors, the invitation had been issued to everyone on the clear understanding that each attendee would pay for the privilege personally so there would be no cost to the public purse.

The Chairman continued that during the last month there had been two Royal visits to the District, both by the Duke of Gloucester. The first as Forest Ranger, he had

been invited by the Corporation of London to open the new museum and refurbishment of the Queen Elizabeth Hunting Lodge in the forest at Chingford. A week later he had opened the new extension at St John's Church of England Primary School in Buckhurst Hill. The Chairman announced that he had been privileged to attend both events on behalf of the Council.

The Chairman advised that it had been his pleasure to visit many of the District's local schools for various events over the past few weeks. He stated that he had handed out certificates under the WEP Scheme, whereby children nominated by their teachers were rewarded for effort and improvement. The Chairman continued that three local schools had celebrated their Diamond Jubilee this year and he extended his congratulations to Alderton Infants School, Whitebridge Junior School and King Harold Business and Enterprise Academy.

He also referred to a magnificent mini Olympics event hosted by Davenant Foundation School at which over 40 schools in the District had taken part organising the entire event from the torch design to the medal ceremony. He extended his thanks to the leadership of the teachers and support from governors and parents for the behaviour, enthusiasm and pride in their schools demonstrated by all of the children.

**(iv) The Floral Display**

The Chairman announced that he intended to send the flowers from tonight's meeting to the Treetops Care Home in Epping.

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

The Leader advised that he had no announcements to make under this heading.

**(c) Announcements by Portfolio Holders**

**(i) Leisure and Wellbeing Portfolio Holder**

Councillor Webster extended her thanks to all of the organisations who had contributed to making the Torch Relay a success. She particularly thanked Mr J Nolan, Assistant Director, Environment and Street Scene for leading on safety and technical issues and Mrs J Chandler, Assistant Director, Office of the Deputy Chief Executive for leading on the community events. She also thanked the support provided by Ms J Richmond, Clerk of the Waltham Abbey Town Council and Mr J Gilbert, Director of Environment and Street Scene for co-ordinating the whole event. She stated that it had been a truly memorable day for Waltham Abbey.

**(c) Epping Forest Country Care – Essex Wildlife Trust Living Landscape Awards**

The Chairman advised that it gave him great pleasure to announce that the Council's Country Care Service had received two Living Landscape Awards from the Essex Wildlife Trust.

He informed the Council that any organisation, individual, business or group in the County was able to apply for an award if they had undertaken a project which enhanced wildlife and created a landscape which enabled species and people to move through a wildlife/rich landscape.

He continued that 10 awards had been made for the year 2011/12 and Country Care had received two of them. Epping Forest had been the only Council to receive an award and the only organisation to receive two awards.

The Council noted that one of the award winning projects had related to green hay strewning on Linders Field Local Nature Reserve in Buckhurst Hill. The technique of green hay strewning was used to enhance the floral diversity of a grassland site that was poor in terms of wildflowers. The cuttings had been taken from the Roding Valley Flower Meadow and spread over Linders Field to germinate. The Council noted that this project had been led by Nicola Rogers, Assistant Countryside Manager.

The Chairman advised that the other award involved work carried out on Weald Common Local Nature Reserve where an enclosed meadow had been created by planting hedgerows which had been managed to provide a good habitat for wildlife. The enclosed meadow also had created a sheltered spot for wildflowers to thrive. The Council noted that this project had been led by Kevin Mason, Country Care Assistant.

The Chairman informed the Council that Nicola and Kevin were present at the meeting and he invited them and Councillor Waller, the Portfolio Holder responsible for the service, to join him in the well of the Chamber for formal presentations and photographs.

#### **24. PUBLIC QUESTIONS**

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

#### **25. REPORTS FROM THE LEADER AND MEMBERS OF THE CABINET**

The Council received written reports from the Asset Management and Economic Development Portfolio Holder, the Environment Portfolio Holder, the Finance and Technology Portfolio Holder, the Housing Portfolio Holder, the Leisure and Wellbeing Portfolio Holder, the Planning Portfolio Holder, the Safer, Greener and Highways Portfolio Holder and the Support Services Portfolio Holder. The Council also received an updated written report from the Environment Portfolio Holder.

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

##### **(a) Leader**

Councillor Whitbread informed the Council that he had been elected Chairman of One Epping Forest, the Local Strategic Partnership (LSP) at their board meeting on 14 June. The partnership had received a presentation from the Local Future's Group on the potential future demographic and socio-economic changes affecting the District. This had been timely given that the Council's Local Plan Issues and Options consultation had also been on the agenda. Councillor Whitbread informed the Council that he had been impressed by the productive work being undertaken by the LSP thematic groups around children, safer and sustainable communities and health.

The Leader advised that he had attended a meeting of the Essex Leaders and Chief Executives. Further concern had been expressed about the Localisation of Council Tax Benefit and welfare reform generally. Assurances had been given around the need to make sure that any local schemes in Essex had common core criteria although some local variations to reflect individual District needs would no doubt be

necessary. Councillor Whitbread referred members to the report which had been made to the Council's Cabinet on this issue on 23 July. He reported that the Leaders and Chief Executives had also received an update on the Whole Essex Community Budgets Pilot and the establishment of the new Police and Crime Panel in advance of the Commissioner's election later in the year. The meeting had also received a presentation from the Chief Fire Officer on the emergency planning arrangements for the Olympic Games.

Councillor Whitbread reported that he had also attended a meeting of the London Anglia Local Enterprise Partnership which was proposing a local enterprise partnership focused on the Lee Valley/M11 corridor.

The Leader advised that members of the Cabinet had recently met with local Essex County Councillors and Members of Parliament as part of the joint liaison arrangements which had been in place for a number of years. At that meeting discussions had taken place regarding the Local Plan preparation and the Localisation of Council Tax Benefit. The meeting had also discussed the new arrangements for Highways Panels and had received progress reports on the St John's Road and Langston Road developments. Councillor Whitbread advised the Council that he had also received feedback from a meeting held with the Epping and Ongar Railway, local town and parish councils and residents' representatives. He expressed the hope that as some residents still had concerns about the railway operation another meeting could be convened in the near future. Finally, the joint meeting had discussed the establishment of Locality Boards and had concluded that rather than establish yet another forum, the joint liaison meeting was best placed to undertake this role. Concern had been expressed about representation by town and parishes on Locality Boards but given that a representative of the Local Councils' Liaison Committee now attended the joint liaison meeting those concerns appeared to have been addressed.

Councillor Whitbread referred to two community events which he had recently attended, namely, Crucial Crew and the West Essex Primary School prize giving. He reported that in his capacity as LSP Chairman he had been pleased to attend the latter at Epping Forest College at which over 80 schools had participated.

**(b) Leisure and Wellbeing Portfolio Holder**

Councillor Webster provided the Council with an update in relation to the Olympic Games. She stated that locally there had been no major issues with travelling to and from the Lee Valley Park White Water Centre although the use of the park and ride facility at North Weald Airfield had been disappointing. She advised that although some 50 parking penalty charge notices had been issued in Waltham Abbey on the first day of this event these would be cancelled if they had been wrongly issued to local residents. She continued that Princess Anne had attended the White Water Centre on the first day.

**(c) Finance and Technology Portfolio Holder**

Councillor Stavrou advised that the Department of Communities and Local Government had issued a consultation document regarding the retention of business rates. She pointed out that the document ran to some 250 pages and posed 83 detailed questions. She informed the Council that officers would be reporting on the consultation paper to the Finance and Performance Management Cabinet Committee in September at which a response would be agreed.

**26. QUESTIONS BY MEMBERS WITHOUT NOTICE****(a) Asbestos in Council Buildings**

Councillor Markham asked the Leader what steps had been taken regarding the identification and removal of asbestos material from Council buildings in the light of a previous decision to inspect all buildings and produce a programme of works.

Councillor Whitbread acknowledged the very serious problem of asbestos material in buildings which in many cases did not come to light for many years. He thanked Councillor Markham for drawing attention to this matter and advised that he would place a detailed response in the Council Bulletin.

**(b) Buckhurst Hill Parking Review**

Councillor Spencer asked the Safer, Greener and Highways Portfolio Holder for the current timetable in relation to the Buckhurst Hill Parking Review.

Councillor Waller advised that he had recently met representatives of Buckhurst Hill. He acknowledged that the parking review exercise undertaken in Epping had not been ideal and had not satisfied many of the local residents. Accordingly, different approaches were being explored in relation to the Buckhurst Hill Review. He emphasised that he wished local ward members to play a leading role in determining the consultation exercise with the aim of producing proposals which would generally meet with approval.

**(c) Local Plan Issues and Options Consultation – Engagement Programme**

Councillor Wagland referred to the range of activities arranged during the forthcoming Issues and Options engagement period and pointed out that there were no exhibitions or workshops proposed in the Chigwell, Grange Hill or Buckhurst Hill areas. She asked if local councils could request additional exhibitions and workshops and suggested that in view of the number of potential sites in Chigwell there ought at least to be some events held there.

Councillor Whitbread, in the absence of the Planning Portfolio Holder, stated that he had already asked officers to review the engagement programme and that he would now emphasise to them the need to include Chigwell within the exhibition and workshop programme.

**(d) North Essex Parking Partnership – Emptying of Pay and Display Machines**

Councillor McEwen asked the Safer, Greener and Highways Portfolio Holder who would be responsible for emptying the pay and display machines in Council car parks when the Partnership took over responsibility for enforcement. She pointed out that failure to empty the machines on a regular basis had been a problem in the past in Ongar and asked if the Portfolio Holder expected the position to be improved once the Partnership took over responsibility.

Councillor Waller, Safer, Greener and Highways Portfolio Holder advised that he would provide a written response in the Council Bulletin after speaking to officers.

**(e) North East Parking Partnership - Funding**

Councillor Jacobs referred to the written report of the Safer, Greener and Highways Portfolio Holder in which reference had been made to the Partnership within a relatively short period moving from requiring subsidy to a position of surplus. He asked how this had been achieved and questioned the method of apportioning the surplus between authorities.

Councillor Waller, Safer, Greener and Highways Portfolio Holder stated that any surplus would be used for the benefit of all of the authorities in the Partnership and he would provide a more detailed response in the Council Bulletin.

**(f) Revenue Outturn**

Councillor J M Whitehouse referred to the figures in the written report of the Finance and Technology Portfolio Holder which showed that an additional £547,000 had been added to reserves. He asked the Portfolio Holder whether in the light of this saving it was no longer necessary to place so much emphasis on obtaining capital receipts and that this presented an opportunity to invest in worthy community projects.

Councillor Stavrou, Finance and Technology Portfolio Holder stated that she could give no guarantees at this stage as detailed work was still being undertaken. She agreed to keep members informed as matters progressed and invited them to discuss any specific issues with her outside of the meeting.

**(g) Pyrles Lane Nursery, Loughton**

Councillor Angold-Stephens asked the Environment Portfolio Holder what steps would be taken in relation to the growing, importing and storage of plants and ensuring the availability of staff expertise in the event of the nursery being relocated.

Councillor Breare-Hall, Environment Portfolio Holder paid tribute to the work undertaken by the nursery staff, particularly in recent weeks in preparation for the period of the Olympic Games. He advised that there were a number of issues to consider in relation to any future provision and assured members that he would take account of all the options.

**(h) Buckhurst Hill and Loughton Broadway Parking Reviews**

Councillor Jennie Hart referred to the earlier question regarding the Buckhurst Hill Parking Review and asked the Safer, Greener and Highways Portfolio Holder if he would apologise to residents of both Buckhurst Hill and Loughton Broadway for the long delays in progressing parking reviews in those areas. She pointed out that residents in Buckhurst Hill and Loughton Broadway had waited many months for parking reviews and she asked when a programme for these reviews would be available.

Councillor Waller, Safer, Greener and Highways Portfolio Holder stated that there had been a large number of reviews throughout the District and that the necessary scoping in relation to those reviews had taken a lot longer than had originally been anticipated. He repeated that many residents in Epping had expressed dissatisfaction with the results of the Epping Parking Review and accordingly he saw the need to adopt a different approach in relation to future reviews. He repeated that in relation to Buckhurst Hill he envisaged local ward councillors playing a leading role in consultation which he anticipated would commence in August/September 2012. He suggested that future schemes should concentrate on specific safety issues in

particular localities rather than attempt to cover a very large area. He acknowledged that a number of no parking/waiting restriction road markings had disappeared from roads in Buckhurst Hill and said that he would ensure that these would be replaced as soon as new schemes were implemented by the North Essex Parking Partnership. Councillor Waller advised that he had no information at present about the Loughton Broadway Parking Review and could not apologise for matters which had taken place prior to him taking responsibility as Portfolio Holder.

**(i) Police and Crime Commissioner Election**

Councillor Murray asked the Safer, Greener and Highways Portfolio Holder what steps were being taken to encourage awareness and achieve a high turnout for the Police and Crime Commissioner elections in November 2012.

Councillor Waller, Safer, Greener and Highways Portfolio Holder stated that officers were fully aware of the issues surrounding the conduct of an election in November. He stated that he expected there to be a national campaign which would probably be supplemented by an Essex-wide campaign. He said that he had expected all reasonable steps would be taken to ensure a high turnout.

**(j) Community Safety Partnership and Police**

Councillor Jacobs drew attention to the written report of the Safer, Greener and Highways Portfolio Holder in which reference had been made to the detection rate in the local police division being lower than average. He questioned why this should be the case.

Councillor Waller, Safer, Greener and Highways Portfolio Holder stated that the powers of the Epping Forest Community Safety Partnership were limited and that the detection rate was a matter for the police. He said that he would be happy to facilitate an exchange of correspondence between the local police Superintendent and Councillor Jacobs.

**27. MOTIONS**

The Chairman reported that there were no motions to be considered at this meeting.

**28. QUESTIONS BY MEMBERS UNDER NOTICE**

The Chairman reported that there were no questions under notice to be considered at this meeting.

**29. REPORT OF THE CABINET - SUPPLEMENTARY DISTRICT DEVELOPMENT FUND (DDF) ESTIMATE - ST JOHN'S ROAD, EPPING DEVELOPMENT BRIEF**

**Mover: Councillor Grigg, Asset Management and Economic Development Portfolio Holder**

Councillor Grigg submitted a report seeking a supplementary DDF estimate to cover expenditure incurred since December 2008 and currently met from the Local Plan budget and to cover the reasonable further expenditure envisaged to complete the St John's Road project.

Councillor J M Whitehouse questioned why there was no reference in the report to the expenditure incurred in receiving consultancy advice from Savills aimed at ensuring the Council maximised the value and benefits from the development. He

also asked about the use of capital receipts from the disposal of any District Council owned land within the area and he sought assurances that planning advice would be taken into account in relation to any future decisions as well as financial considerations.

Councillor Grigg advised that the fee for Savills had been met from existing provision within a consultancy budget of the Corporate Support Services Directorate. She confirmed that any capital receipts could go some way to defraying the costs of the Development Brief. She advised that a draft Development Brief would be considered by Planning Officers and that they had already been consulted on a number of specific issues. She said that she anticipated a Development Brief being considered by the Cabinet in September 2012.

Councillor J H Whitehouse drew attention to the need to undertake two traffic surveys because the first one had been inadequate and she asked whether there was any possibility of money being recovered from that first survey.

Councillor Mohindra, former Finance and Economic Development Portfolio Holder advised that the initial traffic survey had been undertaken for different reasons and that in an attempt to save costs it had been used for the St John's Road project. However, it had become clear that a more detailed survey would be required which had led to a second survey.

Councillor Grigg advised that a further meeting was to be held with the Council's consultants shortly to finalise arrangements and that she would update members on progress in the Council Bulletin.

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

##### **RESOLVED:**

That a supplementary DFF estimate of £115,000 be approved to cover expenditure from outside the Local Plan budget:

- (a) to reinstate the sum of £105,000 to the Local Plan budget; and
- (b) to provide £10,000 to cover further expenditure to produce the Development Brief for the Council.

#### **30. REPORT OF THE CABINET - SUPPLEMENTARY DISTRICT DEVELOPMENT FUND (DDF) ESTIMATE - LOCAL PLAN PROJECT**

**Mover: Councillor Whitbread, Leader, in the absence of Councillor Bassett (Planning Portfolio Holder)**

Councillor Whitbread submitted a report seeking a supplementary DDF estimate to ensure that the Local Plan could be completed on time.

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

##### **RESOLVED:**

That a supplementary DDF estimate of £160,000 be approved to ensure that there are sufficient resources available to deliver the Local Plan on time.



**31. REPORT OF THE CABINET - SUPPLEMENTARY CAPITAL ESTIMATE - REPLACEMENT OF FIVE MOWING MACHINES**

**Mover: Councillor Breare-Hall, Environment Portfolio Holder**

Councillor Breare-Hall submitted a report seeking a supplementary capital estimate to purchase five replacement mowing machines.

**Report as first moved ADOPTED**

**RESOLVED:**

That a supplementary capital estimate of £123,750 for 2012/13 be approved in order to enable the Directorate of Environment and Street Scene's Grounds Maintenance Section to purchase five Ransomes' Highway3 ride-on-mowers.

**32. ANNUAL REPORT OF THE EXECUTIVE - 2011/12**

**Mover: Councillor Wagland, former Leader and Legal Portfolio Holder**

Councillor Wagland submitted a report providing a resume of major policy issues determined and a summary of issues discussed by the Cabinet across the various Portfolios during 2011/12.

**Report as first moved ADOPTED**

**RESOLVED:**

That the Annual Report of the Executive – 2011/12 be noted.

**33. OVERVIEW AND SCRUTINY****(a) Report of the Chairman of the Overview and Scrutiny Committee**

The Council received a written report from Councillor Morgan, the Chairman of the Overview and Scrutiny Committee.

Councillor Smith asked the Chairman of the Committee if he would consider inviting a Senior Manager from Royal Mail to address a future meeting of the Committee about concerns being expressed by members and the public about local service changes which had recently been published.

Councillor Morgan asked Councillor Smith to put her request in writing to officers so that the Committee could consider adding this issue to its work programme.

**(b) Reports of the Overview and Scrutiny Committee**

The Chairman announced there were no reports to be considered under this item.

**(c) Reports of Overview and Scrutiny Panels**

The Chairman announced there were no reports to be considered under this item.

**(d) Overview and Scrutiny Annual Report 2011/12**

**Mover: Councillor Morgan, current Chairman of the Committee in the absence of the former Chairman, Councillor Bassett**

Councillor Morgan presented the seventh Annual Report under the scrutiny regime established by the Council in April 2005, incorporating the Scrutiny Standing and Task and Finish Panels.

Councillor Murray drew attention to the section of the report relating to the Housing Scrutiny Standing Panel and he encouraged all members to attend the presentation being given on 7 August 2012 regarding the progress that had been made since letting the Innovative Insourcing Contract with Mears as the external repairs management company.

**34. REPORT OF THE LICENSING COMMITTEE - HONEY LANE STREET TRADING**

**Mover: Councillor Angold-Stephens, Chairman of the Committee**

Councillor Angold-Stephens presented a report proposing re-designation of part of Honey Lane as a consent street under the provisions of the Local Government (Miscellaneous Provisions) Act 1982.

**Report as first moved ADOPTED**

**RESOLVED:**

(1) That the Council adopts a policy on the grounds of road safety against issuing a street trading consent on any of that part of Honey Lane which is adopted public highway; and

(2) That the Council agrees that only the Licensing Sub-Committee should have delegated authority to issue a consent for street trading on any of that part of Honey Lane which is adopted public highway.

**35. DECISIONS TAKEN BY THE LEADER OF THE COUNCIL****(a) Local Plan Cabinet Committee – Terms of Reference**

The Council noted a decision taken by the Leader since the last meeting of the Council.

**(b) Local Plan – "Community Choices – Issues and Options" – Consultation**

The Council noted a decision taken by the Leader since the last meeting of the Council.

**36. JOINT ARRANGEMENTS AND EXTERNAL ORGANISATIONS****(a) Epping Forest Citizens' Advice Bureau**

The Council received a report from Councillor Angold-Stephens (deputy representative) on the business of the Epping Forest Citizens' Advice Bureau. He drew attention to the difficulties facing the Bureau in relation to their premises and emphasised the need for the District Council to continue to provide support.

**(b) Reports to Future Meetings**

There were no requests for representatives on other outside organisations to submit a report to the next meeting of the Council.

**CHAIRMAN**

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## ***Report to the Council***

**Committee:** Cabinet

**Date:** 27 September 2012

**Subject:** Asset Management and Economic Development

**Portfolio Holder:** Councillor A Grigg

**Item:** 6

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**Recommending:**

**That the report of the Asset Management & Economic Development**

**Portfolio Holder be noted**

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### **Economic Development**

The council continues to work closely through One Epping Forest, with partners from across the district and beyond to support and grow local business. An update on some of the key recent activities is provided below.

A Tourism Task Force has been established. It contains representation from the main tourism/visitor attractions in the district. It has built [www.visiteppingforest.org](http://www.visiteppingforest.org) (VEF) and this has been operational since June. The site has attracted a great deal of interest and numerous page views. A new joint leaflet is in production, as is a poster, downloadable Apps are being investigated, and plans are being put in place for a Tourism Summit and agreement of a Visitor Strategy by early in the New Year. Partners are already reporting greater referrals to their own sites from VEF than from Visit Essex.

A major half day visit and tour of the district took place on 7 September, attended by the Chairmen of both the West Essex Alliance (MD of Stansted Airport) and the London Anglia Growth Partnership. The Tour was supported and sponsored by a range of local businesses and attractions. It aimed to increase knowledge about the district, its key attractions, current business profile and emerging priorities among leaders from neighbouring enterprise partnerships.

One Shops Local [www.oneshopslocal.com](http://www.oneshopslocal.com) has continued to grow although the pace of new registrations and traffic has slowed. Currently the site has recorded 6,300 visits, over 30,000 page views and has 221 Businesses listed. The Business Team has produced new leaflets to market the scheme to shoppers and potential greater use of social media to market the site is being investigated.

The partnership has been asked by the West Essex Alliance (WEA) to help develop a platform for business support, similar to that offered in Epping Forest, and will be supporting a small group including the FSB to produce recommendations for the next WEA Board meeting.

The partnership continues to provide guidance on the developing local Plan and the emerging Economic Development Strategy. It is hoped that a joint food summit can be organised with local food producers looking at opportunities for supporting productive landscapes.

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## ***Report to the Council***

**Subject: Environment**

**Date: 27 September 2012**

**Portfolio Holder: Cllr W Breare-Hall**

**Item: 6**

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### **Recommending:**

**That the report of the Environment Portfolio Holder be noted.**

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### **Waste Management**

The first quarter performance figures for recycling are a little disappointing, in that we failed to reach our 60% target. This is hopefully just a blip in performance relating to the very poor summer weather and will pick up again through the year. There are also a number of initiatives in the pipeline, including the recycling of street cleansing arisings and food waste recycling in flats. I hope that these will also bring a boost to performance.

I am also considering a plan to reinforce the food waste service, since it appears that we are still only collecting half the food waste in the waste stream, with residents still placing food waste into their residual bin. We need to understand why this is happening, especially since we collect the food and garden waste wheelie bins all the year round on a weekly basis.

Finally, I have asked officers to keep a careful watching brief on developments in European law, which could result in the Council having to collect its dry recyclables separately in the future. This would have a very significant effect on our collection systems and of course costs, and will need to be incorporated into the next waste management contract.

### **Environmental Health & Neighbourhoods**

Consultation is currently underway regarding the adoption of Dog Control Orders (DCO), to control dog fouling over the whole of the district in any public areas, restricting the number of dogs that a person can have in their control in any public areas to four and putting a dog on a lead when requested by an authorised officers. The full details of the consultation, due to end on 2 October 2012, are available on the Council's new website. The results of the consultation are due to be reported to Cabinet on 24 October 2012. An early analysis of the responses indicates that the majority are in favour of adopting the three DCO as proposed.

The Environment & Neighbourhood Team have recently concluded a number of investigations resulting in a formal caution for a minor fly-tipping/littering offence and successful prosecutions.

On 20 July 2012 a resident of Parklands, Coopersale who chose to have his case heard in the Crown Court pleaded guilty to two offences of fly tipping and was fined £500 for each offence, together with a £15 victim surcharge and £1500 prosecution costs.

On 24 July 2012 a resident in Limes Avenue, Chigwell was prosecuted for two fly-tipping offences resulting in a fine of £250, together with a £15 victim surcharge and £617.48 costs

The number of specific complaints in relation to the operation of the Epping to Ongar Railway has decreased, however all interested parties are waiting for Counsel's legal advice before reviewing the current position and the extent to which the Council can control alleged disturbance from the operation.

Essex County Council is in the final stages of establishing an Essex County Traveller Unit (ECTU), to oversee Gypsy, Traveller and Roma issues for any local authorities who have decided to join the unit. EFDC officers have continued their "watching brief" and have been contributing their experience to the discussion and development of an updated "Code for Travellers in Essex". Most local authorities in Essex appeared to be committed to signing up to the unit and contributing financially, although many have expressed their wish to retain overall control of enforcement action on their own land. Southend and EFDC have both confirmed that they will not be joining at this time.



# ***Report to the Council***

**Committee: Cabinet**

**Date: 27 September 2012**

**Subject: Finance and Technology**

**Portfolio Holder: Councillor S Stavrou**

**Item: 6**

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**Recommending:**

**That the report of the Finance & Technology Portfolio Holder be noted**

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## **Accountancy**

There is a separate report elsewhere on the agenda on the Statutory Statement of Accounts so I will concentrate on other issues in this section. The Finance and Performance Management Cabinet Committee is scheduled to meet on 20 September and will be considering reports on the Treasury Management Outturn for 2011/12, Financial Monitoring for Quarter 1 of 2012/13 and the annual Financial Issues Paper. The Treasury Management Outturn report confirms that the Council operated within the boundaries that were set for the year and complied with all of the Prudential Indicators. The Financial Monitoring for Quarter 1 shows that at the moment both expenditure and income are broadly in line with the budget. The Financial Issues Paper provides a discussion of the main financial challenges facing the Council and the budgetary outlook. I hope that taster of the agenda items will tempt Members reading this before 20 September to attend the meeting.

## **Benefits**

The six week consultation on the Council's scheme for Local Council Tax Support started on 1 August and will have concluded before today's meeting. At the end of August the number of responses received by Essex County Council on our behalf was 43; this is similar to the 47 received for Harlow but only half the 88 received for Uttlesford. A number of responses have also been received directly at the Civic Offices and all of the responses will be analysed before a suggested final scheme comes back to Cabinet.

I am hopeful that a number of residents who are not in receipt of benefit will have responded as views on the scheme will not be balanced if we have only received comments from residents who currently receive Council Tax Benefit. It is important that the whole community understands the potential impact of these decisions on the Council's services and finances.

## **Revenues**

Another report going to the Finance and Performance Management Cabinet Committee is the response to the Government's Technical Consultation – Business Rates Retention. Under these revised proposals the amount of rates retained locally

has reduced from the 100% originally proposed to 50%. This is a complex report and I urge Members to read the detail on this fundamental change to the financing of local authorities in both the consultation report and the Financial Issues Paper.

One other change in the proposed financial reforms worth mentioning is their effect on the Council Tax bases for town and parish councils. The Government have reflected on the concerns expressed about the potential impacts on town and parish councils and have issued alternative proposals that will leave the tax bases for these authorities unchanged. I know the original proposal caused a lot of concern and I would be grateful if Members could relay this information back to their town and parish councils.

### **Performance Management**

At the 18 September meeting of the Finance and Performance Management Scrutiny Panel, Members will review Key Performance Indicator (KPI) results in respect of Q1 of 2012/13 and consider a number of suggested revisions to targets and methodology. The three-month position with regard to the achievement of target performance for the quarterly KPIs for 2011/12, was as follows:

- (a) 21 (77.8%) achieved the first quarter performance target;
- (b) 6 (22.2%) did not achieve the first quarter performance target.

The performance target for 'KPI 35 - Number of completed benefit fraud investigations' will be reviewed in the light of an increase in the anticipated staff establishment in the Benefit Fraud Team. It is recommended that the target be increased from 150 cases to 300 cases across the whole year.

The performance target for 'KPI 46 - Number of affordable homes completed' will be reviewed in the light of the slippage of a number of house completions from their anticipated 2011/12 date to the first quarter of 2012/13. As a result it is recommended that the target be increased from 34 houses to 72 for the whole year.

The panel will also consider the methodology for the calculation of performance against 'KPI 22 - What percentage of the district had unacceptable levels of litter' and 'KPI 23 - What percentage of the district had unacceptable levels of detritus'. These indicators are the only KPIs which were not reported on a cumulative basis throughout the year and as such were vulnerable to a particularly bad quarter disproportionately affecting performance; especially should Q4 be a poor quarter. To counter this, a cumulative alternative to the currently used reporting spreadsheet has been developed and it is recommended that with immediate effect the definitions of these KPIs be amended to calculate and report cumulative performance for the year at the end of each quarter.

The panel will also be presented with a report detailing the Audit Commission's Value for Money Profiles for all Essex Authorities and the CIPFA Nearest Neighbour Authorities of the Council, and asked to determine any further action, analysis, investigation or discussion considered appropriate. The Value for Money analysis is intended to act, in the first instance, as a one-stop point of reference for much of the data contained in the 2010/11 version of the Audit Commission's Value for Money Profile Tool. Its primary purpose thereafter is to allow officers and Members to identify any Value for Money indicators or issues which they consider appropriate for further in-depth consideration and review.

## **Technology**

### **Business Continuity**

All technical issues with the air conditioning unit have now been resolved and the Buzcom service is now fully available. This means the beneficial side effect of the wireless broadband service is also now available and a number of businesses within the district have already been connected. The Council will not be actively promoting this service ahead of any other broadband provider, but if anyone would like further information or to register an interest, please visit their website <http://www.fibrewifi.com>

### **Intranet access for Members**

Following a request from Members, access to the internal Council Intranet will be available when logging onto the Council network. The Intranet contains information on a wide range of activities. If anyone experiences problems or requires assistance in accessing the site, they should call the ICT helpdesk on extension 4888 who will be able to assist.

### **Upgrade to Office 2010**

Many core system applications now require integration with Microsoft Office 2010. Licences for this product have already been purchased under a previous agreement with Microsoft, so no additional expenditure will be incurred. Accountancy has been selected as the initial pilot with rollout continuing throughout this financial year.

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## ***Report to the Council***

**Committee:** Cabinet

**Date:** 27<sup>th</sup> September 2012

**Subject:** Housing

**Portfolio Holder:** Cllr David Stallan

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### **Recommending:**

**That the report of the Housing Portfolio Holder be noted.**

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### **Council Housebuilding Programme – Update**

Members will be aware that the Council is introducing a new Council Housebuilding Programme, initially based on the construction of around 20 new homes each year for at least 6 years, and that a Development Agent is being appointed to undertake the development function on behalf of the Council.

Six organisations were shortlisted to provide detailed tender submissions, comprising 5 housing associations and 1 private organisation. The Cabinet has agreed that the appointment assessment will be based on both the quality of the tender submissions (60% of the assessment) and price (40% of the assessment). The closing date for tenders was the 7<sup>th</sup> September 2012

The tenders are currently being evaluated. As part of the evaluation, the Cabinet-appointed Selection Panel (comprising members and officers) will receive a presentation from each of the tenderers on 8<sup>th</sup> November 2012. The Selection Panel will then consider its recommendation to the Cabinet on which organisation should be appointed as the Council's Development Agent, based on the Cabinet-agreed Selection Criteria. The contract period will be for 4 years, with the possibility of extension for three further years.

It is expected that the appointed Development Agent will commence its contract in January 2013 and it is envisaged that the development of the first sites will commence in Summer 2014 and completed in Winter 2014/15.

### **Members Briefing – Impact and Implications of the Government's Welfare Reforms in Epping Forest**

All members should have received a personal invitation from the Director of Housing about an important Briefing Session for all members on the impact and implications of the Government's Welfare Reforms in Epping Forest, **to be held at 6pm on Wednesday 26<sup>th</sup> September 2012 in Committee Rooms 1 and 2 at the Civic Offices.** I would encourage as many members as possible to attend.

Through the Welfare Reform Act, the Government is introducing a raft of changes to the benefits system. In order to understand the effects of the reforms, and to prepare for the changes, we appointed the Chartered Institute of Housing (CIH) to undertake a major study - tailored to the situation in Epping Forest - into the impact and implications of the welfare reforms on the Council, our tenants, private tenants in the District and on

homelessness in Epping Forest, as well as to make recommendations on how we should respond to the changes, for both the Council and our residents.

The total estimated loss in housing benefit and other welfare benefits to both Council and private tenants in Epping Forest, as a result of the welfare reforms, is significant. The Briefing Session will explain the welfare reforms, the impact and implications, and the CIH's recommendations, and will also answer members' questions.

If members have not yet responded to the invitation, please can they let Margaret Brown in the Housing Directorate know whether or not they are able to attend. Contact details were provided in the invitation letter.

### **Tenure Reform and the Review of the Housing Allocations Scheme**

Following the recent Members Information Evening on The Housing Elements of the Localism Act 2011 (covering tenure reform and the new Government Guidance on the allocation of accommodation) - and in order to give officers some guidance on the initial approach to take in drafting a Tenancy Policy and revising the Housing Allocations Scheme for discussion by the Housing Scrutiny Panel and, ultimately, adoption by the Cabinet - I have set out my provisional views on the key principles to be followed on these two issues, in a Portfolio Holder Decision.

#### *Tenure Reform*

I have asked officers to draft a Tenancy Policy setting out the following initial proposed approach to the use of flexible (fixed term) and secure tenancies.

I believe that the Council should introduce a Pilot Scheme for the use of flexible tenancies as soon as possible, and that they should be granted to all new tenants who sign-up to the tenancy of a Council property *comprising three bedrooms or more* for a fixed term of 9 years (plus an initial introductory tenancy term of 12 months, making a 10-year fixed term period in total). This would, if agreed, assist in tackling under occupation within the Council's housing stock.

I am further proposing that the financial incentives under the Housing Allocations Scheme for Council tenants to transfer to smaller accommodation continue to apply to flexible tenants, for the first five years of the term.

I am asking the Housing Scrutiny Panel to also consider the conditions to be included in the Assessment Criteria, for use at the end of the flexible tenancy term, to assess whether or not a further flexible or secure tenancy of the same or another property should be granted. I am proposing that a tenancy (flexible or secure) should not be granted, for example, if the tenant has committed serious acts of anti-social behaviour, if there have been any other serious breaches of tenancy conditions (including significant rent arrears), or if the tenant is under-occupying the accommodation. If the property is under-occupied, it is my view that a further flexible or secure tenancy should be offered of a suitable smaller property, provided all of the other requirements of the agreed Assessment Criteria are met.

I will also be asking the Housing Scrutiny Panel to review the success of the Pilot Scheme after 12 months and submit a report to the Cabinet on its review.

#### *New Housing Allocations Scheme*

The new Government Guidance on the Allocation of Accommodation, following the new flexibilities provided by the Localism Act 2011, has now been published. Accordingly, I

have asked officers to draft a revised Housing Allocations Scheme in accordance with the new rules and powers, on the basis of the following proposed principles.

Firstly, I strongly believe that a new Local Eligibility Criteria should be introduced, on the basis that all *new* applicants for the Housing Register must have lived within the Epping Forest District for at least three years immediately prior to their date of registration and must also have a defined housing need (as determined by at least one criterion of a priority band within the new Scheme).

I am also proposing that new *and* existing applicants should be excluded from the Housing Register if they have sufficient income and/or savings/assets to enable them to purchase their own accommodation, and that the current criteria/assessment within the existing Housing Allocations Scheme (which demotes an applicant to the lowest band in such circumstance) should be used for this assessment.

I am concerned that we now have around 6,200 applicants on our Housing Register, many of whom have no chance of being accommodated and have false hope that we will be able to assist them. I therefore feel that we need to take steps to reduce the size of the Housing Register, as well as giving priority to applicants who live in Epping Forest. Therefore, it is also my initial view that all *existing* housing applicants who have lived within the District for less than 2½ years immediately prior to the date the new Housing Allocations Scheme is introduced should be removed from the Housing Register at that time. I also feel that existing applicants on the Housing Register who have no housing need should also be removed.

Because we continue to have difficulty letting some properties in sheltered housing schemes, I am suggesting that a separate Supplementary Waiting List be introduced, for which applicants over 60 years of age who do not meet the new Local Eligibility Criteria (e.g. who live outside the District) can register. Such applicants would then be offered tenancies - in registration date order on the Supplementary Waiting List - of any Council and housing association properties for which no successful expressions of interest from eligible Housing Register applicants have been received through the HomeOptions Scheme, for at least two bidding cycles.

I am also asking the Housing Scrutiny Panel to consider reducing the number of priority bands within the Housing Allocations Scheme, in the light of the reduced numbers of applicants, to make the Scheme more manageable and to give applicants more realistic expectations of where they stand.

#### *Former Armed Forces Personnel*

In accordance with recent Government Regulations, from 24 August 2012, local authorities must not disqualify from access to their Housing Registers members of the Armed Forces and former Service Personnel who do not have local connection with their District, where the application is made within 5 years of discharge. Also included within this legal requirement are bereaved spouses and civil partners of members of the Armed Forces leaving services' Family Accommodation following the death of their spouse or partner.

I support the approach adopted by the Government for these new Regulations. Furthermore, I have agreed to use the *discretion* given to councils in the Regulations that any Armed Forces and former Service Personnel who join our Housing Register will be given priority above all other applicants within Band One, if they are assessed by the Council's Medical Advisor as having "Strong Medical Need" as a result of any serious injury, medical condition or disability sustained as a result of their service.

I will be asking the Housing Scrutiny Panel to review the Housing Allocations Scheme again after 12 months operation, in order to consider whether or not any further changes are required, and to submit a report to the Cabinet on the outcome of its review and any recommended changes.

### **Additional Funding for the Council's C.A.R.E. Service**

I am pleased to report that the Council's Home Improvement Agency, C.A.R.E., has been successful in a bid for funding from the Electrical Safety Council - a UK charity that aims to keep people safe by reducing the risk of electrical accidents around the home and in the work place.

The funding of £2,500, which has to be used by 31 March 2013, will help older home owners who are on a low income and are either over 60 years of age or are disabled. The Scheme will cover minor electrical works costing up to £500 per household, where it is considered that there is an electrical safety issue. This could include, but is not limited to, upgrading earthing, bonding and consumer units and providing additional electrical sockets.

If Members are aware of anyone who they think may fulfill the criteria, please can they contact C.A.R.E. on 01992 564086 or at [pshGrantsandCare@eppingforestdc.gov.uk](mailto:pshGrantsandCare@eppingforestdc.gov.uk).

### **'Safe and Well' - Home from Hospital Scheme**

I am also pleased to report on another successful funding bid by C.A.R.E. In partnership with the Papworth Housing Trust and the WRVS, NHS West Essex is providing funding of £150,000 to set up a scheme to aid the timely discharge of older and disabled people from hospital and reduce admissions and readmissions. These outcomes will be achieved by providing minor adaptations and equipment to ensure homes are safe on return from hospital. Service users will also be provided with advice and support until they are well enough and have the confidence to cope.

The Scheme will operate across the whole of West Essex. The Papworth Housing Trust, which provides Home Improvement Agencies in Harlow and Uttlesford, will offer specialist information and support relating to housing options, home safety living arrangements and benefits. They will also provide and fit equipment as required. This may take place both pre and post-admission, in liaison with district nurses and GPs.

Fully-trained WRVS volunteers will provide practical support and befriending service users in hospital and/or on their return home. This support will be initially provided for up to 6 weeks, with options to extend if required. A transport scheme will be put into place to take people to and from hospital and appointments.

C.A.R.E.'s role will be to provide Handyperson-type services to the users of the scheme in our District who are owner occupiers and private tenants. VAEF, who already operate some of the services outlined above, will also be providing services under the Scheme.

The details of the Scheme, such as when it will begin and how it will operate, are still to be finalised and further information will be made available as soon as possible.

### **Presentation by Mears - "EFDC's Housing Repairs Service – One Year On"**

I would like to thank those members who attended the Presentation by the Housing Directorate and Mears (the Council's repairs management contractor) on 7<sup>th</sup> August 2012, which explained the significant progress made in achieving a step-change in the



Housing Repairs Service within the first year of Mears' appointment, following the transfer of responsibility to the Housing Directorate a few years ago.

Members heard about how our Mears' Housing Repairs IT System now records and manages all the Council's responsive and empty property repairs, including the provision of tenants' appointments for all repairs (irrespective of the priority), providing much better customer service, and how the partnership has significantly reduced response repair times.

### **The Government's "High Income Social Tenants: Pay to Stay" Consultation**

In June of this year, the Department for Communities and Local Government (DCLG) issued a Consultation Paper entitled "High Income Social Tenants: Pay to Stay". Under the proposals, "high earners" living in social housing with incomes over a specified threshold (to be determined – but proposed at either £60,000, £80,000 or £100,000) may be required to pay higher rents – around 80% of market rents in an area.

The Housing Scrutiny Panel considered and formulated the Council's response to the Consultation Paper, saying that the Council agreed with the principle - provided that income thresholds are set to ensure that residents have a reasonable expendable income and that the scheme is not bureaucratic. The Scrutiny Panel also suggested that the cost of administering the scheme should not be higher than the additional income received, and that any surplus income should firstly be spent on the additional staff required to administer the scheme and then to generally improve housing services.

The Scrutiny Panel had concerns that the proposal could give tenants a reduced incentive or ambition to increase their earnings, by either accepting workplace promotions or seeking higher paid jobs. By applying absolute thresholds, a person's expendable income could reduce dramatically following a small increase in earnings. Importantly, should the proposals be introduced, the Scrutiny Panel felt that income disclosure arrangements must be put in place in advance to enable officers to assess tenants income, ideally, with income data provided by Her Majesty's Revenue and Customs (HMRC).

The Tenants and Leaseholder's Federation agreed with the Council's response.

### **Celebrate "Older Peoples Day" at the Council's Sheltered Housing Scheme – 1<sup>st</sup> October 2012**

UK Older People's Day will be held on 1<sup>st</sup> October 2012 to coincide with the UN International Day for Older Persons. The main aim of the Day is to be a national celebration of the achievements and contributions that older people make to our society. It's a great way to build new relationships between people of all ages and bring together the local community.

As part of the celebrations, events are being held at many of the Council's sheltered housing schemes on this day, to which all Members are invited. These include coffee mornings, bingo sessions, afternoon tea etc. A small charge will be made for refreshments, with all proceeds going to the residents' House Fund Accounts.

Details of the locations are being published in the Council Bulletin. I hope that some members will be able to attend and help celebrate the contribution that older people make to our communities.

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## ***Report to the Council***

**Subject: Leisure & Wellbeing**

**Date: 27 September 2012**

**Portfolio Holder: Cllr Mrs Elizabeth Webster**

**Item: 6**

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### **Recommending:**

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

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### **Olympic Games**

The Olympic and Paralympic Games have ended and as we all know provided everyone with a spectacular feast of sporting achievement. The events at the White Water Centre were a great success, with of course Team GB achieving gold and silver medals in the men's pairs event. In general terms all the traffic management and parking arrangements worked well and the area around the venue looked splendid with the "Look and Feel" in place. Our concerns around parking pressures in the vicinity of the central line stations were thankfully not realised, although our enforcement officers did maintain a high profile to ensure that the parking controls were adhered to. The Council has received thanks from the Olympic Authorities for its role in hosting the Torch Relay and the support given to Broxbourne Borough Council in respect of the White Water Centre.

The White Water Centre is now open again to the public, so if anyone would like a ride down the Olympic slalom course, now's your chance!

### **Health & Wellbeing**

The Director of Public Health at Essex County Council has now published the Epping Forest District local area profile, undertaken as part of the Joint Strategic Needs Assessment. There is a lot of useful information contained in the profile which will form an important part of developing future health commissioning within the district. The key areas identified for consideration in setting local priorities are:

- Agencies should work in collaboration to ensure that people live in decent, affordable houses, ensuring that the policy on housing development supports independent living especially with a growing older population and provide adequate support to reduce fuel poverty in rural and more deprived areas.
- Action to reduce disparities in educational achievement at an early stage can contribute to a reduction in young people who are NEET and can reduce health inequalities, whilst enhancing young people's ability to make informed healthy choices.
- Better engagement with local communities to improve quality of life with effective strategies to promote healthier lifestyles (high smoking and obesity rates), to reduce the health and social care impact of people living with long term conditions and to improving access to information on staying healthy.
- Agencies should ensure integration of work around benefits take-up, unemployment (e.g. improving skills and qualification) and health and wellbeing promotion.

I have asked that the core document be published in the Members' Bulletin, but if Members want to explore the data in more detail they should visit

[www.essexinsight.org.uk](http://www.essexinsight.org.uk).

## **Community Services**

**Summer Holiday Programme** - The Community Services' Sports, Arts, Museum and Community Development teams once again provided a very successful summer holiday activity programme for children and young people aged from 3 to 18 years and their families.

The Museums' "drop in" children's activity sessions were particularly popular with the numbers attending being up on last years' overall and this may have been due to the excellent promotion of the Museum during the Olympic Torch Relay event in Waltham Abbey before the summer. In addition, the brand new summer holiday programme at Lowewood Museum in Hoddesdon was very well received, and attracted a completely new audience to the venue.

Sports Development offered a series of Mountain Biking courses which were all full with waiting lists, attracting 64 young people on led rides in Epping Forest – again this may have been linked to the promotion of the Olympic Mountain Biking events at Hadleigh Farm and many of the Arts and Playschemes sessions were as popular as ever. However, as expected, the Olympic Games did have a negative impact on some of the holiday activities available with some sessions that would usually be full to capacity not meeting previous years' attendance levels, therefore resulting in a slight reduction in income across the board.

**Sports and Health Development** delivered a successful & first 'Urban Games' for the District at Townmead Leisure Park in Waltham Abbey in early September, which was supported by funding from Essex County Council. The event was attended by over 120 young people who took part in parkour, skateboarding and BMX biking. The team are also starting new running programmes and netball courses later this month and in October, in Waltham Abbey and Epping.

**Local Paralympians** - Former Epping Forest Sports Award winners Emma and James Hollis from Theydon Bois both competed for the Great Britain swimming team in the 2012 Paralympics. Although unfortunately James did not qualify for the finals, his older sister Emma was placed in 6<sup>th</sup> place in her final, even though she had suffered from injury a few weeks before the event.

**Community Development** – Highlights during the summer holidays included 'Play in the Forest' in conjunction with the City of London and the ever popular Play in the Park programme which was available at 12 different locations across the district, from Nazeing and Abridge to Ongar. Many of the Playscheme days were fully booked, but some suffered from impact of the Olympic Games.

**Epping Forest Youth Council** – The Youth Council has been very active over the summer period in preparation for a busy autumn, which will see the development of a range of community volunteering projects. Youth Councillors also visited the Houses of Parliament for a day, which was organised by Robert Halfon MP. Three members of the Youth Council have also been invited to attend the new Epping Forest Youth Strategy Group which is a sub group of Epping Forest Children's Partnership and involves local County Councillors, Essex County Council Youth Services and EFDC officers. The group aims to address local youth issues at a strategic level across Epping Forest as identified through the long standing Children's Partnership.

**'Works Like a Charm'** – A special arts trail created with residents of Limes Farm Estate, Chigwell was opened on September 14<sup>th</sup> at the new Limes Community Centre. The trail

displays the good luck treasures and charms that people of all ages and abilities have made over the last six months as part of an arts project led by the Council's Community Arts team. The various charms, treasures and trinkets will be on long - term display buried in the walls and on the fascia inside the building.

**Health Summit** – Members are advised that a district-wide 'Health Summit' is being staged on Friday October 12<sup>th</sup> at the Marriot Hotel in Waltham Abbey. The event which is being led by One Epping Forest Healthy Communities Group will provide the opportunity for local stakeholders to discuss the key health issues in Epping Forest and plan for ways to address these.

**Museum** – The Museum is currently in the process of appointing consultants to undertake the detailed technical and design work as part of the second stage funding bid to Heritage Lottery Fund for the £1,165,000.00 towards development of the Museum premises and education programme. The second stage bid will be submitted in November and will additionally include a detailed overall business plan along with plans on audience and education development, which will see the Museum placed as a sub regional museums hub-site.

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## ***Report to the Council***

**Subject: Safer, Greener & Highways**

**Date: 27 September 2012**

**Portfolio Holder: Cllr G Waller**

**Item: 6**

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### **Recommending:**

**That the report of the Safer, Greener & Highways Portfolio Holder be noted.**

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### **Community safety**

Making use of partnership funding, the Epping Forest Community Safety Partnership has been able to appoint a new Data Analyst for a 12 month initial period. This postholder will be able to analyse crime data and trends and allow the Partnership to make important decisions on future resourcing. She will also be able to disaggregate the data for the Epping Forest and Brentwood policing division, so that we can view the data for the Epping Forest district alone. Meanwhile, we only have access to data for Epping Forest and Brentwood combined, and on that basis I can report that for the period between April and mid August, the target for all crime has been bettered, although that for domestic burglary has been marginally exceeded.

Epping Forest CSP was informed on 10 July that a homicide in which the victim was a female resident of Buckhurst Hill had occurred at Loughton and that it appeared to meet the criteria for commissioning a Domestic Homicide Review (DHR). Following initial investigations which showed that the establishment of a DHR was indeed justified, I formally notified the Home Office that we would be taking this step, and the first meeting of the DHR Panel has been set for 1 October 2012, with the intention of appointing an independent Chair and agreeing Terms of Reference for the Review. Under statutory provisions, the DHR is the responsibility of the Community Safety Partnership and will require considerable input from officers within the Safer Communities Team.

The renewal of the CCTV system in Debden Broadway, funded by the Epping Forest District Council Town Centre Enhancement Budget, was completed in mid August, and there are now 64 cameras transmitting images wirelessly to the Safer Communities Team at the Civic Offices. This system has already been used successfully to identify two fly-tippers who are now being investigated by EFDC Neighbourhood Officers. The Council has also funded a fourth camera at Epping High Street to cover the area surrounding the Station Road junction. The Safer Communities Team can arrange demonstrations of the CCTV systems for Members on request.

Following an extensive investigation conducted by EFDC Anti-social Behaviour investigators, Essex County Fire & Rescue Service and Essex Police Neighbourhood Policing Team into a series of bin arsons in this area, a 17 year old female appeared at Chelmsford Youth Court on 27 July, having pleaded guilty. A male aged 17 was also arrested, charged and convicted, and has since moved from the area. After sentencing, the Court heard an application from the Council's investigators for the granting an Anti-social Behaviour Order, and a two year ASBO was granted, prohibiting the female from using threatening, insulting or abusive words or behaviour or inciting others within the area of Epping Forest District.

Reported domestic violence is a growing problem throughout the country, including Epping Forest. The Safer Communities Team is placing a full page advertisement in a new District GP health guide, with distribution commencing at the end of October and continuing for a full year. As well as GP practices, copies will be placed in health centres, clinics, Citizens Advice Bureaux and Libraries, with the advertisement directing concerned readers to local services available in the

District and also to national support agencies.

A free electric blanket testing service provided by the Council produced a good response from local residents, and those who took advantage of this facility can now be reassured that their blanket is safe to use during the coming winter months.

## **Countrycare**

Since the last Council meeting I have visited almost all the Local Nature Reserves within the District and have had opportunities to see for myself the excellent work which is being carried out to maintain and enhance the habitats provided for plants and wildlife. I also spent some time with the volunteers working at the Roding Valley Meadows Local Nature Reserve (LNR), a site of Special Scientific Interest extending to 160 acres which is the largest surviving area of traditionally managed river valley habitat in Essex.

Over 50 different volunteers have been mobilised by Countrycare this year, and they comprise a superb asset providing a high degree of leverage to complement the work of the staff and to maximise the impact of their activities. Josh Russell, the youngest volunteer, aged 20, received the Jack Petchey volunteer of the year award of £200 which will be put towards hedgeplanting in North Weald, close to where Josh lives.

Talks have been given to local societies including pensioners' groups, and several successful environmental education events have taken place. As many as 38 species of moth were recorded at a moth and bat night held at Epping Upland All Saints Church.

The Environment Directorate has also now agreed an internal recharge to Countrycare for the maintenance and enhancement of the former Bobbingworth Tip. This will allow the site to be managed to a standard which will potentially enable it to be designated as an LNR in the future.

## **Highways and parking**

The new Highways Panel eventually met for the first time on 6 September and County Councillor Gerard McEwen was appointed Chairman. As the result of a decision made then to consider a wider range of potential schemes, a further meeting was arranged for 18 September and a subsequent one for 2 October. I shall arrange for the outcomes of these meetings to be placed in the Members' Bulletin. Members should note that the outcomes of Panel meetings will also be reported to the Safer, Cleaner, Greener Standing Scrutiny Panel.

Concerns around the Parking Reviews continue. I have reported previously that the Epping Review has been completed. However, despite the team's best efforts to carry out consultations and engage residents with the proposed changes, it has proved difficult to avoid some disappointments. I am keen to learn the lessons of the Epping Review and am working with Buckhurst Hill members to improve the way in which their local scheme is implemented, with the objective of carrying it out in a manner which avoids widespread changes but addresses key problem areas. Loughton Broadway Parking Review will commence once the Buckhurst Hill Review is completed, as already agreed by Members.

I would like to remind Members that the enforcement of on street parking restrictions will transfer from the Council to the North Essex Parking Partnership on 1 October 2012. I shall ask for further details to be provided in the Members' Bulletin.



## ***Report to the Council***

**Committee:** Cabinet

**Date:** 27 September 2012

**Subject:** Support Services Portfolio

**Portfolio Holder:** Councillor Hal Ulkun

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### **Recommending:**

**That the report of the Support Services Portfolio Holder be noted**

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### **Police and Crime Commissioner Election – 15 November 2012**

The Returning Officer has attended a further briefing with the PARO held on 1 August 2012 where a number of key issues relating to this election were discussed.

The closing date for nominations is 19 October 2012 and it is known that, within Essex, four candidates have publicly declared themselves.

At the meeting the PARO organised a simulation for the counting of votes under the alternative vote system. A number of learning points arose from this trial and training for this Council's own counting staff both for senior supervisors and counting teams will be given. This system is based on the principle that if there are more than two candidates, voters can express a first and second preference on the ballot paper and if the total number of first choices for a candidate does not reach 50% of the votes cast, second preferences are then be counted to achieve a result.

Arrangements for conveying results in Districts to the central count centre are being developed with the PARO as the result is for Essex as a whole rather than any District.

Members are referred to the website of the Electoral Commission for more details of this system.

The Government has issued a consultation document on the funding regime for these elections and is seeking comments from Returning Officers regarding the proposed arrangements. A number of reservations have been expressed about the cost assumptions for some expenditure heads and the final proposals of the Government are now awaited.

### **Individual Electoral Registration**

The Government has recently opened consultations regarding the funding arrangements for the new individual elector registration system. These proposals are currently being assessed and any comments will be made in accordance with the deadlines set.

### **Electoral Register Canvass – June/September 2012**

As at 3 September 2012, 32,000 household forms had been received in the traditional way. A total of 14,300 properties had re-registered by the new "remote" methods, namely by text, e-mail or dedicated phone line. The current percentage return rate is 94.3% and last

reminders were despatched on 15 September 2012 to the 3,000 properties which have not yet responded.

### **New Standards Regime**

Work is being undertaken to obtain registration of interest forms from those councillors who have not so far returned them. Similarly, with Parish and Town Councils, the returns for parish members not so far returned are also being sought.

The Parish and Town Councils are forming a new Joint Parish Standards Committee to which a majority have affiliated. Some Councils have opted for the District Council's Standards Committee whilst others have yet to respond with their preferences. A training course was held on 17 September 2012 on declarations of interest and will be repeated if necessary to assist members in getting to grips with the new system.

In terms of the Code of Conduct and the complaints procedure, those devised by the Public Law Partnership have been accepted with one or two exceptions.

### **Upgrade to Payroll/HR System**

The Council has been required to implement an upgrade to the Payroll/HR IT System as SAGE (the System provider) will no longer provide the necessary support for the end-of-year processes for 2012/2013 and beyond.

A substantial amount of work is being undertaken by Payroll and HR staff to implement the new version of the System. The amount of work required is because it is not just a regular upgrade to the System, extensive changes have been made specifically to the HR module.

### **Legal Services retained LEXCEL**

Lexcel is an accreditation scheme which is regulated by the Law Society and is a scheme which is relevant to both Private Practice and In House legal provision. The objective of Lexcel is to enhance the service given by a practice to its clients, to improve the management of the practice and the morale and motivation of staff. Lexcel encourages practices to consult with clients to ensure that the views of users of legal services have an impact on the way the service is delivered. There is an emphasis within the standard on continuous improvement.

Legal Services first achieved Lexcel accreditation in August 2006. The accreditation lasts for 3 years with yearly maintenance reviews by an Independent Assessor to ensure continued compliance. The Law Society constantly reviews the standard and it has been revised to enhance its relevance to the profession, to reflect changes in the law and has increased the risk management requirements. Legal Services was assessed on 14 August 2012 against the new Lexcel V5 standard and was successful in retaining the accreditation.

The Independent Assessor report highlighted 4 minor non compliances (procedural issues not adequately reflected in the Quality Manual as a result of the changes to the standard but which were dealt with on the day and signed off), 5 suggestions for improvement, which will be considered and implemented as necessary, and 17 areas of good practice.

## **Report to the Audit and Governance Committee**



**Epping Forest  
District Council**

**Report reference: AGC - 2012/13**  
**Date of meeting: 24 September 2012**

**Portfolio: Finance and Technology**

**Subject: Statutory Statement of Accounts 2011/12**

**Officer contact for further information: Bob Palmer (01992 - 56 4279)**

**Democratic Services Officer: Gary Woodhall (01992 – 56 4470)**

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### **Recommendations/Decisions Required:**

**That a report be submitted to the Council recommending that the Statutory Statement of Accounts for 2011/12 be adopted.**

### **Executive Summary:**

One of the key roles of this Committee is scrutinising the annual Statutory Statement of Accounts. All Members of the Council will have the opportunity to debate the Accounts at Full Council and part of that debate will be to consider the recommendation of this Committee.

It is anticipated that the audit will be completed shortly and that the Statutory Statement of Accounts will be presented to Council on 27 September. There is a separate report elsewhere on the agenda that sets out the key findings of the audit.

The changes to the annual Statutory Statement of Accounts for 2011/12 are relatively modest compared to those necessary for compliance with International Financial Reporting Standards (IFRS) in 2010/11. To assist Members with their consideration of the Accounts a report follows together with the Accounts themselves.

### **Reasons for Proposed Decision:**

It is important that this Committee scrutinises the annual Statutory Statement of Accounts so that residents and other Members can have confidence in the Accounts.

Officers have exercised their professional judgement and liaised closely with external experts and the External Auditor to produce the Statutory Statement of Accounts. If Members are satisfied with the content of this report and the verbal responses to any questions raised, they are requested to recommend the Statutory Statement of Accounts for adoption by Full Council on 27 September.

### **Other Options for Action:**

The Committee could decide that the accounts should be amended or expanded prior to them being presented to Full Council.

### **Report:**

1. The Accounts and Audit Regulations require Full Council or an Executive Committee to adopt the Council's Statement of Accounts before the end of September. The Council's constitution reserves the adoption of the Accounts to Full Council only. However, prior to Council considering the accounts it is important that they have been subject to Member

scrutiny. This Committee has scrutinised the Statement of Accounts for the previous five years.

2. The consideration of the Statement of Accounts is contained in the Terms of Reference of this Committee, the relevant parts being:

(h) To review financial statements, including the Council's Statement of Accounts, External Auditor's opinion and reports to members, and monitor management action in response to the issues raised by External Audit.

(i) Review, and challenge where necessary, the actions and judgements of Management, in relation to the Council's Statement of Accounts, paying particular attention to:

- (i) critical accounting policies and practices, and any changes to them;
- (ii) decisions requiring a major element of judgement;
- (iii) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
- (iv) significant adjustments resulting from the audit; and
- (v) any material weakness in internal control reported by the Internal or External Auditor.

### **Changes to the Contents of the Statutory Statement for 2011/12**

3. There have been no significant changes in content this year to either the main accounting statements or their accompanying notes. One additional note has been added for Heritage Assets.
4. The concept of Heritage Assets was introduced by the accounting standard FRS 30. A heritage asset is defined as an asset that is maintained principally for the contribution it makes to knowledge and culture. In the case of the Council the museums service hold a number of artefacts that fall within this definition. The Code also states that such assets should be recognised where the authority has information on the cost or value of the assets but where this is not available a note to that effect should be included. This is a change of policy and as a result the Balance Sheet has been restated, including the opening Balance Sheet for 2010/11, to reflect those assets where a value is available. However the amount is not material to the accounts themselves and therefore not all the disclosures required by the code have been made.
5. The effect on the Balance Sheet has been to reduce the value of Property, Plant and Equipment by £24,000, due to the reclassification of the Epping Fountain as a Heritage Asset, and add Heritage Assets as a new Long Term Asset with a net value of £543,000. This has had the net effect of increasing Total Assets less Liabilities by £519,000. This is mirrored on the bottom half of the Balance Sheet by an increase of £519,000 in Unusable Reserves.

### **Critical accounting policies and practices, and any changes to them**

6. There have been no significant changes in accounting policies and practices during the year. The accounting policies are set out on pages 9 to 15 of the Accounts.

### **Decisions requiring a major element of judgement**

7. In preparing a set of accounts at a point in time it is inevitable that some of the information required will not yet be available. If an actual amount is uncertain an estimate is used. The estimate will be based on the assessment of information available at the time the accounts are closed. When the actual figures are determined any difference is usually accounted for in the following year. If the estimate was wrong by a material amount it would be necessary to consider re-stating the figures, this is extremely rare.

8. Two of the additional notes introduced by IFRS last year are relevant here, note 3 "Critical judgements in applying accounting policies" and note 4 "Assumptions made about the future and other major sources of estimation uncertainty". The key critical judgement highlighted in note 3 is that the Council does not currently need to close facilities or significantly reduce levels of service provision. If this were not the case it would be necessary to consider any assets that would be affected and any consequent impairment of their values.
9. Three areas are covered by note 4, these are firstly property, plant and equipment, secondly pensions liability and finally arrears. The assumption made on property, plant and equipment is that assets will continue to be maintained so as to maximize their useful lives. If this were not to be the case additional depreciation would need to be charged. In reviewing arrears an estimate has to be made to allow for bad debts and, whilst a prudent view is taken in making this calculation, if the economic climate were to worsen significantly the charge to the CIES would increase.
10. The substantial annual fluctuations in the pension's liability make clear the element of judgement exercised by the actuary in establishing the pension figures. The largest creditor on the Balance Sheet is the Council's liability to the pension fund. The Balance Sheet shows that the pension liability for the Council has increased in the year from £46.3 million to £65.6 million. The value of the scheme assets has increased during the year but the projected liabilities have increased by even more. The main factor in increasing the scheme's liabilities has been the change in discount rate for future outgoing cash flows. This discount rate has reduced from 5.5% to 4.6%, causing increases in liabilities for Essex authorities ranging from 13% to 25%. The increase is all the more noticeable this year as the value of our liabilities had been reduced by over £9 million in the previous year.
11. The following table is included to illustrate how the overall deficit has fluctuated over time, part of this volatility may be due to the change in actuaries during the year from Mercer to Barnett Waddington.

|             | 2011/12<br>£'m | 2010/11<br>£'m | 2009/10<br>£'m | 2008/09<br>£'m | 2007/08<br>£'m |
|-------------|----------------|----------------|----------------|----------------|----------------|
| Liabilities | (150.8)        | (130.1)        | (139.2)        | (102.3)        | (120.4)        |
| Assets      | 85.2           | 83.8           | 82.7           | 60.8           | 76.9           |
| Deficit     | (65.6)         | (46.3)         | (56.5)         | (41.5)         | (43.5)         |

12. The inclusion of this amount in the Balance Sheet shows the extent of the authority's liability if the pension fund was to close on 31 March 2012. It does not mean that this full liability will have to be paid over to the pension fund in the near future.
13. There are no other areas in the Statement of Accounts to bring to Member's attention as having required a major element of judgement. Where it has been necessary to exercise judgement in the interpretation of the Code of Practice advice has been sought from CIPFA and staff have liaised closely with both the External Audit Manager and other Essex authorities.

**The extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed**

14. Where a transaction has been separately disclosed as an Exceptional Item it clearly needs to be mentioned in this section. Last year the Council received a substantial VAT refund relating to over declared VAT and interest on output tax charged on sports tuition between 1 January 1978 and 31 December 1989. A number of authorities across the country made similar claims and Members may have seen them described in the press as "Fleming Claims". The claim produced a net benefit of £714,000. This year a further net refund of £253,000 has been agreed in relation to trade waste for the period from 1 April 19738 to 30 November 1996.

15. The other exceptional item in the accounts is the borrowing of £185,456,000 from the Public Works Loan Board in order to pay an equivalent amount over to the Department for Communities and Local Government. This payment was the amount prescribed as payable on the cessation of the Housing Revenue Account Subsidy regime on 31 March 2012. The payment is of a capital nature but as it neither creates nor improves an existing asset the payment is written off to the Comprehensive Income and Expenditure Statement in the year of payment. This item is reversed out within the Adjustments Between Accounting Basis and Funding Basis under Regulation as it is not funded from revenue resources. The 30 year business plan for the HRA shows that overall this transaction will bring significant benefits to the HRA, as annual payments into the subsidy pool of £11.3 million have been replaced by interest payments of £5.5 million.

#### **Significant adjustments resulting from the audit**

16. Any significant adjustments that are made to the Statement of Accounts will be reported to this Committee, none have arisen so far for 2011/12.

#### **Any material weakness in internal control reported by the Internal or External Auditor**

17. The weakness reported in 2010/11 of Senior Benefit Officers failing to perform the required amount of checking was still not fully resolved in 2011/12. However, no material errors arose as a result of this.

#### **Resource Implications:**

The Accounts set out the resource implications of the Authorities activities for 2011/12. The recommendation of the Accounts to Full Council does not in itself have any resource implications.

#### **Legal and Governance Implications:**

Full Council must approve the Accounts before the end of September and as part of the overall governance framework the Accounts should be subject to Member scrutiny prior to their approval.

#### **Safer, Cleaner and Greener Implications:**

There are no environmental implications.

#### **Consultation Undertaken:**

None.

#### **Background Papers:**

Reports on the revenue and capital outturns to the Finance & Performance management Cabinet Committee on 25 June 2012.

#### **Impact Assessments:**

There are no equalities or risk management impacts.



***STATEMENT OF ACCOUNTS  
2011-12***



*Epping Forest District Council*

[www.eppingforestdc.gov.uk](http://www.eppingforestdc.gov.uk)

# STATUTORY STATEMENT OF ACCOUNTS 2011/12

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Further copies of this report are available from the Director of Finance & ICT at the Civic Offices, High Street, Epping, Essex, CM16 4BZ



# INTRODUCTION AND EXPLANATORY FOREWORD

## INTRODUCTION

Over a period of time the appearance and content of local authority accounts has changed dramatically and the change to International Financial Reporting Standards (IFRS) last year introduced major changes. It is unfortunate that these changes have made the accounts more difficult for the average reader to understand. Thankfully there have been no significant changes for this year and it is hoped that we may now see a reduction in the significance and number of changes. The process we are required to follow and the key financial statements are outlined below.

The Chartered Institute of Public Finance and Accountancy (CIPFA) publishes a Code of Practice on Local Authority Accounting (the Code) every year that local authorities are required to follow in producing their financial statements. Before the Code is published the Accounting Standards Board (ASB) approves the document. In recent years the ASB has insisted that the Code moves closer to Generally Accepted Accounting Principles (GAAP), so that public sector financial statements more closely resemble those prepared in the private sector and hence the switch to IFRS.

- Comprehensive Income and Expenditure Statement - this brings together all gains and losses during the year to report them in one statement. This statement replaces the previous Income and Expenditure Account and the Statement of Total Recognised Gains and Losses.
- Movement in Reserves Statement - this shows the movements on all reserves in the bottom half of the Balance Sheet and reconciles the surplus or deficit on the Comprehensive Income and Expenditure Statement to the movement in the General Fund Balance. This replaces the Statement of Movement on General Fund Balance and the note which had previously been used to disclose movements on reserves.
- Balance Sheet - this is the statement of the Council's net worth. There have been presentational changes to the Balance Sheet but it is broadly similar to previous years.
- Cashflow Statement - this reports the movement on cash and cash equivalents in a more summarised form than used previously. Under IFRS some items are now included within cash that would previously have been excluded.

The above are described as core financial statements as all local authorities are required to produce them. Both the Balance Sheet and the Cashflow Statement are long established documents that have not been radically amended over time by the successive accounting standards. The Balance Sheet lists what the Council owns, what is owed to the Council and what the Council owes to others. The Cashflow Statement summarises the movements in assets, liabilities and capital broken down into operating, investing and financing activities that have taken place during the year and their effect on the Council's holdings of cash.

2011/12 saw the ongoing concerns about the weakness of peripheral Euro zone members such as Greece, Ireland and Portugal expand to encompass the larger economies of Italy and Spain. Drastic austerity measures have not been sufficient to prevent downgrading of sovereign debt ratings and a need for further bail outs. Fears about a Greek default and the long term viability of the Euro remain. Closer to home, economic growth has remained weak and the feared "double dip" recession has occurred. In both the United Kingdom and Europe the debate continues to determine how reductions in public expenditure can be achieved whilst providing some stimulus for growth.

The depressed property market and low interest rates have continued to impact on some of the Council's key income streams throughout the year. The coalition Government has embarked on a Local Government Resource Review which will fundamentally change the way local authorities are financed from 2013/14. As an incentive to promote economic growth authorities will be able to retain a share of any growth in income from non-domestic rates. However, the scheme remains work in progress at this time and so the outcomes are uncertain.

For 2010/11 the Council received £9.415 million of formula grant although, due to changes in responsibilities between tiers of local government, this figure was re-stated as £8.71 million for comparisons going forward. The formula grant for 2011/12 of £7.59 million represents a 12.9% reduction against the adjusted 2010/11 figure. The 2011/12 figure is itself then re-stated and the formula grant figure of £6.656 million for 2012/13 is a further 12.3% reduction.

The reductions in grant over two years were approximately £100,000 worse than had been anticipated for the entire four year CSR period. In making these reductions the government only gave broad indications of the grant figures beyond 2012/13 and, as mentioned above, there is no clarity yet around what authorities can expect from 2013/14. The Medium Term Financial Strategy (MTFS) has been adjusted and levels of net savings required set for 2013/14 and 2014/15, although these figures will need to be re-visited.

The necessary net savings to the General Fund for 2012/13 were delivered primarily through budget reductions in areas with an historic trend of underspending and through the re-negotiation of the waste management contract, which has provided an annual saving of £850,000. In common with other Essex authorities, the Council has stopped funding Police Community Support Officers and this has saved over £90,000 per annum.

In 2011/12 the Council's Balance Sheet has suffered a substantial reduction with reform of the Housing Subsidy System requiring the Council to borrow £185 million to buy itself out of the system. Normally borrowing in the bottom half of the balance sheet is mirrored by the appearance of an asset in the top half that the loans have financed. Instead of creating an asset the payment of £185 million has allowed the Council to avoid annual payments of £11.4 million into the subsidy system.

Having been debt free for many years, taking on such significant borrowings did not seem attractive. However, the debts will be repaid over 30 years and the business plan for this period shows that the Housing Revenue Account will be in a much stronger financial position than if the subsidy system had continued. The additional funds now available within the HRA have allowed the introduction of an enhanced maintenance standard, which exceeds the requirements of the Decent Homes Standard, and the creation of a programme for building new homes. The business plan will need to be adjusted in subsequent years once the effects of the enhanced right to buy discounts becomes clear, although the current expectation is that this change may benefit the HRA overall as more money will be available for the new build programme.

A number of the Council's significant income streams are property related and these have continued to provide lower returns than has historically been the case, although the Continuing Service Budgets have been adjusted down for these trends. A ring-fenced account is maintained for Building Control which is required to break even over a three year rolling period. Cost control measures proved very effective in 2011/12, as despite operating at a lower level of income the account has returned a £67,000 surplus for the year. Previously the MOT service provided by Fleet Operations had performed strongly, although late in 2011/12 two significant customers moved their business to other providers and this reduced income for the year.

The second largest liability on the Council's Balance Sheet is in respect of the pension fund. This has increased significantly in the year from £46.3 million to £65.6 million. The assets of the scheme have increased in value by £1.4 million but the major change is on the liabilities which have increased by £20.7 million. A change in the discount rate for future cash flows increased liabilities for scheme members between 13% and 25% and this is by far the biggest reason for the overall increase in the liability. The inclusion of this amount in the Balance Sheet shows the extent of the Council's liability if the pension fund was to close on 31 March 2012. It does not mean that this full liability will have to be paid over to the pension fund in the near future.

The year-end position is better than was anticipated when the revised estimates were set. A predicted General Fund surplus of £69,000 has been exceeded and a surplus of £631,000 was achieved. The Housing Revenue Account has a deficit of £1.393 million, slightly worse than the revised estimate of a deficit of £949,000. The next section provides more detail on both the revenue and capital outturn for the year.

## SUMMARY OF OUTTURN

The following tables provide a summary review of net expenditure and financing for 2011/12.

### General Fund

The table below summarises the revenue outturn for the General Fund and the consequential movement in balances for 2011/12

| General Fund                           | Original Estimate<br>£000 | Revised Estimate<br>£000 | Actual Spend<br>£000 | Variance from Original<br>£000 | Variance from Revised<br>£000 |
|--|---------------------------|--------------------------|----------------------|--------------------------------|-------------------------------|
| Net Expenditure after Adjustments      | 15,682                    | 15,643                   | 15,081               | (601)                          | (562)                         |
| Government Grants and Local Taxation   | 15,511                    | 15,712                   | 15,712               | 201                            | -                             |
| <b>(Contribution to)/from Balances</b> | <b>171</b>                | <b>(69)</b>              | <b>(631)</b>         | <b>(802)</b>                   | <b>(562)</b>                  |
| Opening Balances - 1/4/11              | (8,570)                   | (8,570)                  | (8,570)              | -                              | -                             |
| (Contribution to)/from Balances        | 171                       | (69)                     | (631)                | (802)                          | (562)                         |
| <b>Closing Balances - 31/3/12</b>      | <b>(8,399)</b>            | <b>(8,639)</b>           | <b>(9,201)</b>       | <b>(802)</b>                   | <b>(562)</b>                  |

Net expenditure for 2011/12 totaled £15.081 million, which was £601,000 (3.8%) below the original estimate and £562,000 (3.6%) below the revised. When compared to a gross expenditure budget of approximately £82 million, the variances can be restated as 0.7% and less than 0.7% respectively.

An analysis of the changes between Continuing Services Budget (CSB) and District Development Fund (DDF) expenditure illustrates where the main variances in revenue expenditure have occurred.

| General Fund                            | Original Estimate<br>£000 | Revised Estimate<br>£000 | Actual Spend<br>£000 | Variance from Original<br>£000 | Variance from Revised<br>£000 |
|---|---------------------------|--------------------------|----------------------|--------------------------------|-------------------------------|
| Opening CSB                             | 17,090                    | 17,393                   | 16,942               | (148)                          | (451)                         |
| In Year Growth                          | 486                       | 1,102                    | 1,112                | 626                            | 10                            |
| In Year Savings                         | (1,894)                   | (2,852)                  | (2,973)              | (1,079)                        | (121)                         |
| <b>Total Continuing Services Budget</b> | <b>15,682</b>             | <b>15,643</b>            | <b>15,081</b>        | <b>(601)</b>                   | <b>(562)</b>                  |
| DDF - Expenditure                       | 1,698                     | 1,965                    | 1,557                | (141)                          | (408)                         |
| DDF - One Off Savings                   | (594)                     | (1,615)                  | (1,745)              | (1,151)                        | (130)                         |
| <b>Total DDF</b>                        | <b>1,104</b>              | <b>350</b>               | <b>(188)</b>         | <b>(1,292)</b>                 | <b>(538)</b>                  |
| Appropriations                          | <b>(1,104)</b>            | <b>(350)</b>             | <b>188</b>           | <b>(1,292)</b>                 | <b>(538)</b>                  |
| <b>Net Expenditure</b>                  | <b>15,682</b>             | <b>15,643</b>            | <b>15,081</b>        | <b>(601)</b>                   | <b>(562)</b>                  |

## Continuing Services Budget

CSB expenditure was £601,000 below the original estimate and £562,000 lower than the revised. The variances have arisen on both the opening CSB, £451,000 lower than the revised estimate and the in year figures, £111,000 lower than the revised estimate.

In common with recent years salary savings make up a proportion of the saving on the opening CSB. Actual salary spending for the Council in total, including agency costs, was some £18.847 million compared against a probable outturn of £19.796 million. The saving of £949,000 was primarily spread over four directorates Housing, Environment and Street Scene, Planning and Economic Development and Office of the Chief Executive, though much of the latter has been treated as DDF. The largest monetary saving related to Housing so broadly half of the overall saving fell on the Housing Revenue Account (HRA) or Housing Repairs Fund rather than the General Fund. There were an number of other underspent CSB budgets, with the largest underspends being on the corporate improvement budget (£33,000) building maintenance (£25,000) and NDR reductions (£23,000). In addition to these there were many other budgets which had underspends of between £6,000 and £12,000.

The original in year CSB saving figure of £1,408,000 increased at revised estimate to a saving of £1,750,000. The main reasons related to the savings on the waste management contract and the inclusion of the New Homes Bonus. This was offset to a degree by the decision to build the whole of the pension deficit payments into the CSB. Given that the capitalisation direction applied for 2011/12 was refused this was considered the appropriate prudent step to take in the circumstances. In the event the savings were higher than both at £1,861,000, the main additional saving was the cessation of the contribution toward the community support officers being achieved earlier than expected.

## District Development Fund

Net DDF expenditure was £1,292,000 below the original estimate and £538,000 below the probable outturn. There are requests for carry forwards totaling £446,000 and therefore the variation actually equates to a £92,000 net under spend on the DDF items undertaken. These one-off projects are akin to capital, in that there is regular slippage and carry forward of budgetary provision. Therefore the only reasonable variance analysis that can be done is against the revised position.

The net DDF spend reduced between the Original and Revised position by £754,000, this was due to a mixture of items brought forward from 2010/11 and new items identified during 2011/12. The largest item introduced into the probable outturn was additional net income for a VAT refund relating to trade waste charges originating between 1973 and 1996. There was also anticipated to be a substantial reduction in investment income. Funds allocated to the Local Plan were rephased into 2012/13.

Three Directorates saw variations in excess of £100,000 on their DDF when compared to the probable outturn. Within Corporate Support Services the variation related to Local Land Charges. Within Finance and ICT there are two variations. The anticipated allowance required for the new concessionary fare arrangements will not now be required and whilst on going court cost income is expected to reduce the total income in 2011/12 was better than expected. It is felt the additional income though was of a one off nature. The main variation within Planning services relates to slippage within the Local Plan budget.

The effect of this is that there is a balance of £3.46 million on the DDF as at 31 March 2012 whereas it was expected that the balance would be £2.92 million. The carry forward provision of £446,000 has been added to the programme for 2012/13 meaning that at the end of that year there is an additional £92,000 available to spend. The MTFS set in February 2012 had anticipated that the DDF balance would still be £1.309 million at the end 2015/16 and this position has improved slightly.

## Appropriations

The only variations on appropriations arose from the under spend on the DDF.

## Housing Revenue Account

The table below summarises the revenue outturn for the HRA.

| Housing Revenue Account                 | Original Estimate<br>£000 | Revised Estimate<br>£000 | Actual Spend<br>£000 | Variance from Original<br>£000 | Variance from Revised<br>£000 |
|---|---------------------------|--------------------------|----------------------|--------------------------------|-------------------------------|
| Revenue Expenditure                     | 13,416                    | 13,154                   | 12,866               | (550)                          | (288)                         |
| Housing Revenue Account Subsidy Payable | 11,312                    | 11,342                   | 11,304               | (8)                            | (38)                          |
| Depreciation                            | 8,904                     | 12,893                   | 10,032               | 1,128                          | (2,861)                       |
| <b>Total Expenditure</b>                | <b>33,632</b>             | <b>37,389</b>            | <b>34,202</b>        | <b>570</b>                     | <b>(3,187)</b>                |
| Gross Dwelling Rents                    | 27,502                    | 27,544                   | 27,538               | (36)                           | 6                             |
| Other Rents and Charges                 | 2,980                     | 2,815                    | 2,741                | 239                            | 74                            |
| <b>Total Income</b>                     | <b>30,482</b>             | <b>30,359</b>            | <b>30,279</b>        | <b>203</b>                     | <b>80</b>                     |
| <b>Net Cost of Service</b>              | <b>3,150</b>              | <b>7,030</b>             | <b>3,923</b>         | <b>773</b>                     | <b>(3,107)</b>                |
| Interest and Other Transfers            | 750                       | 590                      | 637                  | (113)                          | 47                            |
| Interest Payable                        |                           |                          | (61)                 | (61)                           | (61)                          |
| Transfer from Major Repairs Reserve     | 3,998                     | 7,965                    | 5,104                | 1,106                          | (2,861)                       |
| <b>Net Operating Income</b>             | <b>(1,598)</b>            | <b>(1,525)</b>           | <b>(1,757)</b>       | <b>(159)</b>                   | <b>(232)</b>                  |
| <b>Appropriations</b>                   |                           |                          |                      |                                |                               |
| Capital Expenditure                     | 2,050                     | 2,050                    | 2,050                | 0                              | 0                             |
| Charged to Revenue                      |                           |                          |                      |                                |                               |
| Transfer to Insurance Fund              |                           |                          | 650                  | 650                            | 650                           |
| Other                                   | 130                       | 424                      | 450                  | 320                            | 26                            |
| <b>Deficit for Year</b>                 | <b>582</b>                | <b>949</b>               | <b>1,393</b>         | <b>811</b>                     | <b>444</b>                    |
| Opening Balance - 1/4/11                | (5,886)                   | (5,886)                  | (5,886)              | -                              | -                             |
| Deficit for year                        | 582                       | 949                      | 1,393                | 811                            | 444                           |
| <b>Closing Balance - 31/3/12</b>        | <b>(5,304)</b>            | <b>(4,937)</b>           | <b>(4,493)</b>       | <b>811</b>                     | <b>444</b>                    |

A deficit within the HRA of £582,000 and £949,000 was expected within its original and probable outturn revenue budgets respectively; the actual outturn was a higher deficit of £1,393,000. There were a number of areas underspent, including heating and lighting, choice based lettings and allocations and dispersed alarms. There was also an additional appropriation of £650,000 to the Insurance Fund in recognition of the potential liabilities faced by the Council relating to asbestos claims.

The underspend on the capital programme, has reduced the use of the Major Repairs Reserve (MRR). The MRR is shown in the following section covering the Capital Outturn, where it can be seen that the balance on the MRR is £1.6 million higher than the probable outturn at a very healthy £8.24 million.

The revenue balance on the HRA of £5.886 million is still much higher than the target balance of between £3 million and £4 million agreed by Cabinet when considering the most recent HRA five-year forecast.

## Capital Outturn

The table below summarises the capital expenditure outturn and its financing for 2011/12

| Capital Expenditure and Financing | Original Estimate<br>£000 | Revised Estimate<br>£000 | Actual Spend<br>£000 | Variance from Original<br>£000 | Variance from Revised<br>£000 |
|-----------------------------------|---------------------------|--------------------------|----------------------|--------------------------------|-------------------------------|
| Non-Housing                       | 4,653                     | 4,128                    | 2,993                | (1,660)                        | (1,135)                       |
| Housing                           | 8,751                     | 8,201                    | 6,570                | (2,181)                        | (1,631)                       |
| <b>Total Expenditure</b>          | <b>13,404</b>             | <b>12,329</b>            | <b>9,563</b>         | <b>(3,841)</b>                 | <b>(2,766)</b>                |
| Grants                            | 658                       | 1,071                    | 974                  | 316                            | (97)                          |
| Capital Receipts                  | 5,801                     | 4,237                    | 3,206                | (2,595)                        | (1,031)                       |
| Revenue Contributions             | 6,945                     | 7,021                    | 5,383                | (1,562)                        | (1,638)                       |
| <b>Total Financing</b>            | <b>13,404</b>             | <b>12,329</b>            | <b>9,563</b>         | <b>(3,841)</b>                 | <b>(2,766)</b>                |

The table identifies a net underspend against the revised estimate of £2.766 million, some of which has been established as genuine savings. However, the majority represents slippage and expenditure has therefore currently been re-phased into 2012/13.

The main areas of slippage on non-housing items were Waltham Abbey all weather pitch (£495,000) and waste management equipment (£192,000). Whilst there is a net £1,135,000 underspend on the non-housing programme £1,098,000 will be carried forward, this is due to a net underspend of £37,000 on the projects undertaken. On the housing programme the greatest slippage was on small capital repairs (£449,000) and Kitchen and Bathroom Replacements (£420,000). There was also a net underspend of £1,631,000 on the Housing programme however £1,551,000 needs to be carried forward leaving an underspend of £80,000 on projects undertaken.

Council house sales remained in single digits for the fourth year in a row, although there were two more sales and the values did slightly exceed the amounts allowed for in the probable outturn. There were no significant land sales in 2011/12, although interest in potential developments is improving. Even with the relatively low level of sales, the Council has substantial capital resources available to it and given the level of these the Council is unlikely to need to borrow to finance the capital programme in the medium term. The movements in capital resources are set out in the tables below:

|  | Original Estimate<br>£000 | Revised Estimate<br>£000 | Actual Spend<br>£000 | Variance from Original<br>£000 | Variance from Revised<br>£000 |
|--|---------------------------|--------------------------|----------------------|--------------------------------|-------------------------------|
| <b>Usable Capital Receipt Balances</b> |                           |                          |                      |                                |                               |
| <b>Opening Balance - 1/4/11</b>        | <b>17,661</b>             | <b>18,694</b>            | <b>18,694</b>        | <b>1,033</b>                   | <b>-</b>                      |
| Usable Receipts Arising                | 235                       | 155                      | 353                  | 118                            | 198                           |
| Use of Other Capital Receipts          | (5,801)                   | (4,237)                  | (3,206)              | 2,595                          | 1,031                         |
| <b>Closing Balance - 31/3/12</b>       | <b>12,095</b>             | <b>14,612</b>            | <b>15,841</b>        | <b>3,746</b>                   | <b>1,229</b>                  |

|                                  | Original Estimate<br>£000 | Revised Estimate<br>£000 | Actual Spend<br>£000 | Variance from Original<br>£000 | Variance from Revised<br>£000 |
|----------------------------------|---------------------------|--------------------------|----------------------|--------------------------------|-------------------------------|
| <b>Major Repairs Reserve</b>     |                           |                          |                      |                                |                               |
| <b>Opening Balance - 1/4/11</b>  | <b>5,791</b>              | <b>6,540</b>             | <b>6,540</b>         | <b>749</b>                     | <b>-</b>                      |
| Major Repairs Allowance          | 4,949                     | 4,978                    | 4,978                | 29                             | -                             |
| Use of MRR                       | (4,873)                   | (4,906)                  | (3,277)              | 1,596                          | 1,629                         |
| <b>Closing Balance - 31/3/12</b> | <b>5,867</b>              | <b>6,612</b>             | <b>8,241</b>         | <b>2,374</b>                   | <b>1,629</b>                  |

## CARBON REDUCTION

The Council remains committed to reducing its carbon footprint and in addition to signing the Nottingham Declaration has developed a Carbon Change Strategy. The objectives of the Carbon Change Strategy are:

- **Reduce our carbon footprint**

Substantially reduce the amount of CO2 and the other greenhouse gases we as a Council emit through all our services and operations.

- **Be a community leader**

To reduce our impact and to lead by example, taking forward our knowledge, partnerships and resources to encourage and help the wider community and stakeholders to become more sustainable.

- **Use our powers**

Influence and use our powers in procurement, private housing, commercial sector and planning. Minimise the environmental impact of new development and ensure any future developments are able to withstand the challenge of the changing climate.

- **Prepare the Council and the District for the impacts of climate change**

Make preparations to ensure the Council's assets and operations are resilient to the predicted climate change impacts and assist in the work to prepare the District for the new climate.

The Council is working on a number of initiatives to reduce its carbon footprint and has completed the virtualisation of computer servers and the installation of replacement windows and heating at the Civic Offices. The combined effect of these initiatives should be to substantially reduce power consumption.

## THE FUTURE

Before looking ahead it is worth a quick look back at 2011/12 and some of the events that have occurred as these have provided further shocks to limit the economic recovery across the world. The Arab world has seen ongoing conflicts and instability which creates uncertainty on oil prices and discourages activity and investment. Closer to home some of our Euro zone neighbours continue to struggle with deficit reduction measures and have required further bail outs. Many economic commentators now feel it is a question of when rather if Greece will leave the single currency. In the United Kingdom the impacts of the failure of earnings to keep pace with inflation and welfare reforms are being felt in lower standards of living. There is little sign of recovery in the economy and confidence remains weak. Policy makers at all levels have to contend with this uncomfortable new world where resources are scarcer and decisions need to be taken after fully considering all of their consequences and impacts.

The coalition Government surprised most people with the size and speed of their spending reductions. I mentioned above that 2011/12 and 2012/13 saw this authority lose more than 25% of its grant support and it appears likely now that the reductions in subsequent years will be even greater. The whole system of funding is currently under review and the allocation model for grant support will change from 2013/14 with further changes scheduled for other areas including National Non-Domestic Rates and Council Tax Benefit. It is a concern that we are less than a year away from these major structural changes but that we still have no legislation and figures on which to rely. The recently issued "Statements of Intent" from the DCLG were of little practical help and it appears that many key areas of these policies are still being developed.

Reductions in grant support have been partly off-set by the introduction of the New Homes Bonus (NHB) and additional grant for councils that chose not to increase their council tax levels, although this was a one-off and has not been included in the base for future calculations. Going forward the NHB could prove to be a major source of income, although there is significant uncertainty as you cannot precisely predict how many new homes will be built in a given year. There is also uncertainty around the funding of NHB as this comes from a top slicing of grant support at the national level. As the top slicing will affect all authorities it is clear that those areas that see the largest increases in homes will benefit at the expense of those with lower growth.

This will also be true with the local retention of non-domestic rates, where those authorities able to grow their rating lists will be rewarded and those suffering reductions will lose funding. This creates opportunity but also considerable uncertainty on the various sources of income from the Government over the medium term. This is a challenge in constructing the Medium Term Financial Strategy which needs to be prudent but realistic.

A key concern going forward is the localisation of Council Tax Benefit. Currently central government bears the risk of changes in demand but this will change from 2013/14. Local authorities will be given only 90% of current spending and have to devise local schemes to allocate the reduced amounts, whilst protecting pensioners. If the economy continues to struggle and the change from a benefit to a discount also increases the number of claimants, authorities will face a growing cost which is financed by a fixed grant. The Government have argued that this incentivises authorities to get people off benefit and into work, although this represents a challenge given the current economic climate and reduced funding.

Whilst the General Fund revenue balances are higher than anticipated they still need careful management. The current policy stipulates that the balances should not go below 25% of net budget requirement. This would allow a reduction from the current level of £9.2 million to £3.7 million by the end of 2015/16.



The single largest change in 2011/12 was the reform of the Housing Subsidy System. Under the new system of self financing the Council made a payment in late 2011/12 of £185 million to avoid the ongoing annual payments of £11.4 million. The management of that debt going forward and the continued protection of the General Fund are new challenges for an authority that has been debt free for many years. The prospect of a programme to build new Council houses is an exciting one and although it will not eliminate the substantial waiting lists it will give more hope to those on the lists.

The four-year programme of non-housing capital investment totals £5.1 million, again inclusive of amounts carried forward from 2011/12. Environment and Street Scene and Corporate Support Services have the largest programmes, with some £4 million being spent. Within Environment and Street Scene £0.4 million is available for parking schemes and £1.2 million for waste management vehicles and equipment. The main items under Corporate Support Services are £815,000 for works on the Civic Offices and £390,000 for upgrades to industrial units. As it is still unclear which of the many development opportunities will be taken forward and on what timescale no provision has been included at this time.

The Council's financial strength has meant its response to the austerity programme could be more measured than many other authorities who have already cut jobs and services. This foreword has demonstrated that the Council still has considerable revenue resources at its disposal and capital resources are higher than originally estimated. However, the reductions in grant support have been greater than anticipated and financial pressures are likely to arise from continuing high inflation and in areas such as benefits. It is likely that, to achieve the savings needed over the medium term the Council will have to reduce the level at which many services are provided and stop providing some completely.

The Council's accounts were completed and approved for issue on 29 June 2012.

**Robert Palmer BA ACA**  
**Director of Finance & ICT**

# Statement of Responsibilities for the Statement of Accounts

## THE AUTHORITY'S RESPONSIBILITIES

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Director of Finance and ICT;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the Statement of Accounts

**COUNCILLOR BRIAN ROLFE  
CHAIRMAN OF THE COUNCIL**

## THE CHIEF FINANCIAL OFFICERS RESPONSIBILITIES

The Chief Financial Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in United Kingdom ('the Code of Practice')

In preparing this Statement of Accounts, the Chief Financial Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgments and estimates that were reasonable and prudent;
- Complied with the Code of Practice.

The Chief Finance Officer has also:

- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the accounts set out on pages 2 to 64 give a true and fair view of the financial position of the Council as at 31 March 2012 and the income and expenditure for the year then ended.

**ROBERT PALMER BA ACA  
CHIEF FINANCE OFFICER**

**27 September 2012**

# Independent auditor's report to the Members of Epping Forest District Council

## Opinion on the financial statements

We have audited the financial statements of Epping Forest District Council (the Council) for the year ended 31 March 2012 under the Audit Commission Act 1998. The financial statements comprise the *Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Housing Revenue Account, the Movement on the Housing Revenue Account Statement and Collection Fund* and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (based on International Financial Reporting Standards).

This report is made solely to the members of the Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2011. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

## Respective responsibilities of the Director of Finance and ICT and auditor

As explained more fully in the Statement of Responsibilities, the Director of Finance and ICT is responsible for the preparation of the Council's Statement of Accounts, that include the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Council's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance and ICT; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the explanatory foreword to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of Epping Forest District Council's affairs as at 31 March 2012 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

## Opinion on other matter

In our opinion, the information given in the explanatory foreword for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which we are required to report by exception

We have nothing to report in respect of the governance statement on which we report to you if, in our opinion the governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007.

## Conclusion on the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources

# Independent auditor's report to the Members of Epping Forest District Council

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

## Respective responsibilities of the Council and auditor

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Our responsibility requires us to review and, where appropriate, examine evidence that is relevant to the Council's corporate performance and financial management arrangements. It therefore excludes arrangements relating specifically to the delivery of front-line services, unless we have identified a significant risk with implications for corporate arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2010, as to whether the Council has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

## Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2010, we are satisfied that, in all significant respects, Epping Forest District Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2012.

## Certificate

We certify that we have completed the audit of the accounts of Epping Forest District Council in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Richard Bint  
For and on behalf of PKF (UK) LLP  
London, UK  
September 2012

## MOVEMENT IN RESERVES STATEMENT

| Note   | General Fund Balance | Earmarked GF Reserves | Housing Revenue Account | Earmarked HRA Reserves | Capital Receipts Reserve | Major Repairs Reserve | Capital Grants Unapplied | Total Usable Reserves | Total Unusable Reserves | Total Reserves   |
|--|----------------------|-----------------------|-------------------------|------------------------|--------------------------|-----------------------|--------------------------|-----------------------|-------------------------|------------------|
|  | £000                 | £000                  | £000                    | £000                   | £000                     | £000                  | £000                     | £000                  | £000                    | £000             |
| <b>Movements in 2010/11</b>  |                      |                       |                         |                        |                          |                       |                          |                       |                         |                  |
| <b>Balance as at 31 March 2010</b>                                   | 8,300                | 5,574                 | 6,089                   | 4,381                  | 21,091                   | 5,730                 | 331                      | 51,496                | 599,734                 | 651,230          |
| Surplus/(Deficit) on Provision of Services                           | (871)                | (17)                  | (80,257)                |                        |                          |                       |                          | (81,145)              | -                       | (81,145)         |
| Other Comprehensive Income and Expenditure                           |                      |                       |                         |                        |                          |                       | (21)                     | (21)                  | (11,368)                | (11,389)         |
| <b>Total Comprehensive Income and Expenditure</b>                    | <b>(871)</b>         | <b>(17)</b>           | <b>(80,257)</b>         | -                      | -                        | -                     | (21)                     | <b>(81,166)</b>       | <b>(11,368)</b>         | <b>(92,534)</b>  |
| Adjustment between accounting and funding bases under regulations    | 6 (90)               | -                     | 79,806                  | -                      | (2,397)                  | 810                   | (124)                    | 78,005                | (78,005)                | -                |
| <b>Net Increase/(Decrease) before transfer to Earmarked Reserves</b> | <b>(961)</b>         | <b>(17)</b>           | <b>(451)</b>            | -                      | <b>(2,397)</b>           | <b>810</b>            | <b>(145)</b>             | <b>(3,161)</b>        | <b>(89,373)</b>         | <b>(92,534)</b>  |
| Transfers to Earmarked Reserves                                      | 1,231                | (1,233)               | 248                     | (248)                  |                          |                       |                          | (2)                   | -                       | (2)              |
| <b>Increase/(Decrease) in Year</b>                                   | <b>270</b>           | <b>(1,250)</b>        | <b>(203)</b>            | <b>(248)</b>           | <b>(2,397)</b>           | <b>810</b>            | <b>(145)</b>             | <b>(3,163)</b>        | <b>(89,373)</b>         | <b>(92,536)</b>  |
| <b>Balance as at 31 March 2011</b>                                   | <b>8,570</b>         | <b>4,324</b>          | <b>5,886</b>            | <b>4,133</b>           | <b>18,694</b>            | <b>6,540</b>          | <b>186</b>               | <b>48,333</b>         | <b>510,361</b>          | <b>558,694</b>   |
| <b>Movements in 2011/12</b>  |                      |                       |                         |                        |                          |                       |                          |                       |                         |                  |
| <b>Balance as at 31 March 2011</b>                                   | <b>8,570</b>         | <b>4,324</b>          | <b>5,886</b>            | <b>4,133</b>           | <b>18,694</b>            | <b>6,540</b>          | <b>186</b>               | <b>48,333</b>         | <b>510,361</b>          | <b>558,694</b>   |
| Surplus/(Deficit) on Provision of Services                           | (263)                | (11)                  | (187,573)               |                        |                          |                       |                          | (187,847)             | -                       | (187,847)        |
| Other Comprehensive Income and Expenditure                           |                      |                       |                         |                        |                          |                       |                          | -                     | (19,214)                | (19,214)         |
| <b>Total Comprehensive Income and Expenditure</b>                    | <b>(263)</b>         | <b>(11)</b>           | <b>(187,573)</b>        | -                      | -                        | -                     | -                        | <b>(187,847)</b>      | <b>(19,214)</b>         | <b>(207,061)</b> |
| Adjustment between accounting and funding bases under regulations    | 6 1,219              | -                     | 186,624                 | -                      | (2,852)                  | 1,701                 | 4                        | 186,696               | (186,696)               | -                |
| <b>Net Increase/(Decrease) before transfer to Earmarked Reserves</b> | <b>956</b>           | <b>(11)</b>           | <b>(949)</b>            | -                      | <b>(2,852)</b>           | <b>1,701</b>          | <b>4</b>                 | <b>(1,151)</b>        | <b>(205,910)</b>        | <b>(207,061)</b> |
| Transfers to Earmarked Reserves                                      | (325)                | 325                   | (444)                   | 444                    | -                        | -                     | -                        | -                     | -                       | -                |
| <b>Increase/(Decrease) in Year</b>                                   | <b>631</b>           | <b>314</b>            | <b>(1,393)</b>          | <b>444</b>             | <b>(2,852)</b>           | <b>1,701</b>          | <b>4</b>                 | <b>(1,151)</b>        | <b>(205,910)</b>        | <b>(207,061)</b> |
| <b>Balance as at 31 March 2012</b>                                   | <b>9,201</b>         | <b>4,638</b>          | <b>4,493</b>            | <b>4,577</b>           | <b>15,842</b>            | <b>8,241</b>          | <b>190</b>               | <b>47,182</b>         | <b>304,451</b>          | <b>351,633</b>   |

# COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

for the year ended 31 March 2012

|  | Note | Gross<br>Expend<br>£000 | 2011/12<br>Income<br>£000 | Net<br>Expend<br>£000 | 2010/11<br>Net<br>Expend<br>£000 |
|--|------|-------------------------|---------------------------|-----------------------|----------------------------------|
| <b>CONTINUING OPERATIONS</b>                                     |      |                         |                           |                       |                                  |
| Central Services to the Public                                   |      | 12,442                  | 10,247                    | 2,195                 | 2,606                            |
| Corporate and Democratic Core                                    |      | 2,503                   | -                         | 2,503                 | 2,728                            |
| Cultural & Related Services                                      |      | 4,430                   | 677                       | 3,753                 | 5,634                            |
| Environmental & Regulatory Services                              |      | 10,758                  | 2,863                     | 7,895                 | 8,363                            |
| Highways and Transport Services                                  |      | 1,833                   | 1,848                     | (15)                  | 371                              |
| Concessionary Fares  |      | 26                      | 57                        | (31)                  | 632                              |
| Local Authority Housing  |      | 38,349                  | 36,704                    | 1,645                 | 1,505                            |
| Planning Services  |      | 3,758                   | 1,083                     | 2,675                 | 2,969                            |
| <b>Housing Revenue Account</b>                                   |      | <b>33,735</b>           | <b>31,513</b>             | <b>2,222</b>          | <b>5,649</b>                     |
| <b>EXCEPTIONAL ITEMS</b>   |      |                         |                           |                       |                                  |
| <b>General Fund</b>  |      |                         |                           |                       |                                  |
| Past Service Gain - Central Services                             | 37   |                         |                           | -                     | (5,345)                          |
| Vat Refund - Environmental and Regulatory Services               | 11   | 68                      | 321                       | (253)                 | -                                |
| Vat Refund - Cultural and Related Services                       | 11   |                         |                           | -                     | (714)                            |
| <b>Housing Revenue Account</b>                                   |      |                         |                           |                       |                                  |
| HRA Self Financing   | 11   | 185,456                 | -                         | 185,456               |                                  |
| Past Service Gain  | 37   |                         |                           | -                     | (2,506)                          |
| Change in Discount Factor  | 11   |                         |                           | -                     | 77,443                           |
| <b>NET COST OF SERVICES</b>                                      |      | <b>293,357</b>          | <b>85,313</b>             | <b>208,045</b>        | <b>99,335</b>                    |
| <b>OTHER OPERATING EXPENDITURE</b>                               | 8    |                         |                           | <b>3,232</b>          | <b>3,367</b>                     |
| <b>FINANCING AND INVESTMENT INCOME AND EXPENDITURE</b>           | 9    |                         |                           | <b>(4,265)</b>        | <b>(922)</b>                     |
| <b>TAXATION AND NON-SPECIFIC GRANT INCOME</b>                    | 10   |                         |                           | <b>(19,176)</b>       | <b>(20,652)</b>                  |
| <b>(SURPLUS)/DEFICIT ON PROVISION OF SERVICES</b>                |      |                         |                           | <b>187,836</b>        | <b>81,128</b>                    |
| (Surplus)/Deficit on Revaluation of Property Plant and Equipment | 22   |                         |                           | (29)                  | 15,079                           |
| Actuarial (gains)/losses on Pension Assets/Liabilities           | 37   |                         |                           | 19,222                | (3,711)                          |
| Other (Gains)/Losses   |      |                         |                           | 21                    | 21                               |
| <b>TOTAL COMPREHENSIVE INCOME AND EXPENDITURE</b>                |      |                         |                           | <b>207,050</b>        | <b>92,517</b>                    |

## BALANCE SHEET

|                                      | Note | 31 March 2012 |                | 31 March 2011 |                | 1 April 2010 |                |
|--------------------------------------|------|---------------|----------------|---------------|----------------|--------------|----------------|
|                                      |      | £000          | £000           | £000          | £000           | £000         | £000           |
| <b>LONG TERM ASSETS</b>              |      |               |                |               |                |              |                |
| Property, Plant & Equipment          | 12   |               | 512,881        |               | 516,035        |              | 617,842        |
| Heritage Assets                      | 13   |               | 542            |               | 543            |              | 543            |
| Investment Properties                | 14   |               | 41,541         |               | 39,566         |              | 37,870         |
| Intangible Assets                    | 15   |               | 819            |               | 853            |              | 748            |
| Long Term Investments                | 17   |               | 140            |               | 320            |              | 677            |
| Long Term Debtors                    | 16   |               | 1,801          |               | 1,800          |              | 1,844          |
| <b>TOTAL LONG TERM ASSETS</b>        |      |               | <b>557,724</b> |               | <b>559,117</b> |              | <b>659,524</b> |
| <b>Current Assets</b>                |      |               |                |               |                |              |                |
| Inventories                          | 18   | 181           |                | 223           |                | 188          |                |
| Debtors and Prepayments              | 19   | 6,682         |                | 6,591         |                | 11,969       |                |
| Short Term Temporary Investments     | 17   | 32,500        |                | 43,707        |                | 38,163       |                |
| Cash & Cash Equivalents              | 20   | 13,817        |                | 4,730         |                | 4,138        |                |
|                                      |      |               | 53,180         |               | 55,251         |              | 54,458         |
| <b>Current Liabilities</b>           |      |               |                |               |                |              |                |
| Creditors                            | 21   | (7,246)       | (7,246)        | (8,704)       | (8,704)        | (5,948)      | (5,948)        |
| <b>LONG TERM LIABILITIES</b>         |      |               |                |               |                |              |                |
| Long Term Loans                      | 17   | (185,456)     |                | 0             |                | 0            |                |
| Pensions Liability                   | 37   | (65,625)      |                | (46,324)      |                | (56,493)     |                |
| Capital Grant Receipts in Advance    | 33   | (944)         |                | (646)         |                | (311)        |                |
|                                      |      |               | (252,025)      |               | (46,970)       |              | (56,804)       |
| <b>TOTAL ASSETS LESS LIABILITIES</b> |      |               | <b>351,633</b> |               | <b>558,694</b> |              | <b>651,230</b> |
| <b>Usable Reserves</b>               |      |               |                |               |                |              |                |
|                                      |      |               | 47,182         |               | 48,333         |              | 51,496         |
| <b>Unusable Reserves</b>             |      |               |                |               |                |              |                |
|                                      | 22   |               | 304,451        |               | 510,361        |              | 599,734        |
|                                      |      |               | <b>351,633</b> |               | <b>558,694</b> |              | <b>651,230</b> |

## THE CASH FLOW STATEMENT

|  | Note      | 2011/12<br>£000  | 2010/11<br>£000 |
|--|-----------|------------------|-----------------|
| Net Surplus or (Deficit) on Provision of Services  |           | (187,836)        | (81,128)        |
| Adjustments to net surplus or deficit on the provision of services for non-cash movements  | 23        | 9,410            | 93,710          |
| Adjustment for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 23        | (2,050)          | (1,864)         |
| <b>Net cash flows from Operating Activities</b>  | <b>23</b> | <b>(180,476)</b> | <b>10,718</b>   |
| Investing Activities   | 24        | 4,724            | (11,752)        |
| Financing Activities   | 25        | 184,839          | 1,626           |
| <b>Net Increase or (Decrease) in cash and cash equivalents</b>   |           | <b>9,087</b>     | <b>592</b>      |
| Cash and Cash Equivalents at the beginning of the reporting period   |           | 4,730            | 4,138           |
| <b>Cash and Cash equivalents at the end of the reporting period</b>  | <b>20</b> | <b>13,817</b>    | <b>4,730</b>    |



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## 1. ACCOUNTING POLICIES

### 1.1 GENERAL PRINCIPLES & RESTATEMENT OF PRIOR YEAR FIGURES

#### General Principles

The Statement of Accounts has been prepared in accordance with the Code of Practice on Local Authority Accounting in Great Britain 2012. The Code has been developed by the CIPFA/LASAAC Joint Committee under the oversight of the Financial Reporting Advisory Board as opposed to the Accounting Standards Board as previously.

The Code is based on International Financial Reporting Standards (IFRS) which comprises of International Accounting Standards (IAS), interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and interpretations of the Standing Interpretations Committee (SIC). The Code notes that it interprets and adapts IFRS but such instances are identified within the Code. The Code constitutes a 'proper accounting practice' under the terms of section 66(4) of the Local Government and Housing Act 1989.

#### Restatement of Prior Year Figures

The restated figures are in relation to Heritage Assets and Deferred Revenue Income on the Balance Sheet on page 6 and to the Collection Fund on page 59.

### 1.2. ACCOUNTING CONCEPTS

The accounting policies referred to are consistent with the persuasive accounting concepts of:

Going Concern - the accounts have been drawn up on the basis that the Council is going to continue in its operational existence for the foreseeable future.

Accruals - Income and expenditure is recognised in the period to which they relate rather than when the related cash is received or paid.

The Primacy of Legislation - Where there is conflict between legislative requirements and accounting principle, legislative requirements will prevail.

### 1.3. ESTIMATION

Where actual amounts to be included within the accounts are uncertain estimates are used. The estimate is based on the best assessment of information available at the time of closing the accounts. When the actual figures are determined any difference arising is accounted for in the year when the actual figure is determined.

### 1.4 CASHFLOW PREPARATION

The Code allows the preparation of the cashflow to be either the direct or indirect method. The Council has prepared the statement using the indirect method.

### 1.5 GROUP ACCOUNTS

Accounting practice requires that where the Council has a material financial interest and a significant level of control over another entity, it should prepare group accounts. The Council has reviewed its relationships with other entities and has concluded that no material financial interest or significant control exists and group accounts are therefore not required.

## 1.6 COLLECTION FUND

This records all transactions in relation to Council Tax and Non Domestic rates. The Council transfers its share of Council Tax income to the General Fund to finance expenditure and the remainder is passed to precepting authorities. Non Domestic Rate income is passed to Central Government after passing a collection allowance to the General Fund.

Until 2008/09 the SORP required the Council Tax income included in the Income and Expenditure Account to be the amount that, under regulation was required to be transferred from the Collection Fund to the General Fund of the billing authority. From the financial year commencing on 1 April 2009 the Council Tax income included in the Income and Expenditure Account for the year shall be the accrued income for the year.

Until 2008/09 the SORP required that debtors and creditors relating to NNDR taxpayers be treated as debtors and creditors of the authority. From 2009/10 the requirement changed such that they should now be treated as debtors and creditors of central government, given that the Council acts as a collecting agent. Prepayments and amounts owing as well as the provision for bad and doubtful debts should be part of the amount either owing to or from the NNDR pool.

## 1.7 PROPERTY PLANT AND EQUIPMENT

All expenditure on the acquisition, creation or enhancement of property plant and equipment (ppe) is capitalised on an accruals basis in the accounts. Expenditure is capitalised, provided that the asset yields benefits to the Council and the services it provides for more than one year. This excludes expenditure on routine repairs and maintenance of assets, which is charged directly to service accounts.

Property Plant and Equipment were originally valued and recorded in the accounts as at 1 April 1994. These valuations were based upon certificates issued by the Council's Chief Valuer and Estates Surveyor. Additions since that date are included in the accounts at cost. Council dwellings and garages are revalued every year using the Beacon Properties approach as the basis for valuation. The valuation takes the form of a full revaluation followed by four years of desk top revaluations, with the last full revaluation occurring as at 1 April 2010. Other assets are revalued as part of the Council's rolling programme under which assets are revalued over a five year period. The Council dwellings and garages valuation has been carried out by District Valuer A Wilcock, MRICS, and other assets by the Council's Principal Valuer and Estates Surveyor.

IFRS has introduced the requirement to value component parts of Property Plant and Equipment for the first time. This applies when an asset is either revalued or a component replaced or created and is subject to a significance test. The purpose of this is to ensure that the depreciation charge accurately reflects the differing useful lives of components particularly where the asset within which the component is situated has a rather longer life. Within the 2010/11 accounts Council Dwellings and associated land were valued on the basis of Existing Use for Social Housing (EUV-SH) being 39% of the Vacant Possession value. The components within the dwelling have been valued based on the proportion of the total dwelling to which their value relates.

The policy was introduced for property plant and equipment revalued during 2010/11 and as part of that process the necessity to recognise significant components was also considered. A series of significance tests were applied to identify which assets it was appropriate to componentise. The first stage was applied to council housing and leisure centres as the largest asset categories; council dwellings and leisure centres which had a value greater than 20% of the total value of the asset categories were considered significant. As a result of these tests all council dwellings and two leisure centres were identified and a second test was applied; any component which exceeded 20% of the total value of the asset as a whole was deemed significant. The value of plant and equipment within council dwellings and one of the leisure centres, namely Loughton Leisure Centre, was thereby identified as significant and componentisation has been applied to these assets. Componentisation has not been applied to any other assets.

The useful lives of both dwellings and the components within have been reviewed during 2011/12. Whilst the useful lives of the dwellings have remained unchanged, the component's remaining lives have been amended in light of further information regarding replacement cycles becoming available.

An impairment is defined as a loss in value due to the consumption of economic benefits. Where a valuation reduction occurs due to a fall in prices generally this is known as a downward revaluation. In both cases the loss is taken to the revaluation reserve to the extent that revaluation gains relating to that particular asset exists within the revaluation reserve in the first place.

If the value of the impairment or downward revaluation exceeds the revaluation amount relating to that asset already residing in the revaluation reserve then the difference is recognised in the Comprehensive Income and Expenditure Statement in the year in which it occurs. The valuations are based upon the facts and evidence prevailing at the date of valuation. The latest valuation date is 1 April 2011 for Council dwellings and garages. A review of property values toward the end of the financial year suggested that values had changed little, it was therefore felt that no further valuation adjustment was necessary.

Revaluations of individual assets are also undertaken when a material change happens. Infrastructure and community assets do not have a value attributed to them and therefore their value is based on the historic cost of providing the asset. Surplus assets, which are identified for sale on the open market, are revalued at market value which reflects any changes in planning permission granted.

Land, operational properties and other operational assets are included in the balance sheet at the lower of net current replacement cost and net realisable value in existing use. Investment properties are included in the balance sheet at the lower of net current replacement cost and net realisable value (open market value). Community assets are included in the balance sheet at historical cost and Infrastructure assets at depreciated historic cost. Council dwellings have been included in the balance sheet at their open market value in existing use for social housing.

Long term assets are valued on the basis recommended by CIPFA and in accordance with the Statement of Asset Valuation Principles and Guidance Notes, issued by the Royal Institution of Chartered Surveyors (RICS). Fixed assets (excluding land) are classified as follows:

| Type of Asset                            | Valuation Method  | Estimated Useful Life (Years) |
|--|---|-------------------------------|
| Council Dwellings and Garages            | Existing use value for social housing<br>Existing use value   | 15 to 59                      |
| Other land and buildings                 | Existing use value  | 20 to 50                      |
| Infrastructure assets                    | Depreciated Historic Cost   | 15 to 40                      |
| Community assets                         | Historic Cost   | Indeterminable                |
| Vehicles, plant, furniture and equipment | Depreciated historic cost   | 5 to 20                       |
| Non-operational assets                   | Existing use value<br>Market value<br>Historic Cost (where market value for existing use cannot be ascertained) |                               |

Where assets are acquired under operating leases, the leasing rentals payable are charged to revenue. The cost of assets and the related liability for future rentals payable are not shown in the balance sheet but are disclosed in the notes. (See Note 36).

Where an asset has been disposed of, the profit or loss on disposal is applied to the Comprehensive Income and Expenditure Statement with corresponding entries to fixed assets and cash/debtors. Subsequently the income derived is credited to the Usable Capital Receipts Reserve, and accounted for on an accruals basis. The profit or loss on disposal is then reversed within the Movement in Reserves Statement to neutralise the effect on the General Fund of the entry in the Comprehensive Income and Expenditure Statement. Upon disposal, any valuation gains relating to those assets since 1 April 2007 are written off against the Revaluation Reserve with the remainder being written off against the Capital Adjustment Account. (See Note 22).

### **1.8 DEPRECIATION**

In accordance with the provisions of IAS 16, assets are depreciated on a straight-line basis over their useful economic life. Where a unique asset is purchased or constructed the useful life is assessed based on information available concerning that asset. The only general exceptions to this are freehold land, community assets and non-operational investment properties which are not depreciated. Subsequent expenditure on a fixed asset that maintains or enhances the previously assessed standard of performance of the asset does not negate the need to charge depreciation.

### **1.9 HERITAGE ASSETS**

The 2011/12 Code introduces the concept of heritage assets. The accounting standard (FRS 30) was introduced during 2010/11 but only applicable from this financial year. A heritage asset is defined as an asset that is maintained principally for the contribution it makes to knowledge and culture. In the case of the Council the museums service hold a number of artefacts that fall within this definition. The Code also states that such assets should be recognised where the authority has information on the cost or value of the assets but where this is not available a note to that effect should be included. This is a change of policy and as a result the Balance Sheet has been restated, including the opening Balance Sheet for 2010/11, to reflect those assets where a value is available. However the amount is not material to the accounts themselves and therefore not all the disclosures required by the code have been made.

The Council has an acquisitions and disposals policy in place for these assets. The intention on acquisition is to keep the items in perpetuity and an acquisition would only be made once the long term value and the ability of the museum to provide adequate care and public accessibility to it has been assessed. This would include the ability to acquire the asset with valid title. If an item is to be disposed of it would be necessary to confirm that the museums service could legally do so and would be after due consideration but would not be based on the principle of generating funds. The museum keeps records of its collection on a database allocating a unique reference number to each artefact and is cared for by the collections manager. The Councils Museum is open to the public to view some of the artefacts but a significant number are not generally on display. There is a temporary exhibitions programme whereby certain items are shown for a limited period and some items are being stored in digital format for presentation on the museums part of the web-site.

### **1.10 INTANGIBLE ASSETS**

Intangible assets are payments of a capital nature where no tangible fixed asset is created but which are expected to yield future economic benefits to the Council. Software, including licences is considered an intangible asset as it fulfils the two tests above. Council policy is to capitalise such expenditure but amortise it to revenue over the useful life of the asset, in this case five years.

### **1.11 CAPITAL EXPENDITURE CHARGED TO REVENUE**

The Local Government and Housing Act 1989 allows local authorities to finance an unlimited amount of capital expenditure through its revenue accounts. The Council's policy has been to finance a significant amount of Housing Revenue Account capital expenditure in this way. However, because the financing of this expenditure is from a capital source, it is then reversed out within the Movement in Reserves Statement so has no overall effect on the Council Tax nor the General Fund.

### **1.12 REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE**

Revenue expenditure funded from capital under statute relates to expenditure of a capital nature that does not result in the creation of a fixed asset either tangible or intangible. This expenditure was previously known as Deferred Charges and such expenditure was initially classified as capital expenditure but then written off in full to the relevant service heading within the Income and Expenditure Account. Proper practice now is that the expenditure is charged directly to revenue. However, because the financing of this expenditure is from a capital source, it is then reversed out within the Movement in Reserves Statement so has no overall effect on the Council Tax nor the General Fund.

Unlike 2010/11 and previous years the Council has been unable to obtain capitalisation directions for additional pension contributions made during 2011/12 and these have therefore had to be borne by the General Fund and Housing Revenue Account. The costs have now been built into ongoing budgets but this of course does not preclude the Council from applying for such directions in future.

### **1.13 REVALUATION RESERVE/CAPITAL ADJUSTMENT ACCOUNT**

The Revaluation Reserve contains upward revaluations occurring to Fixed Assets since 1 April 2007, revaluations prior to that date would have been within the now defunct Fixed Asset Restatement Account the balance of which was transferred to the Capital Adjustment Account on the same date. Where a subsequent downward valuation occurs, relating to a fall in market values generally, then previous upward revaluations relating to that particular asset are reversed. Any excess write down is charged to the Capital Adjustment Account after being passed through the Comprehensive Income and Expenditure Statement and the Adjustments between Accounting Basis and Funding Basis Under Regulation.

### **1.14 INVESTMENTS**

Investments are accounted for in accordance with IAS 32, 39 and IFRS 7. These reporting standards prescribe the recognition, measurement and disclosure requirements in relation to financial instruments. All the Council's financial assets are in the form of loans and receivables. Investments are therefore shown in the Balance Sheet at amortised cost. The Council held investments with the Heritable Bank, a UK regulated subsidiary of an Icelandic Bank, that has since gone into administration. As a result the value of the investments held have been impaired in line with CIPFA's LAAP Bulletin 82 which was issued to provide guidance relating specifically to this situation.

### **1.15 INVENTORIES**

Separate stores are maintained in the Fleet Operations and Building Maintenance services. Stores are valued in the accounts at the lower of cost or net realisable value.

### **1.16 DEBTORS AND CREDITORS**

The revenue and capital accounts of the Council are maintained on an accruals basis in accordance with the Code of Practice and IAS 8. That is, sums due to or from the Council during the year are included whether or not the cash has actually been received or paid in the year. An exception to this principle relates to electricity and similar periodic receipts and payments, which are charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

The recoverability of the Council's General Fund debts is considered each year through an analysis by age and type of debt outstanding at 31 March. An appropriate provision is made for any bad debts/losses that are anticipated. An analysis of size and type of debt outstanding at 31 March on the Housing Revenue Account has also been undertaken in accordance with the Housing Revenue Accounts (Arrears of Rent and Charges) Directions 1990.

#### **1.17 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be capable of being converted into cash within 24 hours.

#### **1.18 FINANCIAL LIABILITIES**

Financial liabilities are carried at amortised cost. The Council had no borrowings until 28 March 2012 when a payment had to be made to the Department of Communities and Local Government of £185,456,000 and an equivalent amount had to be borrowed from the Public Works Loan Board. This occurred on the cessation of the HRA subsidy regime.

#### **1.19 CAPITAL RECEIPTS**

Capital Receipts from the sale of assets are treated in the accounts as laid down by regulations made under the Local Government Act 2003. Under the act 75% of the value of council house sales and 50% of the value of other Housing Revenue Account asset sales must be paid over to a central government pool for re-distribution. If however, non right to buy receipts are used to finance further capital expenditure on affordable housing then pooling can be avoided. The amount that remains with the Council is credited to the Usable Capital Receipts Reserve and is therefore available to fund capital expenditure.

#### **1.20 GOVERNMENT CAPITAL GRANTS AND OTHER CAPITAL CONTRIBUTIONS**

Where a grant or contribution has been received the first consideration is whether there is a condition attached to the receipt of that grant. Where there is no condition or the condition is met then the income is recognised in the CIES. This income must then be reversed out within the Movement in Reserves Statement. If the related expenditure has been incurred the reversal is to the Capital Adjustment Account, if the expenditure has not been incurred the reversal is to the Capital Grants Unapplied Account.

Where a condition is not met the income must be recognised in the Capital Grants Received in Advance Account. If in a future accounting period the condition is met, at that point the grant income is recognised in the CIES and reversed out in the Movement in Reserves Statement as before. If there is no prospect of the conditions being met the grant monies are held as a Creditor until such time as repayment can be made. Where the only condition attached to a grant is that it must be spent on a particular asset or used for a particular purpose then the condition is assumed to be met only when expenditure actually occurs.

#### **1.21 COST OF SUPPORT SERVICES AND SERVICE ADMINISTRATION**

Administrative expenses are allocated over all services and to all users including services to the public, trading undertakings, capital accounts and services provided for other bodies and other support services, on a consistent basis applicable to the service provided, i.e. actual time spent by staff, area occupied, per capita, actual use etc.

## 1.22 RESERVES

The Council has set aside certain revenue and capital amounts as earmarked reserves. They include reserves for the District Development Fund, pensions deficit, insurance, housing repairs, on-street parking, building control and future museum acquisitions. All other fund balances represent working balances for the purpose of the specific fund and are made up of accumulated surpluses and deficits derived over a period of time. All earmarked fund balances and reserves are reviewed periodically as to their size and appropriateness.

## 1.23 PENSIONS

The accounting treatment for pensions is to recognise the assets, liabilities and long term commitments, rather than merely the contributions to the scheme. The assets of the scheme are measured at realisable value (Bid Values), the liabilities are measured on an actuarial basis which examines the benefits for pensioners and accrued benefits for current scheme members.

## 1.24 INTERNAL INTEREST

Interest is credited to the Housing Revenue Account based on the level of its fund balances. The amounts are calculated using the average rate of interest on approved investments, as prescribed in the Housing Revenue Account Item 8 Credit and Item 8 Debit (general) Determinations 2011/12.

## 1.25 CONTINGENT ASSETS

A contingent asset arises when it is possible that an asset will materialise from past events and will only be confirmed by the occurrence of one or more future events which are not wholly within the control of the Council. A claim has been lodged with HM Revenue and Customs relating to output tax on off street parking fees, which fall within this definition (Note 38).

## 1.26 CONTINGENT LIABILITIES

A contingent liability arises when it is possible that an obligation will materialise from past events and will only be confirmed by the occurrence of one or more future events which are not wholly within the control of the Council, or a present obligation arising from past events is not recognised because it either is unlikely that a transfer of economic benefits will occur or the amount of such a transfer cannot be measured with sufficient reliability (Note 39).

## 1.27 VALUE ADDED TAX (VAT)

VAT is included in the accounts only to the extent that it is irrecoverable from HM Revenue and Customs. VAT can only be recovered on partially exempt activities where all such activities account for less than 5% of total VAT on all the Council's activities. The partially exempt proportion for 2011/12 was 2.25% (2010/11 3.16%).

## 1.28 LEASES

Finance Leases: The Council has no agreements that meet the definition of a finance lease.

Operating Leases: The Council has a variety of assets under operating leases, including vehicles, vending machines and mowers. The leases transfer benefits of ownership without actually transferring title to the assets, and therefore in accordance with accounting practice the leased assets are not stated in the Balance Sheet. Hire purchase contracts similar to operating leases are accounted for on the same basis where applicable.



Rentals are charged to service revenue accounts on a straight line basis over the period of the lease. No provision is made for outstanding lease commitments.

Various Council assets such as Commercial Properties, industrial estate units and areas of land are let to tenants under the heading operating leases. Rental income (net of cash incentives for a lessee to sign a lease) is credited to the Income and Expenditure Account.

### 1.29 COUNCIL TAX

The Balance Sheet shows only the Council's portion of arrears, prepayments and related bad debt provision with the balance being a debtor to major preceptors.

### 1.30 NON DOMESTIC RATES

The Balance Sheet shows the net debtors as being that due to the non domestic rate pool.

## 2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

There have been some amendments to the reporting requirements of IFRS7 financial Instruments in particular to the disclosure requirements when financial assets are transferred. It is unlikely though that this change will have any effect on the Councils accounts.

## 3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

The major uncertainty is around future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

## 4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

### Property Plant and Equipment

Assets are depreciated over useful lives that are dependant on assumptions relating to repairs and maintenance to those assets. It is possible that the Council may not be able to expend the resources necessary to maintain the estimated useful life assessed and therefore additional depreciation and a fall in asset values may occur. For example the annual Depreciation charge for Council Dwellings, being the most significant Council assets, would increase by around £433,000 if the useful economic life of the buildings and significant components were reduced by one year. The carrying value of the Council dwellings as at 31 March 2012 is £444,677,000.

### Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Consultant actuaries are engaged to provide advice about assumptions to be applied. The actuary has provided some sensitivity analysis around the assumptions and this is contained within the pensions note no. 37. The carrying value of the Pensions Liability is (£65,625,000).

### Arrears

The Council has a number of sundry debtors relating to arrears and what is felt to be an appropriate provision for bad and doubtful debts has been provided against this. Given the current economic climate it is possible that this level of provision might become inadequate. If collection rates were to deteriorate then the charge to the CIES would increase. The carrying value of the Councils debtors is £6,682,000.

## 5. EVENTS AFTER THE BALANCE SHEET DATE

There was no post balance sheet events.

## Notes to the core Financial Statements

### 6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

|  | 2011/12<br>£000 |                               |                             |                          |                             | Movement in<br>Unusable<br>Reserves |
|--|-----------------|-------------------------------|-----------------------------|--------------------------|-----------------------------|-------------------------------------|
|  | General Fund    | Housing<br>Revenue<br>Account | <i>Usable Reserves</i>      |                          |                             |                                     |
|  |                 |                               | Capital Receipts<br>Reserve | Major Repairs<br>Reserve | Capital Grants<br>Unapplied |                                     |
| <b>Adjustments involving the Capital Adjustment Account:</b>   |                 |                               |                             |                          |                             |                                     |
| <i>Exclusions;</i>   |                 |                               |                             |                          |                             |                                     |
| Charges for depreciation and impairment of non-current assets  | (2,179)         | (5,092)                       |                             | (1,701)                  |                             | 8,972                               |
| Downward revaluation of non-current assets   | (21)            | 1,298                         |                             |                          |                             | (1,277)                             |
| Movements in the market value of Investment Properties   | 1,975           |                               |                             |                          |                             | (1,975)                             |
| Amortisation of intangible assets  | (235)           | (11)                          |                             |                          |                             | 246                                 |
| Capital Grants and contributions applied   | 815             | 210                           |                             |                          |                             | (1,025)                             |
| Revenue expenditure funded from Capital under statute  | (889)           | (185)                         |                             |                          | (4)                         | 1,078                               |
| Amounts of non-current assets written off on disposal or sale as part of the gain\loss on disposal to the CIES                       | (49)            | (422)                         |                             |                          |                             | 471                                 |
| Capital expenditure charged against the General Fund and HRA balances  | 56              | 2,050                         |                             |                          |                             | (2,106)                             |
| Application of HRA self financing loan transferred to the Capital Adjustment Account   |                 | (185,456)                     |                             |                          |                             | 185,456                             |
| <b>Adjustments involving the Capital Receipts Reserve:</b>   |                 |                               |                             |                          |                             |                                     |
| Transfer of cash sale proceeds credited as part of the gain\loss on disposal to the CIES   | 52              | 1,000                         | (1,052)                     |                          |                             | -                                   |
| Used to finance new capital expenditure  |                 |                               | 3,206                       |                          |                             | (3,206)                             |
| Contribution towards administrative costs of non-current asset disposals   |                 | (33)                          | 33                          |                          |                             | -                                   |
| Contribution to finance the payments to the Government capital receipts pool   | (673)           |                               | 673                         |                          |                             | -                                   |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash.  |                 | 61                            | (8)                         |                          |                             | (53)                                |
| <b>Adjustments involving the Pensions Reserve:</b>   | (54)            | (25)                          |                             |                          |                             | 79                                  |
| Reversal of items relating to retirement benefits debited\credited to the CIES (see Note 37)   |                 |                               |                             |                          |                             |                                     |
| <b>Adjustments involving the Collection Fund Adjustment Account</b>  | (13)            |                               |                             |                          |                             | 13                                  |
| Amount by which council tax income credited to the CIES is different from that calculated in accordance with statutory requirements. |                 |                               |                             |                          |                             |                                     |
| <b>Adjustments involving the Accumulated Absences Account</b>  | (4)             | (19)                          |                             |                          |                             | 23                                  |
| <b>TOTAL ADJUSTMENTS</b>   | <b>(1,219)</b>  | <b>(186,624)</b>              | <b>2,852</b>                | <b>(1,701)</b>           | <b>(4)</b>                  | <b>186,696</b>                      |

## Notes to the core Financial Statements

|   | 2010/11<br>£000        |                               |                                |                          |                             |                                     |
|---|------------------------|-------------------------------|--------------------------------|--------------------------|-----------------------------|-------------------------------------|
|   | <b>Usable Reserves</b> |                               |                                |                          |                             |                                     |
|   | General Fund           | Housing<br>Revenue<br>Account | Capital<br>Receipts<br>Reserve | Major Repairs<br>Reserve | Capital Grants<br>Unapplied | Movement in<br>Unusable<br>Reserves |
| <b>Adjustments involving the Capital Adjustment Account:</b>  |                        |                               |                                |                          |                             |                                     |
| <b>Exclusions;</b>  |                        |                               |                                |                          |                             |                                     |
| Charges for depreciation and impairment of non-current assets   | (2,023)                | (8,059)                       |                                | (810)                    |                             | <b>10,892</b>                       |
| Downward revaluation of non-current assets  | (2,230)                | (77,443)                      |                                |                          |                             | <b>79,673</b>                       |
| Movements in the market value of Investment Properties  | 643                    | 921                           |                                |                          |                             | <b>(1,564)</b>                      |
| Amortisation of intangible assets   | (165)                  |                               |                                |                          |                             | <b>165</b>                          |
| Capital Grants and contributions applied  | 598                    | 276                           |                                |                          |                             | <b>(874)</b>                        |
| Revenue expenditure funded from Capital under statute   | (921)                  | (174)                         |                                |                          |                             | <b>1,095</b>                        |
| Amounts of non-current assets written off on disposal or sale as part of the gain\loss on disposal to the CIES                                      | (10)                   | (555)                         |                                |                          |                             | <b>565</b>                          |
| Capital expenditure charged against the General Fund and HRA  | 47                     | 2,163                         |                                |                          |                             | <b>(2,210)</b>                      |
| Application of grants to capital financing transferred to the Capital Adjustment Account  |                        |                               |                                |                          | 124                         | <b>(124)</b>                        |
| <b>Adjustments involving the Capital Receipts Reserve:</b>  |                        |                               |                                |                          |                             |                                     |
| Transfer of cash sale proceeds credited as part of the gain\loss on disposal to the CIES  | 15                     | 1,044                         | (1,059)                        |                          |                             | -                                   |
| Used to finance new capital expenditure   |                        |                               | 2,680                          |                          |                             | <b>(2,680)</b>                      |
| Contribution towards administrative costs of non-current asset disposals  |                        | (49)                          | 49                             |                          |                             | -                                   |
| Contribution to finance the payments to the Government capital receipts pool  | (744)                  |                               | 744                            |                          |                             | -                                   |
| Transfer from Deferred Capital Receipts Reserve upon receipt of cash.   |                        |                               | (17)                           |                          |                             | <b>17</b>                           |
| <b>Amounts involving the Financial Instruments Adjustment Account:</b>  | 466                    |                               |                                |                          |                             | <b>(466)</b>                        |
| <b>Adjustments involving the Pensions Reserve:</b>  | 4,397                  | 2,061                         |                                |                          |                             | <b>(6,458)</b>                      |
| Reversal of items relating to retirement benefits debited\credited to the CIES (see Note 37)  |                        |                               |                                |                          |                             |                                     |
| <b>Adjustments involving the Collection Fund Adjustment Account</b>   | (21)                   |                               |                                |                          |                             | <b>21</b>                           |
| Amount by which council tax income credited to the CIES is different from that calculated in accordance with statutory                              |                        |                               |                                |                          |                             |                                     |
| <b>Adjustments involving the Accumulated Absences Account</b>   | 38                     | 9                             |                                |                          |                             | <b>(47)</b>                         |
| Amount by which officer remuneration charged to CIES on an accruals basis is different from that required in accordance with statutory requirements |                        |                               |                                |                          |                             |                                     |
| <b>TOTAL ADJUSTMENTS</b>  | <b>90</b>              | <b>(79,806)</b>               | <b>2,397</b>                   | <b>(810)</b>             | <b>124</b>                  | <b>78,005</b>                       |

## Notes to the core Financial Statements

### 7. EARMARKED RESERVES

A summary of balances on earmarked reserves is set out below.

|                                 | Balance 1<br>April 2010<br>£000 | Transfers<br>Out<br>£000 | Transfers<br>In<br>£000 | Balance 31            |                          | Balance 31<br>March<br>2012<br>£000 |              |
|---------------------------------|---------------------------------|--------------------------|-------------------------|-----------------------|--------------------------|-------------------------------------|--------------|
|                                 |                                 |                          |                         | March<br>2011<br>£000 | Transfers<br>Out<br>£000 |                                     |              |
| Housing Repairs Reserve         | 4,157                           | (5,636)                  | 5,600                   | 4,121                 | (5,406)                  | 5,200                               | 3,915        |
| District Development Fund       | 4,041                           | (2,707)                  | 1,935                   | 3,269                 | (1,557)                  | 1,745                               | 3,457        |
| Pension Deficit Reserve         | 728                             | (920)                    | 258                     | 66                    |                          |                                     | 66           |
| Deferred Revenue Income         | 526                             | (17)                     |                         | 509                   | (11)                     |                                     | 498          |
| Insurance Reserve               | 428                             | (4)                      |                         | 424                   |                          | 719                                 | 1,143        |
| Building Control                | 23                              |                          | 4                       | 27                    |                          | 67                                  | 94           |
| On Street Parking               | 41                              | (13)                     |                         | 28                    |                          |                                     | 28           |
| Museum Fund                     | 6                               |                          | 2                       | 8                     |                          | 1                                   | 9            |
| Small Loans Fund                | 5                               |                          |                         | 5                     |                          |                                     | 5            |
| <b>Total Earmarked Reserves</b> | <b>9,955</b>                    | <b>(9,297)</b>           | <b>7,799</b>            | <b>8,457</b>          | <b>(6,974)</b>           | <b>7,732</b>                        | <b>9,215</b> |

### 8. OTHER OPERATING EXPENDITURE

|  | 31 March     |              |
|--|--------------|--------------|
|  | 2012<br>£000 | 2011<br>£000 |
| Parish Council Precepts                            | 3,107        | 3,068        |
| Payments to the Government Housing Receipts Pool   | 673          | 744          |
| Gains/losses on the disposal of non-current assets | (548)        | (445)        |
| <b>Total</b>                                       | <b>3,232</b> | <b>3,367</b> |

### 9. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

|   | 31 March       |              |
|---|----------------|--------------|
|   | 2012<br>£000   | 2011<br>£000 |
| Total Net (Surplus)/Deficit from Trading Operations           | (3,037)        | (1,390)      |
| Interest payable and Similar charges                          | 91             | 26           |
| Pensions interest cost and expected return on pensions assets | 1,472          | 2,657        |
| Interest receivable and similar income                        | (693)          | (653)        |
| Changes in Fair Values of Investment Properties               | (1,976)        | (1,564)      |
| Changes in value of Deferred Capital Receipts                 | (61)           | -            |
| Impairment of Investments                                     | (61)           | 2            |
| <b>Total</b>  | <b>(4,265)</b> | <b>(922)</b> |

## Notes to the core Financial Statements

### 10. TAXATION AND NON SPECIFIC GRANT INCOMES

|  | 31 March        |                 |
|--|-----------------|-----------------|
|  | 2012<br>£000    | 2011<br>£000    |
| Council tax income                     | (11,215)        | (11,120)        |
| Non domestic rates                     | (5,643)         | (8,221)         |
| Non-ring fenced government grants      | (2,243)         | (1,194)         |
| Capital Grants and Other Contributions | (75)            | (117)           |
| <b>Total</b>                           | <b>(19,176)</b> | <b>(20,652)</b> |

### 11. EXCEPTIONAL ITEMS

There are two exceptional items reported within the Accounts:

There was a refund of VAT deemed to be over-declared and interest in respect of output tax charged on Trade Waste from 1 April 1973 to 30 November 1996. In the prior year there was a similar claim payable in relation to over-declared tax on sports tuition for the period 1 January 1978 to 31 December 1989 and 1 April to 31 July 1994.

On 28 March the Council borrowed £185,456,000 from the Public Works Loan Board in order to pay an equivalent amount over to the Department for Communities and Local Government. This payment was the amount prescribed as payable on the cessation of the Housing Revenue Account Subsidy regime on 31 March 2012. The payment is of a Capital nature but as it neither creates or improves an existing asset the payment is written off to the Comprehensive Income and Expenditure Statement in the year of payment. This item is of course reversed out within the Adjustments Between Accounting Basis and Funding Basis under Regulation as it is not funded from revenue resources.

There are two further items reported in the prior period, these are:-

There was a Past Service Gain relating to changes made to pension scheme benefits. The gain has been split between the General Fund and Housing Revenue Account. More information in relation to this is shown under note 37.

There was a change to the discount factor to be applied for existing use for social housing from 46% to 39% of the open market value. The total revaluation reduction on HRA dwellings differs from that reported in the Housing Revenue Account Income and Expenditure Statement as some of the reduction has been written off against previous gains held in the Revaluation Reserve. See also note 1 of the Housing Revenue Account notes.

## Notes to the Core Financial Statements

### 12. PROPERTY PLANT AND EQUIPMENT

|   | OPERATIONAL ASSETS                  |                             |                                  |                          |                     |                |            | Total           |
|---|-------------------------------------|-----------------------------|----------------------------------|--------------------------|---------------------|----------------|------------|-----------------|
|   | Council<br>Dwellings and<br>Garages | Other Land and<br>Buildings | Vehicles, Plant<br>and Equipment | Infrastructure<br>Assets | Community<br>Assets | Surplus Assets | WIP Assets |                 |
|   | £000                                | £000                        | £000                             | £000                     | £000                | £000           | £000       |                 |
| Gross Book Value 31<br>March 2011                         | 459,538                             | 41,621                      | 17,824                           | 17,257                   | 2,784               | 756            | 498        | 540,278         |
| Reclassified  | 1,781                               | (191)                       | (1,593)                          | -                        | -                   | -              | (18)       | (21)            |
| Restated  | (12,658)                            | 16                          | -                                | -                        | (4)                 | -              | -          | (12,646)        |
| Revalued  | 1,351                               | (78)                        | -                                | -                        | -                   | -              | -          | 1,273           |
| <b>1 April 2011</b>                                       | <b>450,012</b>                      | <b>41,368</b>               | <b>16,231</b>                    | <b>17,257</b>            | <b>2,780</b>        | <b>756</b>     | <b>480</b> | <b>528,884</b>  |
| Additions   | 4,882                               | 40                          | 1,573                            | 218                      | 42                  | -              | 1,543      | 8,298           |
| Disposals   | (431)                               | -                           | (318)                            | -                        | -                   | -              | -          | (749)           |
| Reclassified in year                                      | -                                   | 1,415                       | (332)                            | 271                      | -                   | -              | (1,354)    | -               |
| <b>Gross Book Value<br/>31 March 2012</b>                 | <b>454,463</b>                      | <b>42,823</b>               | <b>17,154</b>                    | <b>17,746</b>            | <b>2,822</b>        | <b>756</b>     | <b>669</b> | <b>536,433</b>  |
| Depreciation<br>31 March 2011                             | (12,658)                            | (685)                       | (6,781)                          | (4,115)                  | (4)                 | -              | -          | (24,243)        |
| Accumulated<br>Depreciation written<br>off on revaluation | 12,658                              | -                           | -                                | -                        | 4                   | -              | -          | 12,662          |
| <b>1 April 2011</b>                                       | <b>-</b>                            | <b>(685)</b>                | <b>(6,781)</b>                   | <b>(4,115)</b>           | <b>-</b>            | <b>-</b>       | <b>-</b>   | <b>(11,581)</b> |
| Depreciation in Year                                      | (9,795)                             | (651)                       | (1,324)                          | (479)                    | -                   | -              | -          | (12,249)        |
| Depreciation on Assets<br>Sold                            | 9                                   | -                           | 269                              | -                        | -                   | -              | -          | 278             |
| <b>Depreciation<br/>31 March 2012</b>                     | <b>(9,786)</b>                      | <b>(1,336)</b>              | <b>(7,836)</b>                   | <b>(4,594)</b>           | <b>-</b>            | <b>-</b>       | <b>-</b>   | <b>(23,552)</b> |
| <b>Net Book Value<br/>31 March 2012</b>                   | <b>444,677</b>                      | <b>41,487</b>               | <b>9,318</b>                     | <b>13,152</b>            | <b>2,822</b>        | <b>756</b>     | <b>669</b> | <b>512,881</b>  |

## Notes to the Core Financial Statements

|  | <b>OPERATIONAL ASSETS</b>            |                                 |                                      |                              |                         |                       |                   |                 |
|--|--------------------------------------|---------------------------------|--------------------------------------|------------------------------|-------------------------|-----------------------|-------------------|-----------------|
|  | <b>Council Dwellings and Garages</b> | <b>Other Land and Buildings</b> | <b>Vehicles, Plant and Equipment</b> | <b>Infrastructure Assets</b> | <b>Community Assets</b> | <b>Surplus Assets</b> | <b>WIP Assets</b> | <b>Total</b>    |
|  | <b>£000</b>                          | <b>£000</b>                     | <b>£000</b>                          | <b>£000</b>                  | <b>£000</b>             | <b>£000</b>           | <b>£000</b>       | <b>£000</b>     |
| <i>Gross Book Value 31</i>                                 |                                      |                                 |                                      |                              |                         |                       |                   |                 |
| <i>March 2010</i>  | 547,474                              | 41,940                          | 20,789                               | 16,052                       | 2,774                   | 715                   | 481               | 630,225         |
| <i>Reclassified</i>  | 9,201                                | (4,460)                         | (5,806)                              | 927                          | -                       | 41                    | 107               | 10              |
| <i>Restated</i>  |                                      |                                 |                                      | (25)                         |                         |                       |                   | (25)            |
| <i>Revalued</i>  | (100,524)                            | 2,743                           | -                                    | -                            | -                       | -                     | -                 | (97,781)        |
| <b>1 April 2010</b>  | <b>456,151</b>                       | <b>40,223</b>                   | <b>14,983</b>                        | <b>16,954</b>                | <b>2,774</b>            | <b>756</b>            | <b>588</b>        | <b>532,429</b>  |
| <i>Additions</i>   | 3,880                                | 1,168                           | 2,190                                | 303                          | 10                      | -                     | 1,093             | 8,644           |
| <i>Disposals</i>   | (561)                                | -                               | (65)                                 | -                            | -                       | -                     | -                 | (626)           |
| <i>Reclassified in year</i>                                | 19                                   | 230                             | 716                                  | -                            | -                       | -                     | (1,183)           | (218)           |
| <i>Revalued in year</i>                                    | 49                                   | -                               | -                                    | -                            | -                       | -                     | -                 | 49              |
| <b>Gross Book Value 31</b>                                 |                                      |                                 |                                      |                              |                         |                       |                   |                 |
| <b>March 2011</b>  | <b>459,538</b>                       | <b>41,621</b>                   | <b>17,824</b>                        | <b>17,257</b>                | <b>2,784</b>            | <b>756</b>            | <b>498</b>        | <b>540,278</b>  |
| <i>Depreciation</i>  |                                      |                                 |                                      |                              |                         |                       |                   |                 |
| <i>31 March 2010</i>                                       | -                                    | (3,164)                         | (5,544)                              | (3,647)                      | (4)                     | -                     | -                 | (12,359)        |
| <i>Restated Depreciation</i>                               |                                      |                                 |                                      | 1                            |                         |                       |                   | 1               |
| <i>Accumulated Depreciation written off on revaluation</i> | -                                    | 2,979                           | -                                    | -                            | -                       | -                     | -                 | 2,979           |
| <b>1 April 2010</b>  | <b>-</b>                             | <b>(185)</b>                    | <b>(5,544)</b>                       | <b>(3,646)</b>               | <b>(4)</b>              | <b>-</b>              | <b>-</b>          | <b>(9,379)</b>  |
| <i>Accumulated Depreciation written off in year</i>        | 6                                    | -                               | 55                                   | -                            | -                       | -                     | -                 | 61              |
| <i>Depreciation in Year</i>                                | (12,664)                             | (500)                           | (1,292)                              | (469)                        | -                       | -                     | -                 | (14,925)        |
| <b>Depreciation</b>  |                                      |                                 |                                      |                              |                         |                       |                   |                 |
| <b>31 March 2011</b>                                       | <b>(12,658)</b>                      | <b>(685)</b>                    | <b>(6,781)</b>                       | <b>(4,115)</b>               | <b>(4)</b>              | <b>-</b>              | <b>-</b>          | <b>(24,243)</b> |
| <b>Net Book Value</b>                                      |                                      |                                 |                                      |                              |                         |                       |                   |                 |
| <b>31 March 2011</b>                                       | <b>446,880</b>                       | <b>40,936</b>                   | <b>11,043</b>                        | <b>13,142</b>                | <b>2,780</b>            | <b>756</b>            | <b>498</b>        | <b>516,035</b>  |

At 31 March 2012, the authority has entered into a number of contracts for the enhancement of Property, Plant and Equipment in 2011/12 and future years budgeted to cost £969,000. The major commitment is the development of an All Weather Pitch in Waltham Abbey at an estimated cost of £462,000.

## Notes to the Core Financial Statements

|                                | OPERATIONAL ASSETS                  |                             |                                     |                          |                     |                   |            | Total          |
|--------------------------------|-------------------------------------|-----------------------------|-------------------------------------|--------------------------|---------------------|-------------------|------------|----------------|
|                                | Council<br>Dwellings and<br>Garages | Other Land<br>and Buildings | Vehicles,<br>Plant and<br>Equipment | Infrastructure<br>Assets | Community<br>Assets | Surplus<br>Assets | WIP Assets |                |
|                                | £000                                | £000                        | £000                                | £000                     | £000                | £000              | £000       |                |
| Carried at historical cost     | 4,882                               | 1,586                       | 17,154                              | 17,746                   | 2,822               |                   | 669        | 44,859         |
| Valued at fair value as at:    |                                     |                             |                                     |                          |                     |                   |            |                |
| 31 March 2012                  | 449,581                             | 1,474                       |                                     |                          |                     | 216               |            | 1,690          |
| 31 March 2011                  |                                     | 31,913                      |                                     |                          |                     |                   |            | 481,494        |
| 31 March 2010                  |                                     | 7,850                       |                                     |                          |                     |                   |            | 7,850          |
| 31 March 2009                  |                                     |                             |                                     |                          |                     | 540               |            | 540            |
| <b>Total Cost or Valuation</b> | <b>454,463</b>                      | <b>42,823</b>               | <b>17,154</b>                       | <b>17,746</b>            | <b>2,822</b>        | <b>756</b>        | <b>669</b> | <b>536,433</b> |

### 13. HERITAGE ASSETS

|                                     | Waltham<br>Abbey<br>Bible<br>£000 | Other<br>Artefacts<br>£000 | Civic<br>Chains<br>£000 | Epping<br>Fountain<br>£000 | Total<br>£000 |
|-------------------------------------|-----------------------------------|----------------------------|-------------------------|----------------------------|---------------|
| Gross Book Value 31 March 2011      | 262                               | 147                        | 110                     | 26                         | 545           |
| Depreciation 31 March 2011          | -                                 | -                          | -                       | (2)                        | (2)           |
| Depreciation in Year                | -                                 | -                          | -                       | (1)                        | (1)           |
| <b>Depreciation 31 March 2012</b>   | <b>-</b>                          | <b>-</b>                   | <b>-</b>                | <b>(3)</b>                 | <b>(3)</b>    |
| <b>Net Book Value 31 March 2012</b> | <b>262</b>                        | <b>147</b>                 | <b>110</b>              | <b>23</b>                  | <b>542</b>    |

|                                     | Waltham<br>Abbey<br>Bible<br>£000 | Other<br>Artefacts<br>£000 | Civic<br>Chains<br>£000 | Epping<br>Fountain<br>£000 | Total<br>£000 |
|-------------------------------------|-----------------------------------|----------------------------|-------------------------|----------------------------|---------------|
| Gross Book Value 31 March 2010      | 262                               | 147                        | 110                     | 26                         | 545           |
| Depreciation 31 March 2010          | -                                 | -                          | -                       | (1)                        | (1)           |
| Depreciation in Year                | -                                 | -                          | -                       | (1)                        | (1)           |
| <b>Depreciation 31 March 2011</b>   | <b>-</b>                          | <b>-</b>                   | <b>-</b>                | <b>(2)</b>                 | <b>(2)</b>    |
| <b>Net Book Value 31 March 2011</b> | <b>262</b>                        | <b>147</b>                 | <b>110</b>              | <b>24</b>                  | <b>543</b>    |



## Notes to the Core Financial Statements

### Waltham Abbey Bible and other artefacts

The Bible and other Artefacts are valued based on their valuation on the current insurance schedule. The items included on the Balance Sheet relate only to the top items featuring on the schedule. The total insurance valuation is rather higher than this but cannot be identified to a particular item or items that are in the Council's collection.

There are some quite significant assets within the collection. The most valuable being the Waltham Abbey Bible valued at £262,500, a painting 'view from the garden, Epping' by artist Lucien Pissarro who lived in the district for a while (£63,000), A purbeck marble bust of a knight valued in 1985 at £36,000, two hoards of coins valued at £21,900 in total and five other items identified separately valued in total at a little over £25,000.

The Council's museums service holds a large collection of Heritage Assets but in many cases no valuation is available.

As well as the assets referred to earlier there are between 25,000 and 30,000 pieces of art work including watercolours and sketches, over 10,000 objects and documents of social historic interest, a large number of photographic and archaeological items and some costumes. Some of this has been catalogued but by no means all. The assets are either held within the museum itself or held in storage. No valuation has been undertaken of these assets as it would have been too onerous to do so in the time scale applicable to the financial statements.

### Epping Fountain

The Epping Fountain was previously recognised as an Infrastructure Asset and has been reclassified as a Heritage Asset. The fountain was erected many years ago and, although removed for some years, has now been refurbished and re-erected in its original position.

### Civic Chains

The Chains were both passed to the Council by predecessor authorities. They feature a number of symbols related to the history of the district.

The Hunting Horn is the Master Keeper's symbol of office and Chigwell and Loughton were two of the ten walks in the forest over which the Master Keeper had authority. In the forest region, the Lordship of the Manor developed from the office of Master Keeper.

The wreath of Oak Leaves is also symbolic of the forest.

The Stag is thought to be the single feature unifying the district. The Stag is particularly representative of Buckhurst Hill. The Axe-heads were introduced because they were the Verderer's symbol of Office and the Verderer's Court was held at the King's Head, Chigwell. They are also symbolic of the great fight to save the forest from enclosure, in which Loughton was so prominent.

## 14. INVESTMENT PROPERTY

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the CIES. Income and expenditure relating to the General Fund is recorded under trading operations. However income and expenditure relating to those properties held within the Housing Revenue Account are recorded there.

|  | 31 March     |              |
|--|--------------|--------------|
|  | 2012         | 2011         |
|  | £000         | £000         |
| Rental income from investment property                     | 4,439        | 3,770        |
| Direct operating expenses arising from investment property | (860)        | (941)        |
| <b>Net gain/(loss)</b>                                     | <b>3,579</b> | <b>2,829</b> |

## Notes to the Core Financial Statements

The following table summarises the movement in fair value of investment properties over the year.

|   | 31 March      |               |
|---|---------------|---------------|
|   | 2012<br>£000  | 2011<br>£000  |
| Balance at start of the year                    | 39,566        | 37,870        |
| Additions                                       |               |               |
| Construction                                    | -             | -             |
| Disposals                                       |               |               |
| Net gains/losses from fair value adjustments    | 1,975         | 1,564         |
| Transfers to/from Property, Plant and Equipment |               | 132           |
| <b>Balance at end of the year</b>               | <b>41,541</b> | <b>39,566</b> |

### 15. INTANGIBLE ASSETS

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment, and is amortised over a 5 year period.

The carrying amount of intangible assets is amortised on a straight line basis. All but £11,000 of the amortisation charge of £246,000 to revenue in 2011/12 was charged to the ICT cost centre and then absorbed as an overhead across all the service headings in the Net Cost of Services. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading.

The movement on Intangible Asset balances during the year is as follows:

|   | 2011/12<br>Total | 2010/11<br>Total |
|---|------------------|------------------|
| Balance at start of year:-                |                  |                  |
| Gross carrying amounts                    | 1,233            | 963              |
| Accumulated amortisation                  | (380)            | (215)            |
| Net carrying amount at start of year      | 853              | 748              |
| Reclassifications at start of year        | -                | (10)             |
| Additions                                 | 191              | 192              |
| Amortisation                              | (246)            | (165)            |
| Reclassifications during the year         | 21               | 88               |
| <b>Net Carrying Amount at end of year</b> | <b>819</b>       | <b>853</b>       |

### 16. LONG TERM DEBTORS

|  | 31 March     |              |
|--|--------------|--------------|
|  | 2012<br>£000 | 2011<br>£000 |
| Mortgages                                  | 29           | 34           |
| Rents to Mortgages                         | 1,346        | 1,285        |
| Other Local Authorities - Transferred Debt | 426          | 481          |
| <b>Net Carrying Amount at end of year</b>  | <b>1,801</b> | <b>1,800</b> |

## Notes to the Core Financial Statements

### 17. FINANCIAL INSTRUMENTS

#### Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

|   | Long term                |                          | Current                  |   |
|---|--------------------------|--------------------------|--------------------------|---|
|   | 31 March<br>2012<br>£000 | 31 March<br>2011<br>£000 | 31 March<br>2012<br>£000 | 31 March<br>2011<br>£000<br><i>Restated</i> |
| <b>Financial liabilities at amortised cost</b>  |                          |                          |                          |   |
| Borrowing                                       | 185,456                  | -                        | 61                       | -   |
| Trade Creditors                                 | -                        | -                        | 4,056                    | 6,790                                       |
| <b>Total financial liabilities</b>              | <b>185,456</b>           | <b>-</b>                 | <b>4,117</b>             | <b>6,790</b>                                |
| <b>Loans and receivables at amortised costs</b> |                          |                          |                          |   |
| Investments                                     | 140                      | 320                      | 32,500                   | 43,707                                      |
| Debtors   | 1,801                    | 1,800                    | 5,301                    | 5,038                                       |
| Cash  |                          |                          | 3,808                    | 728   |
|   | <b>1,941</b>             | <b>2,120</b>             | <b>37,801</b>            | <b>49,473</b>                               |
| <b>Available for Sale</b>                       | -                        | -                        | 10,009                   | 4,002                                       |
| <b>Total financial assets</b>                   | <b>1,941</b>             | <b>2,120</b>             | <b>47,810</b>            | <b>53,475</b>                               |

On the 28 March 2012 the Council took on new debt of £185.456m from the Public Works Loan Board (PWLB) to pay the Department of Communities and Local Government on the cessation of the HRA Subsidy System. The short term borrowing cost of £61,000 relate to the interest accrued on the PWLB loan for 2011/12.

The item included under Available for Sale in the financial instruments balances table above is included within the cash & cash equivalents on the balance sheet. The £10m relates to an investment made to a Money Market Fund and interest accrued, which needs to be reported under Available for Sale within the financial instruments balances. The Code of Practice requires an Available for Sale Financial Instruments Reserve Account to record any unrealised gains or losses from holding available for sale investment. However, as this is a Money Market Fund which has a constant net asset value, this means that each £1 invested 1 unit, which is re-priced back to £1 at the end of each day. All gains are realised and credited to the CIES.

#### Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consists of the following items:

|   | Financial Liabilities: |                 | Financial Assets: |                 |
|---|------------------------|-----------------|-------------------|-----------------|
|   | 2011/12<br>£000        | 2010/11<br>£000 | 2011/12<br>£000   | 2010/11<br>£000 |
| Interest expense                            | (61)                   | -               | -                 | -               |
| Impairment (losses) / gains                 | -                      | -               | 61                | (466)           |
| <b>Interest payable and similar charges</b> | <b>(61)</b>            | <b>-</b>        | <b>61</b>         | <b>(466)</b>    |
| Interest income                             |                        | -               | 693               | 653             |
| <b>Interest and investment income</b>       | <b>-</b>               | <b>-</b>        | <b>693</b>        | <b>653</b>      |
| <b>Net gain/(loss) for the year</b>         | <b>(61)</b>            | <b>-</b>        | <b>754</b>        | <b>187</b>      |

## Notes to the Core Financial Statements

### Fair Values of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried on the balance sheet at amortised cost, i.e. the aggregate of principal and accrued interest. Fair value is the amount for which an asset can be exchanged, or a liability settled. The Council's debt outstanding at 31 March 2012 consists of loans from the Public Works Loan Board (PWLB). The PWLB has provided the Council with Fair Value amounts in relation to its debt portfolio. The PWLB has assessed the Fair Values by calculating the amounts the Council would have to pay to extinguish the loans on these dates.

The fair value for financial assets can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions: a) where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value; b) the fair value of trade and other receivables is taken to be the invoiced or billed amount.

|                                    | 31 March 2012           |                    | 31 March 2011           |                    |
|------------------------------------|-------------------------|--------------------|-------------------------|--------------------|
|                                    | Carrying amount<br>£000 | Fair Value<br>£000 | Carrying amount<br>£000 | Fair Value<br>£000 |
| <u>Financial liabilities</u>       |                         |                    |                         |                    |
| Borrowing                          | 185,517                 | 192,020            | -                       | -                  |
| Long-term creditors                | -                       | -                  | -                       | -                  |
| <b>Total Financial Liabilities</b> | <b>185,517</b>          | <b>192,020</b>     | <b>-</b>                | <b>-</b>           |
| <u>Financial assets</u>            |                         |                    |                         |                    |
| Investments                        | 32,640                  | 32,640             | 44,027                  | 44,027             |
| Long-term debtors                  | 1,801                   | 1,801              | 1,800                   | 1,800              |
| <b>Total Financial Assets</b>      | <b>34,441</b>           | <b>34,441</b>      | <b>45,827</b>           | <b>45,827</b>      |

The fair value of long term liabilities is higher than the carrying amount because the authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the current rates available for similar loans as at the Balance Sheet date.

The Council had £140,000 (£320,000 in 2010/11) classed as investments in excess of one year. This relates to the Heritable investment where the administrator has advised the anticipated repayment of the loan. It is assumed that the carrying amount shown in the balance sheet is approximate to the fair value.

### 18. INVENTORIES

|  | 2011/12                   |                              |                    |                          | TOTAL<br>£000 |
|--|---------------------------|------------------------------|--------------------|--------------------------|---------------|
|  | Franking Machines<br>£000 | Miscellaneous Stocks<br>£000 | Works Unit<br>£000 | Work In progress<br>£000 |               |
| Balance at the start of the year         | 15                        | 106                          | 76                 | 26                       | 223           |
| Purchases                                | 27                        | 260                          | 211                | 23                       | 521           |
| Recognised as an expense during the year | (25)                      | (292)                        | (211)              | (35)                     | (563)         |
| <b>Balance at year end</b>               | <b>17</b>                 | <b>74</b>                    | <b>76</b>          | <b>14</b>                | <b>181</b>    |

## Notes to the Core Financial Statements

2010/11

|  | Franchising Machines | Miscellaneous Stocks | Works Unit | Work In progress | TOTAL      |
|--|----------------------|----------------------|------------|------------------|------------|
|  | £000                 | £000                 | £000       | £000             | £000       |
| Balance at the start of the year         | 11                   | 82                   | 72         | 23               | 188        |
| Purchases                                | 27                   | 233                  | 211        | 45               | 516        |
| Recognised as an expense during the year | (23)                 | (209)                | (207)      | (42)             | (481)      |
| <b>Balance at year end</b>               | <b>15</b>            | <b>106</b>           | <b>76</b>  | <b>26</b>        | <b>223</b> |

### 19. DEBTORS AND PREPAYMENTS

|  | 31 March     |                                 |
|--|--------------|---------------------------------|
|  | 2012<br>£000 | 2011<br>£000<br><i>Restated</i> |
| <b>Amounts falling due in one year</b> |              |                                 |
| Government Departments                 | 1,728        | 2,311                           |
| Other Local Authorities                | 2,232        | 1,961                           |
| Council Tax arrears                    | 244          | 252                             |
| Housing Rent arrears                   | 279          | 289                             |
| Sundry debtors                         | 1,690        | 1,324                           |
| Prepayments                            | 508          | 453                             |
| Others                                 | 1            | 1                               |
| <b>Total Debtors</b>                   | <b>6,682</b> | <b>6,591</b>                    |

Council Tax arrears shown above and the related bad debt provision relate only to the Council's proportion of the total debt. The remainder is shown as part of the amount due from major preceptors on the basis that the Council has paid over more in precepts than it has actually received from Council tax payers, the figure itself is net of prepayments. National non-domestic rates arrears are shown as being due from central government as the Council merely acts as an agent collecting the amounts due, this amount is also shown net of prepayments.

### 20. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements.

|   | 31 March      |              |
|---|---------------|--------------|
|   | 2012<br>£000  | 2011<br>£000 |
| Cash  | 4             | 4            |
| Bank current accounts                       | 3,804         | 724          |
| Short-term deposits with money market funds | 10,009        | 4,002        |
| <b>Total Cash and Cash Equivalents</b>      | <b>13,817</b> | <b>4,730</b> |

## Notes to the Core Financial Statements

The 'Short-term deposits with money market funds' relate to £10m made to two Money Market Fund and interest accrued (£9,000). This has been included within the cash equivalents as funds can be drawn down and used on the day of request. The fund has a constant net asset value, this means that each £1 you put in buys 1 unit, which is re-priced back to £1 at the end of each day.

### 21. CREDITORS

|  | <b>31 March</b> |              |
|--|-----------------|--------------|
|  | <b>2012</b>     | <b>2011</b>  |
|  | <b>£000</b>     | <b>£000</b>  |
| Government Departments and Other Local Authorities | 1,318           | 1,527        |
| Council Tax  | 140             | 178          |
| Housing rents                                      | 217             | 211          |
| Sundry creditors                                   | 2,617           | 2,729        |
| Accruals and deferred income                       | 2,954           | 4,059        |
| <b>Total Creditors</b>                             | <b>7,246</b>    | <b>8,704</b> |

Included within creditors is £3,000 (£3,000 in 2010/11) relating to Waltham Abbey Tourist Information Centre. This falls within the definition of a related party.

Council tax prepayments shown above relate to the Council's proportion of prepayments, the remainder is shown as part of the net amount owed by preceptors which forms part of the debtors figure, the same arrangement applies to non-domestic rates.

### 22. USABLE AND UNUSABLE RESERVES

Movements in Usable Reserves are shown in detail on the Movement in Reserves Statement.

|                                    | <b>31 March</b> |                 |
|------------------------------------|-----------------|-----------------|
|                                    | <b>2012</b>     | <b>2011</b>     |
|                                    | <b>£000</b>     | <b>£000</b>     |
|                                    |                 | <i>Restated</i> |
| Revaluation Reserve                | 8,060           | 8,031           |
| Capital Adjustment Account         | 360,870         | 547,524         |
| Pensions Reserve                   | (65,625)        | (46,324)        |
| Deferred Capital Receipts Reserve  | 1,372           | 1,319           |
| Collection Fund Adjustment Account | (99)            | (85)            |
| Accumulated Absences Account       | (127)           | (104)           |
| <b>Total Unusable Reserves</b>     | <b>304,451</b>  | <b>510,361</b>  |

#### Revaluation Reserve

The revaluation reserve contains the gains made by the Council arising from increases in the value of Property, Plant and Equipment (and Intangible Assets). The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and gains are consumed through depreciation, or
- disposed of and the gains are realised

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

## Notes to the Core Financial Statements

|                               | 31 March     |              |
|-------------------------------|--------------|--------------|
|                               | 2012<br>£000 | 2011<br>£000 |
| Balance as at 1 April         | 8,031        | 23,110       |
| Revaluations during the year  | 10           | (15,079)     |
| Restatement                   | 19           | -            |
| <b>Balance as at 31 March</b> | <b>8,060</b> | <b>8,031</b> |

### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provision. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised as donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 6 details the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

## Notes to the Core Financial Statements

|   | 2012           | 2011            |
|---|----------------|-----------------|
|   | £000           | £000            |
|   |                | <i>Restated</i> |
| <b>Balance at 1 April</b>   |                | 632,461         |
| <b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>                    |                | 547,524         |
| Charges for depreciation and impairment of non-current assets   | (12,249)       | (14,926)        |
| Self Financing Payment for Housing Revenue Account Properties   | (185,456)      | -               |
| Revaluation losses on Property, Plant and Equipment   | (78)           | (79,673)        |
| Amortisation of intangible assets   | (246)          | (165)           |
| Revenue expenditure funded from capital under statute   | (1,074)        | (1,094)         |
| Amounts for non-current assets written off on disposal or sale as part of gain/loss on disposal to the Comprehensive Income and Expenditure Statement | (749)          | (627)           |
| Adjusting Amounts written out of the Revaluation Reserve  |                | 347,672         |
| Net written out amount of the cost of non-current assets consumed in the year   | 278            | 62              |
| <b>Capital financing applied in the year</b>  |                |                 |
| Reversal of previous impairments  | 1,355          | -               |
| Use of the Capital Receipts Reserve to finance new capital expenditure  | 3,206          | 2,680           |
| Use of the Major Repairs Reserve to finance new capital expenditure   | 3,277          | 4,033           |
| Capital grants credited to the CIES that have been applied to capital financing   | 1,012          | 874             |
| Application of grants to capital financing from the Capital Grants Unapplied Account  | 8              | 125             |
| Capital expenditure charged against the General Fund and HRA balances   | 2,106          | 2,210           |
| Movement in the market value of Investment Properties debited or credited to the CIES   |                | 1,956           |
| <b>Balance at 31 March</b>  |                | <b>547,524</b>  |
|   | <b>360,870</b> |                 |

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account (FIAA) was established under Financial Reporting Standards 25, 26 and 29 when Financial Instruments were adopted into the then SORP (2007), now superseded by the Code. The FIAA balance at the end of the financial year represents the amount that should have been charged to income and expenditure in accordance with proper accounting practices under the Code, but which Statutory Provisions allow or require to be deferred over future years.

In October 2008 the Icelandic banking sector defaulted on its obligations. The Council had £2.5m invested in Heritable bank at that time. The Council decided to recognise an impairment based on recovering 85p in the £, in line with Administrators views. The Government had allowed authorities to postpone the impairment until 2010/11 which the Council did. Therefore, the impairment on the principal and on the interest for the year was accounted for within the Comprehensive Income and Expenditure Statement, this has resulted in the FIAA being nil as at 31 March 2011.



## Notes to the Core Financial Statements

|                                | 31 March     |              |
|--------------------------------|--------------|--------------|
|                                | 2012<br>£000 | 2011<br>£000 |
| <b>Balance as at 1 April</b>   | -            | <b>(466)</b> |
| Impairment on loan             | -            | 404          |
| Impaired Interest for the year | -            | 62           |
| <b>Balance as at 31 March</b>  | <b>-</b>     | <b>-</b>     |

### Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employers contributions to the pension fund or eventually pays any pensions for which it is directly responsible. The debit balance of the Pension Reserve therefore shows a substantial shortfall in the benefits earned by the past and current employees and the resources the Council have set aside to meet them. The statutory arrangements ensure the funding will have been set aside by the time the benefits come to be paid.

|  | 2012<br>£000    | 2011<br>£000    |
|--|-----------------|-----------------|
| <b>Balance at 1 April</b>  | (46,324)        | (56,493)        |
| Actuarial gains or losses on pensions assets and liabilities   | (19,222)        | 3,711           |
| Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES | (3,804)         | 2,561           |
| Employers pensions contributions and direct payments to pensioners payable in the year   | 3,725           | 3,897           |
| <b>Balance at 31 March</b>   | <b>(65,625)</b> | <b>(46,324)</b> |

### Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as useable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

|                            | 2012<br>£000 | 2011<br>£000 |
|----------------------------|--------------|--------------|
| <b>Balance at 1 April</b>  | 1,319        | 1,336        |
| Repayment of Mortgages     | (8)          | (17)         |
| Rents to Mortgages         | 61           | -            |
| <b>Balance at 31 March</b> | <b>1,372</b> | <b>1,319</b> |

## Notes to the Core Financial Statements

### Collection Fund Adjustment Account

The collection fund manages the differences arising from the recognition of council tax income in the CIES as it falls due from Council Tax Payers compared with the statutory arrangements for paying across amounts to General Fund from the Collection Fund.

|  | 2012<br>£000 | 2011<br>£000 |
|--|--------------|--------------|
| <b>Balance at 1 April</b>  | (85)         | (64)         |
| Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements | (14)         | (21)         |
| <b>Balance at 31 March</b>   | <b>(99)</b>  | <b>(85)</b>  |

### Accumulated Absences Account

The Accumulated Absences Account absorbs the difference that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund is neutralised by transfers to or from the Account.

|  | 2012<br>£000 | 2011<br>£000 |
|--|--------------|--------------|
| <b>Balance at 1 April</b>  | (104)        | (150)        |
| Reversal of prior year accrual   | 104          |              |
| Amounts accrued at the end of the current year   | (127)        |              |
| Amount by which the officer remuneration charges to the CIES is different from remuneration chargeable | (23)         | 46           |
| <b>Balance at 31 March</b>   | <b>(127)</b> | <b>(104)</b> |

## 23. CASH FLOW STATEMENT - OPERATING ACTIVITIES

### Adjust net surplus or deficit on the provision of services for non cash movements

|   | 2012<br>£000 | 2011<br>£000  |
|---|--------------|---------------|
| Depreciation  | 12,249       | 14,926        |
| Amortisation  | 246          | 165           |
| Impairment and downward valuations  | (1,277)      | 79,673        |
| Material Impairment losses on Investment debited to surplus or deficit on the provision of services in year | (61)         | 406           |
| Adjustment for movements in fair value of investments classified as Fair Value through Profit & Loss a/c    | (35)         | (466)         |
| Increase / (Decrease) in Interest Creditors   | 61           |               |
| Increase / (Decrease) in Creditors  | (938)        | 2,270         |
| Increase / (Decrease) in Interest and Dividend Debtors  | 36           | 493           |
| Increase / (Decrease) in Debtors  | 503          | 3,752         |
| Increase / (Decrease) in Inventories  | 42           | (35)          |
| Pension Liability   | 79           | (6,458)       |
| Contributions to / (from) Provisions  | (11)         | (17)          |
| Carrying amount of non-current assets sold  | 472          | 565           |
| Movement in Investment Property Values  | (1,956)      | (1,564)       |
| <b>Total</b>  | <b>9,410</b> | <b>93,710</b> |

## Notes to the Core Financial Statements

### Adjust for items included in the net surplus or deficit on the provision of services that are investing or financing activities

|   | <b>2012</b>    | <b>2011</b>    |
|---|----------------|----------------|
|   | <b>£000</b>    | <b>£000</b>    |
| Capital Grants credited to surplus or deficit on the provision of services                  | (970)          | (854)          |
| Proceeds from the sale of property and equipment, investment property and intangible assets | (1,080)        | (1,010)        |
| <b>Total</b>  | <b>(2,050)</b> | <b>(1,864)</b> |

### Operating activities within the cashflow statement include the following cash flows relating to interest and other operating activities

|                              | <b>2012</b>      | <b>2011</b>   |
|------------------------------|------------------|---------------|
|                              | <b>£000</b>      | <b>£000</b>   |
| Interest received            | 729              | 1,146         |
| Interest charge for the year | (61)             | -             |
| Other operating activities   | (181,144)        | 9,572         |
| <b>Total</b>                 | <b>(180,476)</b> | <b>10,718</b> |

Other operating activities in 2011/12 include the HRA self financing payment of £185,456,000.

### 24. CASH FLOW STATEMENT - INVESTING ACTIVITIES

|  | <b>2012</b>  | <b>2011</b>     |
|--|--------------|-----------------|
|  | <b>£000</b>  | <b>£000</b>     |
| Purchase of property, plant and equipment, investment property and intangible assets           | (9,070)      | (8,409)         |
| Purchase of short-term and long-term investments   | (84,000)     | (102,000)       |
| Other payments for Investing Activities  | (20)         | -               |
| Proceeds from sale of property, plant and equipment, investment property and intangible assets | 975          | 1,012           |
| Proceeds from short-term and long term investments   | 95,447       | 96,380          |
| Other receipts from investing activities   | 1,392        | 1,265           |
| <b>Net cash flows from investing activities</b>  | <b>4,724</b> | <b>(11,752)</b> |

### 25. CASH FLOW STATEMENT - FINANCING ACTIVITIES

|   | <b>2012</b>    | <b>2011</b>  |
|---|----------------|--------------|
|   | <b>£000</b>    | <b>£000</b>  |
| Cash receipts of short and long term borrowing  | 185,456        | -            |
| Other receipts from financing activities        | (617)          | 1,626        |
| <b>Net cash flows from financing activities</b> | <b>184,839</b> | <b>1,626</b> |

## 26. AMOUNTS REPORTED FOR RESOURCE ALLOCATION DECISIONS

|                                      | 2011/12                               |                                   |   |                       |                 |  |   |                                       | Total<br>£000  |
|--------------------------------------|---------------------------------------|-----------------------------------|---|-----------------------|-----------------|--|---|---------------------------------------|----------------|
|                                      | Corporate<br>Support Services<br>£000 | Deputy Chief<br>Executive<br>£000 | Environmental<br>& Street Scene<br>£000 | Finance & ICT<br>£000 | Housing<br>£000 | Office of the<br>Chief Executive<br>£000 | Planning &<br>Economic<br>Development<br>£000 | Housing<br>Revenue<br>Account<br>£000 |                |
| Fees, charges & other service income | 3,679                                 | 643                               | 5,880                                   | 446                   | 451             | 219                                      | 552   | 30,338                                | 42,208         |
| Government Grants                    |                                       |                                   | 2                                       | 45,289                | 544             |  |   | 449                                   | 46,284         |
| <b>Total Income</b>                  | <b>3,679</b>                          | <b>643</b>                        | <b>5,882</b>                            | <b>45,735</b>         | <b>995</b>      | <b>219</b>                               | <b>552</b>                                    | <b>30,787</b>                         | <b>88,492</b>  |
| Employee Expenses                    | 597                                   | 824                               | 1,508                                   | 1,846                 | 678             | 219                                      | 1,270   | 2,649                                 | 9,591          |
| Other Service Expenses               | 715                                   | 489                               | 10,389                                  | 433                   | 1,166           | 917                                      | 324   | 19,741                                | 34,174         |
| Support Service Recharges            | 518                                   | 599                               | 2,105                                   | 1,142                 | 434             | 1,688                                    | 1,207   | 842                                   | 8,535          |
| Depreciation                         | 26                                    | 75                                | 1,448                                   | 52                    |                 |  | 267   | 10,180                                | 12,048         |
| Impairment Charges                   |                                       |                                   |   |                       |                 |  |   |                                       | 0              |
| Benefit Payments                     |                                       |                                   |   | 43,866                |                 |  |   |                                       | 43,866         |
| <b>Total Operating Expenditure</b>   | <b>1,856</b>                          | <b>1,987</b>                      | <b>15,450</b>                           | <b>47,339</b>         | <b>2,278</b>    | <b>2,824</b>                             | <b>3,068</b>                                  | <b>33,412</b>                         | <b>108,214</b> |
| <b>Net Cost Of Services</b>          | <b>(1,823)</b>                        | <b>1,344</b>                      | <b>9,568</b>                            | <b>1,604</b>          | <b>1,283</b>    | <b>2,605</b>                             | <b>2,516</b>                                  | <b>2,625</b>                          | <b>19,722</b>  |

|                                      | 2010/11                               |                                   |   |                       |                 |  |   |                                    | Total<br>£000  |
|--------------------------------------|---------------------------------------|-----------------------------------|---|-----------------------|-----------------|--|---|------------------------------------|----------------|
|                                      | Corporate<br>Support Services<br>£000 | Deputy Chief<br>Executive<br>£000 | Environmental<br>& Street Scene<br>£000 | Finance & ICT<br>£000 | Housing<br>£000 | Office of the<br>Chief Executive<br>£000 | Planning &<br>Economic<br>Development<br>£000 | Housing Revenue<br>Account<br>£000 |                |
| Fees, charges & other service income | 1,830                                 | 557                               | 5,383                                   | 437                   | 471             | 64                                       | 537   | 29,484                             | 38,763         |
| Government Grants                    | 34                                    | -                                 | 9                                       | 43,927                | 639             | -  | 21  | 552                                | 45,182         |
| <b>Total Income</b>                  | <b>1,864</b>                          | <b>557</b>                        | <b>5,392</b>                            | <b>44,364</b>         | <b>1,110</b>    | <b>64</b>                                | <b>558</b>                                    | <b>30,036</b>                      | <b>83,945</b>  |
| Employee Expenses                    | 571                                   | 854                               | 1,516                                   | 1,944                 | 773             | 226                                      | 1,435   | 2,790                              | 10,109         |
| Other Service Expenses               | 546                                   | 578                               | 10,243                                  | 1,339                 | 1,196           | 807                                      | 401   | 18,161                             | 33,271         |
| Support Service Recharges            | 327                                   | 596                               | 2,163                                   | 1,414                 | 363             | 1,820                                    | 1,241   | 2,515                              | 10,439         |
| Depreciation                         | 25                                    | 50                                | 1,512                                   | 52                    | -               | 3  | 215   | 12,862                             | 14,719         |
| Impairment                           | -                                     | -                                 | 2,230                                   | -                     | -               | -  | -   | 77,443                             | 79,673         |
| Benefit Payments                     | -                                     | -                                 | -                                       | 42,199                | -               | -  | -   | -                                  | 42,199         |
| <b>Total Operating Expenditure</b>   | <b>1,469</b>                          | <b>2,078</b>                      | <b>17,664</b>                           | <b>46,948</b>         | <b>2,332</b>    | <b>2,856</b>                             | <b>3,292</b>                                  | <b>113,771</b>                     | <b>190,410</b> |
| <b>Net Cost Of Services</b>          | <b>(395)</b>                          | <b>1,521</b>                      | <b>12,272</b>                           | <b>2,584</b>          | <b>1,222</b>    | <b>2,792</b>                             | <b>2,734</b>                                  | <b>83,735</b>                      | <b>106,465</b> |

**Reconciliation of Directorate Income and Expenditure to Cost of Services in the Comprehensive Income and Expenditure Statement.**

|   | 2011/12<br>£000  | 2010/11<br>£000 |
|---|------------------|-----------------|
| Net Expenditure in the Directorate Analysis   | (19,722)         | (106,465)       |
| Services and Support Services not in analysis   | 68               | (10)            |
| Amounts in the Comprehensive Income and Expenditure Statement not reported to management in         | 102              | 8,530           |
| Amounts included in the Analysis not included in the Comprehensive Income and Expenditure Statement | (188,493)        | (1,390)         |
| <b>Cost of Services in Comprehensive Income and Expenditure Statement</b>                           | <b>(208,045)</b> | <b>(99,335)</b> |

**Reconciliation to Subjective Analysis**

|   | 2011/12                      |  |  |   |                          |                           |                |
|---|------------------------------|--|--|---|--------------------------|---------------------------|----------------|
|   | Directorate Analysis<br>£000 | Services and Support<br>Services not in analysis<br>£000 | Amounts not reported to<br>management for<br>decision making<br>£000 | Amounts not included in<br>CIES<br>£000 | Cost of Services<br>£000 | Corporate Amounts<br>£000 | Total<br>£000  |
| <b>Fees, charges &amp; other service income</b> | 42,208                       | 1,112  | 376  | (4,667)                                 | 39,029                   | 4,667                     | 43,696         |
| Interest and Investment Income                  |                              |  |  |   | -                        | 6,353                     | 6,353          |
| Income from Council Tax                         |                              |  |  |   | -                        | 11,215                    | 11,215         |
| Government Grants and Contributions             | 46,284                       |  |  |   | 46,284                   | 7,961                     | 54,245         |
| <b>Total Income</b>                             | <b>88,492</b>                | <b>1,112</b>   | <b>376</b>   | <b>(4,667)</b>                          | <b>85,313</b>            | <b>30,196</b>             | <b>115,509</b> |
| Employee Expenses                               | 9,591                        | 223  |  | (621)                                   | 9,193                    | 7,753                     | 16,946         |
| Other Service Expenses                          | 78,040                       | 495  | 274  | (697)                                   | 78,112                   | 697                       | 78,809         |
| Support Service Recharges                       | 8,535                        | 324  |  | (286)                                   | 8,573                    | 286                       | 8,859          |
| Depreciation, Amortisation and Impairment       | 12,048                       | 2  |  | (26)                                    | 12,024                   | (2,011)                   | 10,013         |
| Interest Payments                               |                              |  |  |   | -                        | 91                        | 91             |
| Precepts and Levies                             |                              |  |  |   | -                        | 3,107                     | 3,107          |
| Payments to Housing Capital Receipts Pool       |                              |  |  |   | -                        | 673                       | 673            |
| Gain/Loss on Disposal of Fixed Assets           |                              |  |  |   | -                        | (548)                     | (548)          |
| HRA Self Financing                              |                              |  |  | 185,456                                 | 185,456                  | -                         | 185,456        |
| Rents to mortgages valuation increase           |                              |  |  |   |                          | (61)                      | (61)           |
| <b>Total Expenditure</b>                        | <b>108,214</b>               | <b>1,044</b>   | <b>274</b>   | <b>183,826</b>                          | <b>293,358</b>           | <b>9,987</b>              | <b>303,345</b> |
| Surplus/(Deficit) on the provision of services  | (19,722)                     | 68   | 102  | (188,493)                               | (208,046)                | 20,209                    | (187,836)      |

**Reconciliation to Subjective Analysis**

|  | 2010/11                     |  |   |                                     |                         |                          |                 |
|--|-----------------------------|--|---|-------------------------------------|-------------------------|--------------------------|-----------------|
|  | <i>Directorate Analysis</i> | <i>Services and Support Services not in analysis</i> | <i>Amounts not reported to management for decision making</i> | <i>Amounts not included in CIES</i> | <i>Cost of Services</i> | <i>Corporate Amounts</i> | <i>Total</i>    |
| <i>Fees, charges &amp; other service income</i>            | 38,763                      | 1,067  | 8,530   | (2,930)                             | 45,430                  | 2,930                    | 48,360          |
| <i>Surplus or deficit on associates and joint ventures</i> | -                           | -  | -   | -                                   | -                       | -                        | -               |
| <i>Interest and Investment Income</i>                      | -                           | -  | -   | -                                   | -                       | 5,744                    | 5,744           |
| <i>Income from Council Tax</i>                             | -                           | -  | -   | -                                   | -                       | 11,120                   | 11,120          |
| <i>Government Grants and Contributions</i>                 | 45,182                      | -  | -   | -                                   | 45,182                  | 9,532                    | 54,714          |
| <b>Total Income</b>  | <b>83,945</b>               | <b>1,067</b>   | <b>8,530</b>  | <b>(2,930)</b>                      | <b>90,612</b>           | <b>29,326</b>            | <b>119,938</b>  |
| <i>Employee Expenses</i>                                   | 10,109                      | 244  | -   | (628)                               | 9,725                   | 8,376                    | 18,101          |
| <i>Other Service Expenses</i>                              | 75,470                      | 449  | -   | (614)                               | 75,305                  | 614                      | 75,919          |
| <i>Support Service Recharges</i>                           | 10,439                      | 381  | -   | (298)                               | 10,522                  | 298                      | 10,820          |
| <i>Depreciation, Amortisation and Impairment</i>           | 94,392                      | 3  | -   | -                                   | 94,395                  | (1,562)                  | 92,833          |
| <i>Interest Payments</i>                                   | -                           | -  | -   | -                                   | -                       | 26                       | 26              |
| <i>Precepts and Levies</i>                                 | -                           | -  | -   | -                                   | -                       | 3,068                    | 3,068           |
| <i>Payments to Housing Capital Receipts Pool</i>           | -                           | -  | -   | -                                   | -                       | 744                      | 744             |
| <i>Gain/Loss on Disposal of Fixed Assets</i>               | -                           | -  | -   | -                                   | -                       | (445)                    | (445)           |
| <b>Total Expenditure</b>                                   | <b>190,410</b>              | <b>1,077</b>   | <b>-</b>  | <b>(1,540)</b>                      | <b>189,947</b>          | <b>11,119</b>            | <b>201,066</b>  |
| <i>Surplus/(Deficit) on the provision of services</i>      | <b>(106,465)</b>            | <b>(10)</b>  | <b>8,530</b>  | <b>(1,390)</b>                      | <b>(99,335)</b>         | <b>18,207</b>            | <b>(81,128)</b> |

## 27. TRADING OPERATIONS

The following gross income and expenditure figures are included on the face of the Income and Expenditure Account.

|                                       | 2011/12      | 2010/11      |
|---------------------------------------|--------------|--------------|
|                                       | £000         | £000         |
| <b>Industrial Estates &amp; Other</b> |              |              |
| Income                                | 3,185        | 1,330        |
| Expenditure                           | 726          | 370          |
| <b>(Deficit)/Surplus</b>              | <b>2,459</b> | <b>960</b>   |
| <b>North Weald Centre</b>             |              |              |
| Income                                | 1,484        | 1,389        |
| Expenditure                           | 906          | 959          |
| <b>(Deficit)/Surplus</b>              | <b>578</b>   | <b>430</b>   |
| <b>Total (Deficit)/Surplus</b>        | <b>3,037</b> | <b>1,390</b> |

## 28. AGENCY SERVICES

An agreement exists with Sainsbury's supermarket whereby the Council's car parking management contractor manages two car parks on their behalf. In 2011/12 Income from the car parks of £344,000 (2010/11 £339,000) was received, of which £307,000 (2010/11 £303,000), was paid over after allowing for an administration charge.

## 29. POOLED BUDGETS

### Epping Forest Community Safety Partnership (CSP)

The Council is a participant in a partnership with other public bodies involving the pooling of government grants to finance work towards jointly agreed objectives for local public services. The purpose of the partnership is:

- To form an agreement between the Essex County Council, Essex's Health Organisations, Fire and Police Services, District Councils and other local partners including the Community and Voluntary Sector to achieve mutually agreed outcomes that are regarded as being key to making Essex a better place to live and work.
- To agree specific outcomes and targets that will be achieved each year for the three years of the agreement.
- To improve the effectiveness and efficiency of public services in Essex by pooling and aligning funding streams.

At the County level the members consist of :-

County and District Councils in Essex  
Local Strategic Partnerships  
Community Protection Authorities  
Health Bodies  
Voluntary Organisations  
Other Organisations

All members of the Partnership have one voting right and as such no one party has more control over the operation of the partnership than any other member.

Essex County Council acts as the accountable body for the Home Office Community Safety Fund. This means that they are responsible for the distribution of the grant to the partners involved.

The Epping Forest CSP received grant funding of £45,038. The Council acts as an agent of the partnership ensuring that grant monies are used in accordance with the wishes of the CSP as a whole. The Council employs a Safer Communities Manager who manages the funds according to the wishes of the CSP.

### Local Strategic Partnership (LSP)

One Epping Forest is the Local Strategic Partnership (LSP) for Epping Forest District. It brings together public, private and voluntary sector agencies responsible for the provision of services. The partnership annual running costs are funded from a pooled budget established by Epping Forest District Council, West Essex Primary Care Trust, Essex Police and Essex County Council of £45,000, of this Epping Forest contributes £10,000.

The funding is used to support the costs of the LSP Manager, based at Epping Forest.

### 30. MEMBER ALLOWANCES

Member allowances and expenses are shown below. Further details of these allowances are available on page 73.

|              | 2011/12<br>£000 | 2010/11<br>£000 |
|--------------|-----------------|-----------------|
| Allowances   | 289             | 291             |
| Expenses     | 22              | 23              |
| <b>Total</b> | <b>311</b>      | <b>314</b>      |

### 31. OFFICER REMUNERATION

The number of employees whose remuneration, including benefits in kind, but excluding employer's pension contributions, was £50,000 or more in bands of £5,000 were (there were no officers in bands between £115,000 - £149,999).

| Remuneration Band   | 2011/12                |              | 2010/11                |              |
|---------------------|------------------------|--------------|------------------------|--------------|
|                     | Number of<br>Employees | Left in Year | Number of<br>Employees | Left in Year |
| £50,000 - £54,999   | 12                     |              | 12                     |              |
| £55,000 - £59,999   | 4                      |              | 4                      |              |
| £60,000 - £64,999   | 1                      |              | 1                      |              |
| £65,000 - £69,999   | 0                      |              | 0                      |              |
| £70,000 - £74,999   | 0                      |              | 1                      |              |
| £75,000 - £79,999   | 2                      |              | 1                      |              |
| £80,000 - £84,999   | 4                      |              | 4                      |              |
| £85,000 - £89,999   | 0                      |              | 0                      |              |
| £90,000 - £94,999   | 0                      |              | 0                      |              |
| £95,000 - £104,999  | 0                      |              | 0                      |              |
| £105,000 - £109,999 | 0                      |              | 1                      |              |
| £110,000 - £114,999 | 1                      |              | 0                      |              |
| £115,000 - £149,999 | 0                      |              | 0                      | 1            |
| <b>Total</b>        | <b>24</b>              | <b>0</b>     | <b>24</b>              | <b>1</b>     |

#### Senior Officers where emoluments - salary is £150,000 or more per year.

No Senior Officer fell under this category in 2011/12.

#### 2010/11:

|                                 | Salary (Including<br>fees &<br>Allowances, and<br>Compensation<br>for loss of<br>employment) | Benefits in Kind | Total<br>Remuneration<br>excluding<br>pension<br>contributions<br>2010/11 | Pension<br>Contributions | Total<br>Remuneration<br>including<br>pension<br>contributions<br>2010/11 |
|---------------------------------|--|------------------|---|--------------------------|---|
| Chief Executive - Peter Haywood | 162,904  | 1,816            | 164,720   | 5,940                    | 170,660   |



**Senior Officers where emoluments - salary is between £50,000 & £150,000 per year.**

**2011/12**

| Post Title                                  | Salary (Including fees & Allowances) | Benefits in Kind | Total Remuneration excluding pension contributions 2011/12 | Pension Contributions | Total Remuneration including pension contributions 2011/12 |
|---|--------------------------------------|------------------|--|-----------------------|--|
|   | £                                    | £                | £  | £                     | £  |
| Acting Chief Executive                      | 110,000                              | 4,249            | 114,249  | 14,300                | 128,549  |
| Director of Housing                         | 78,803                               | 4,526            | 83,329   | 10,226                | 93,555   |
| Director of Planning & Economic Development | 78,827                               | 5,232            | 84,059   | 10,248                | 94,307   |
| Director of Finance & ICT                   | 79,301                               | 3,160            | 82,461   | 10,303                | 92,764   |
| Director of Environment & Street Scene      | 79,369                               | 1,294            | 80,663   | 10,318                | 90,981   |
| Director of Corporate Support Services      | 76,838                               | 1,239            | 78,077   | 9,988                 | 88,065   |
| Assistant to the Chief Executive            | 75,558                               | 1,239            | 76,797   | 9,680                 | 86,477   |

There were no payments relating to bonuses in the year. The emoluments above include all taxable employee payments. Pension Contributions relate to Employer's contributions of 13.0%.

**2010/11**

| Post Title                                  | Salary (Including fees & Allowances) | Benefits in Kind | Total Remuneration excluding pension contributions 2010/11 | Pension Contributions | Total Remuneration including pension contributions 2010/11 |
|---|--------------------------------------|------------------|--|-----------------------|--|
|   | £                                    | £                | £  | £                     | £  |
| Acting Chief Executive                      | 105,066                              | 3,989            | 109,055  | 13,764                | 122,819  |
| Director of Planning & Economic Development | 78,589                               | 4,918            | 83,507   | 10,295                | 93,802   |
| Director of Environment & Street Scene      | 78,834                               | 3,318            | 82,152   | 10,327                | 92,479   |
| Director of Housing                         | 79,472                               | 4,314            | 83,786   | 10,381                | 94,167   |
| Director of Finance & ICT                   | 79,101                               | 3,314            | 82,415   | 10,361                | 92,776   |
| Director of Corporate Support Services      | 77,768                               | 1,239            | 79,007   | 10,188                | 89,195   |
| Assistant to the Chief Executive            | 73,704                               | 1,239            | 74,943   | 9,526                 | 84,469   |

**Senior Officers where emoluments - salary is £150,000 or more per year.**

**Termination Benefits**

In 2011/12 the Authority terminated three part time posts on 31 March 2012 relating to one employee who was an activities coach. A redundancy payment of £2,116 was made to the employee.

In 2010/11 the Chief Executive left the Authority on 20 July 2010, by mutual consent. This involved a payment of £73,764 as compensation for loss of office.

**32. EXTERNAL AUDIT FEES**

The following external audit fees have been paid to the Audit Commission and PKF (UK) LLP.

|   | 2011/12<br>£000 | 2010/11<br>£000 |
|---|-----------------|-----------------|
| External audit services in accordance with section 5 of the Audit Commission Act 1998       | 153             | 150             |
| Certification of grant claims and returns under section 28 of the Audit Commission Act 1998 | 59              | 74              |
| Rebate of fees from Audit Commission for IFRS   | (11)            | (10)            |
| Fees paid in respect of other services  | -               | 2               |
| <b>Total</b>  | <b>201</b>      | <b>216</b>      |

The figures above include costs charged to 2011/12 relating to 2010/11 of £11,000.

### 33. GRANT INCOME

The Council credited the following grants and contributions to the CIES in 2011/12:

|  | 2011/12<br>£000 | 2010/11<br>£000 |
|--|-----------------|-----------------|
| Credited to Taxation and Non-Specific Grant Income |                 |                 |
| Non domestic rates                                 | 5,643           | 8,221           |
| Revenue Support Grant                              | 1,744           | 1,194           |
| New Homes Bonus                                    | 295             | -               |
| Council Tax Freeze grant                           | 203             | -               |
| Second Homes Discount Allowance                    | 75              | 76              |
| Area Based Grant                                   | -               | 41              |
| <b>Total</b>                                       | <b>7,960</b>    | <b>9,532</b>    |

|  | 2011/12<br>£000 | 2010/11<br>£000 |
|--|-----------------|-----------------|
| Credited to Services                               |                 |                 |
| Department for Work and Pensions                   | 45,115          | 43,648          |
| Department for Communities and Local Government    | 646             | 849             |
| Essex County Council                               | 333             | 590             |
| Department for Environment, Food and Rural Affairs | -               | 136             |
| Department for Transport                           | -               | 99              |
| Big Lottery Fund                                   | -               | 74              |
| Hughmark Continental                               | 20              | 52              |
| Colchester Borough Council                         | 30              | 44              |
| British Gas  | 24              | 28              |
| Regional Improvement and Efficiency Partnership    | 150             | -               |
| Contributions to Affordable Housing                | 131             | -               |
| Other grants and contributions received            | 38              | 32              |
| <b>Total</b>                                       | <b>46,487</b>   | <b>45,552</b>   |

The Council has received some grants and contributions that have yet to be recognised as income as they have conditions attached to them that if they are not met will require monies to be returned to the giver. The balances at the year end are as follows:

|   | 2011/12<br>£000 | 2010/11<br>£000 |
|---|-----------------|-----------------|
| Capital Grants received in Advance              |                 |                 |
| Affordable Housing Contributions                | 704             | 435             |
| Department for Communities and Local Government | 125             | 118             |
| Grange Farm Development                         | 38              | 37              |
| Department for work and Pensions                | -               | 27              |
| Hughmark Continental                            | 70              | 17              |
| Parish Councils                                 | 7               | 6               |
| Choice Based Lettings                           | -               | 6               |
| <b>Total</b>                                    | <b>944</b>      | <b>646</b>      |

### 34. RELATED PARTY DECLARATIONS

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the council, or to be controlled or influenced by the council.

#### Central Government

Central government has effective control over the general operations of the Council - it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis on Note 25 on reporting for resource allocation decisions.

## Members

Members of the Council have direct control over the council's financial and operating policies. The total of members allowances paid in 2011/12 is shown in Note 30. During 2011/12 expenditure totaling £346,330 (£492,859 in 2010/11) was paid to, and income totaling £57,516 (£122,245 in 2010/11) was received from, organisations in which 29 members (24 in 2010/11) had connections. Included in the expenditure amount is a creditor of £3,000 (£3,000 in 2010/11). The nature of the expenditure was primarily grants to organisations of £321,622 and subscriptions and rent of £24,708 with which members had declared interests, with varying levels of involvement.

## Officers

There were no transactions during the year with organisations in which any officer had declared an interest.

## 35. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it.

|  | 2011/12<br>£000 | 2010/11<br>£000 |
|--|-----------------|-----------------|
| <i>Opening Capital Financing Requirement</i> | (784)           | (784)           |
| Capital Investment                           |                 |                 |
| Self Financing Payment                       | 185,456         | -               |
| Property, Plant and Equipment                | 8,298           | 8,644           |
| Intangible Assets                            | 191             | 192             |
| <i>Sources of Finance</i>                    |                 |                 |
| Capital Receipts                             | (2,759)         | (2,319)         |
| Government grants and other contributions    | (347)           | (274)           |
| Direct revenue contributions                 | (5,383)         | (6,243)         |
| <b>Closing Capital Financing Requirement</b> | <b>184,672</b>  | <b>(784)</b>    |

## 36. LEASES

Leasing rentals are charged to service revenue accounts.

The Council has entered various leasing agreements relating to cars, operational vehicles, printing equipment and vending equipment. All of the leases are categorised as operating leases. The arrangements provide for charges to be made evenly throughout the period of the lease. The total lease payment in 2011/12 is £212,000.

The total of future minimum lease payments due within 1 year are:

|                      | 2011/12<br>£000 | 2010/11<br>£000 |
|----------------------|-----------------|-----------------|
| Cars                 | 98              | 209             |
| Operational Vehicles | -               | 23              |
| Vending Equipment    | 5               | 5               |
| <b>Total</b>         | <b>103</b>      | <b>237</b>      |

### Vehicles & Equipment

|   | 2011/12<br>£000 | 2010/11<br>£000 |
|---|-----------------|-----------------|
| Payments due;                                     |                 |                 |
| Not later than one year                           | 103             | 237             |
| Later than one year and not later than five years | 14              | 116             |
| <b>Total</b>                                      | <b>117</b>      | <b>353</b>      |

The Council also has leases with third parties under operating leases with rental income from the lease being credited to trading operations, or in the case of shops, the Housing Revenue Account.

| <b>Assets Leased to Third Parties</b>                             | <b>2011/12</b> | <b>2010/11</b> |
|---|----------------|----------------|
| The total of future minimum lease payments due within 1 year are: | <b>£000</b>    | <b>£000</b>    |
| <b>Land &amp; Buildings</b>                                       |                |                |
| Shops   | 1,542          | 1,622          |
| Industrial & Commercial   | 919            | 823            |
| Other   | 1,196          | 203            |
| <b>Total Rental Receivable</b>                                    | <b>3,657</b>   | <b>2,648</b>   |

The timing of total future minimum lease payments are:

|                             | <b>31 March 2012</b>                                       |   | <b>31 March 2011</b>                                       |   |
|-----------------------------|--|---|--|---|
|                             | <b>Receipts due<br/>between 2<br/>and 5 years<br/>£000</b> | <b>Total receipts<br/>due<br/>thereafter<br/>£000</b> | <b>Receipts due<br/>between 2<br/>and 5 years<br/>£000</b> | <b>Total<br/>receipts due<br/>thereafter<br/>£000</b> |
| <b>Land &amp; Buildings</b> |  |   |  |   |
| Shops                       | 4,522  | 4,348   | 4,183  | 3,416   |
| Industrial & Commercial     | 2,934  | 46,595  | 3,171  | 46,760  |
| Other                       | 4,431  | 7,671   | 813  | 6,505   |
| <b>Total</b>                | <b>11,887</b>  | <b>58,614</b>   | <b>8,167</b>   | <b>56,681</b>   |

**Gross Amount of Assets held for use in operating leases.**

|                             | <b>2011/12</b> | <b>2010/11</b> |
|-----------------------------|----------------|----------------|
|                             | <b>£000</b>    | <b>£000</b>    |
| <b>Land &amp; Buildings</b> |                |                |
| Shops                       | 16,666         | 16,666         |
| Industrial & Commercial     | 12,255         | 11,293         |
| Other                       | 12,620         | 11,607         |
| <b>Total Assets</b>         | <b>41,541</b>  | <b>39,566</b>  |

There are no accumulated depreciation charges on the assets held for use in operating leases.

### 37. PENSIONS

Employees of Epping Forest District Council are admitted to the Essex County Council Pension Fund ("the Fund"), which is administered by Essex County Council under the Regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme.

The Essex County Council Pension Fund is a funded scheme meaning that the authority and employees pay contributions into a fund calculated at a level intended to balance the pensions liabilities with investment assets.

As part of the terms and conditions of employment of the Council's officers the authority offers retirement benefits. Although these benefits will not actually be payable until employees retire the Council has a commitment to make the payments that need to be disclosed at the time employees earn their future entitlement.

The figures disclosed below have been derived from a re-assessment of the assets and liabilities as a result of an interim actuarial valuation of the Fund carried out by the Fund's Actuary, Barnett Waddington Public Sector Consulting, as at 31 March 2012. The approach to calculating the IAS19 figures in between full actuarial valuations is approximate in nature. Broadly the approach by the Actuaries assumes that the experience of the Fund will be in line with the actuarial assumptions used for IAS19 purposes. The approach adopted by the Actuary follows IAS 19 - Calculation Guide for Local Authorities".

The Council recognises cost of retirement benefits in the Net Cost of Services when they are earned by employees rather than when the benefits are eventually paid as pensions. However the charge made against Council Tax is based on contributions payable to the fund in respect of 2011/12 so the real cost of retirement benefits is reversed out of the Income and Expenditure Account after Net Operating Expenditure.

The transactions below have been made in the Comprehensive Income and Expenditure Account during the year.

The Council has adopted the amendment to IAS19, Retirement Benefits, resulting in quoted securities held as assets in the defined pension scheme being valued at bid price rather than mid-market value.

|  | 2011/12<br>£000 | 2010/11<br>£000 |
|--|-----------------|-----------------|
| <b>Comprehensive Income and Expenditure Statement</b>                          |                 |                 |
| <b>Net Cost of Services</b>  |                 |                 |
| Current Service Cost   | (2,332)         | (2,633)         |
| Past Service Gain  |                 |                 |
| General Fund   | -               | 5,345           |
| Housing Revenue Account  | -               | 2,506           |
| <b>Net Operating Expenditure</b>   |                 |                 |
| Interest Cost  | (7,132)         | (7,748)         |
| Expected Return on Assets  | 5,660           | 5,091           |
| <b>Net charge made to the Comprehensive Income &amp; Expenditure Statement</b> | <b>(3,804)</b>  | <b>2,561</b>    |

|   | 2011/12<br>£000 | 2010/11<br>£000 |
|---|-----------------|-----------------|
| <b>Adjustments between accounting basis and funding basis under regulations</b> |                 |                 |
| Net charges made for retirement benefits in accordance with FRS17/IAS19         | (3,804)         | 2,561           |
| Employers contributions payable to the pension fund                             | 3,725           | 3,897           |
| Less Capital directions received  | -               | (662)           |
| Less DDF /HRA Revenue contributions   | -               | (258)           |
| <b>Net charge</b>   | <b>(79)</b>     | <b>5,538</b>    |

In 2010/11 there was a Past Service Gain on the fund. This was attributable to the move from using the Retail Prices Index to the Consumer Prices Index and is therefore of a one-off nature.

The employer's contributions certified by the Actuary to the Fund in respect of the period 1 April 2011 to 31 March 2014 is 13%. (Employees contributions range from 5.5% to 7.5% depending on salary). The average employee contribution rates in respect of the new LGPS benefit structure are based on projected levels of pay as at 1 April 2011. In addition to these contributions lump sum payments are also required to address the deficit funding level. These are £1.651m for 2011/2012, £1.725m for 2012/2013 and £1.803m for 2013/2014. There were no creditors relating to pension fund contributions at year end.

In 2011/12 the Council paid an employer's normal contribution of £3.725m representing 27.80% of employee's pensionable pay into Essex County Council's Pension Fund, which provides members with defined benefits related to pay and service. The contribution rate is determined by the Fund's Actuary based on a triennial actuarial valuation. The results of the 2010 review as at 31 March 2010 were implemented with effect from 1 April 2011. The Actuary advised that the scheme was still under funded and that deficiency contributions mentioned above were required from all participating authorities. The sum required from this Council, included in the above contributions, was £1,651,000 for 2011/12 (£1,743,241 for 2010/11).

Contributions paid by employees into the Essex County Council Pension Fund in 2011/12 amounted to £892,000 representing 6.66% of employee's pensionable pay.

In addition, the Council is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases. In 2011/12 these amounted to £327,000 representing 2.44% of pensionable pay. Additional early retirement costs due to redundancy amounted to £0 representing 0.00% of pensionable pay.

During the year pensions paid from the fund net of transfers in were £3,845,000, (£4,969,000 2010/11)

## Assets and Liabilities in relation to retirement benefits

Reconciliation of present value of the scheme liabilities

|  | Unfunded Liabilities |                | All Funded/Unfunded Liabilities:<br>Local Government Pension Scheme |                 |
|--|----------------------|----------------|---|-----------------|
|  | 2012<br>£000         | 2011<br>£000   | 2012<br>£000  | 2011<br>£000    |
| Net pensions liability at 1 April 2011         | (3,791)              | (4,499)        | (46,324)  | (56,493)        |
| Movements in the current year                  |                      |                |   |                 |
| Current service cost                           | -                    | -              | (2,332)   | (2,633)         |
| Employers' contributions payable to scheme     | 327                  | 325            | 3,725   | 3,897           |
| Settlement and curtailment loss                | -                    | -              | -   | -               |
| Past service gain                              | -                    | 209            | -   | 7,851           |
| Interest cost                                  | (200)                | (243)          | (7,132)   | (7,748)         |
| Expected return on assets in the scheme        | -                    | -              | 5,660   | 5,091           |
| Actuarial gain/(loss)                          | (846)                | 417            | (19,222)  | 3,711           |
| <b>Net pensions liability at 31 March 2012</b> | <b>(4,510)</b>       | <b>(3,791)</b> | <b>(65,625)</b>   | <b>(46,324)</b> |

|   | 31 March     |              |
|---|--------------|--------------|
|   | 2012<br>£000 | 2011<br>£000 |
| The bid value of the above assets related to this Council was         | 85,198       | 83,812       |
| The value placed on the liabilities related to this Council was       | (150,823)    | (130,136)    |
| Consequently, at 31 March, the deficiency related to this Council was | (65,625)     | (46,324)     |

### Reconciliation of fair value of the scheme assets:

|  | 2012<br>£000  | 2011<br>£000  |
|--|---------------|---------------|
| Fair Value of the plan assets at 1 April         | 83,812        | 82,726        |
| Expected Rate of Return                          | 5,660         | 5,091         |
| Actuarial gains and losses                       | (4,719)       | (3,554)       |
| Employer contributions                           | 3,725         | 3,897         |
| Contributions by scheme participants             | 892           | 946           |
| Benefits paid                                    | (4,172)       | (5,294)       |
| <b>Fair value of the plan assets at 31 March</b> | <b>85,198</b> | <b>83,812</b> |

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £5,660,000 (£5,091,000 for 2010/11).

### Scheme History

|                                 | 2011/12<br>£000 | 2010/11<br>£000 | 2009/10<br>£000 | 2008/09<br>£000 | 2007/08<br>£000 |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Present Value of Liabilities    | (150,823)       | (130,136)       | (139,219)       | (102,295)       | (120,356)       |
| Fair Value of Assets            | 85,198          | 83,812          | 82,726          | 60,748          | 76,853          |
| Surplus/(deficit) in the scheme | (65,625)        | (46,324)        | (56,493)        | (41,547)        | (43,503)        |

The liabilities show the underlying commitments that the Council has in the long run to pay retirement benefits. The total liability of £65,625,000 in the balance sheet has reduced the reported net worth of the Council by 18.69% (8.31% 2010/11).

As a result the overall amount to be met from the General Fund Balance has remained unchanged, but the costs disclosed for individual services are 0.67% (0.32% 2010/11) lower after the replacement of employer's contributions by current service costs and Net Operating Expenditure is 0.67% (0.31% 2010/11) lower than it would otherwise have been.

However statutory arrangements for funding the deficit mean that the financial position of the Council remains healthy. The deficit will be gradually eliminated by increased contributions over the remaining working life of employees, as assessed by the scheme Actuary.

The total employer contributions expected to be made to the scheme by the council in the year to 31 March 2013 is £3,472,000. The Current Service Cost is expected to be £2,910,000, for the year to 31 March 2013, which is based on an estimated payroll of £13,440,000.

The projected finance cost items for the year to 31 March 2013 are Interest on pension liabilities of £6,937,000, and Expected return on assets of £4,987,000, giving a net finance cost of £1,950,000.

#### **Basis for estimating assets and liabilities**

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, and inflation rates. The District Council fund liabilities have been assessed by Barnett Waddington a firm of actuaries who provide the service for the Essex County Council Pension Fund, being based on the full Actuarial Valuation of the scheme as at 31 March 2010.

The principal assumptions used by the actuary have been:

|  | <b>2011/12</b><br>% | <b>2010/11</b><br>% |
|--|---------------------|---------------------|
| <b>Long term expected rate of return on assets in the scheme:</b>            |                     |                     |
| Equity investments   | 6.40                | 7.50                |
| Government Bonds   | 3.30                | 4.40                |
| Other Bonds  | 4.60                | 5.10                |
| Property   | 5.40                | 6.50                |
| Cash/Liquidity   | 0.50                | 0.50                |
| <b>Mortality Assumptions</b>   |                     |                     |
| <u>Longevity at 65 for current pensioners:</u>                               |                     |                     |
| Men  | 22.70               | 22.60               |
| Women  | 25.30               | 25.20               |
| <u>Longevity at 65 for future pensioners:</u>                                |                     |                     |
| Men  | 24.10               | 24.00               |
| Women  | 26.80               | 26.80               |
| Rate of Inflation RPI  | 3.30%               | 3.40%               |
| Rate of Inflation CPI  | 2.50%               | 2.90%               |
| Rate of Increase in Salaries   | 4.30%               | 4.40%               |
| Rate of Increase in pensions   | 2.50%               | 2.90%               |
| Rate for discounting scheme liabilities                                      | 4.60%               | 5.50%               |
| Take-up of option to convert annual pension into maximum retirement lump sum | 50.00%              | 50.00%              |

The Scheme's assets consist of the following categories, by proportion of the total assets held.

|                  | As at 31 March 2012 |            | As at 31 March 2011 |            |
|------------------|---------------------|------------|---------------------|------------|
|                  | £000                | %          | £000                | %          |
| Equities         | 59,638              | 70.00      | 58,250              | 69.50      |
| Government Bonds | 3,408               | 4.00       | 5,615               | 6.70       |
| Other Bonds      | 8,520               | 10.00      | 7,962               | 9.50       |
| Property         | 11,928              | 14.00      | 9,387               | 11.20      |
| Cash/Liquidity   | 1,704               | 2.00       | 2,598               | 3.10       |
| <b>Total</b>     | <b>85,198</b>       | <b>100</b> | <b>83,812</b>       | <b>100</b> |

There is no provision for unitising the assets of a Fund under the LGPS. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

#### History of experience gains and losses

The actuarial gains identified as movements on the Pensions Reserve in 2011/12 can be analysed into the following categories, measured as a percentage of assets or liabilities at 31 March 2012.

|   | 2011/12 | 2010/11 | 2009/10 | 2008/09 | 2007/08 |
|---|---------|---------|---------|---------|---------|
|   | %       | %       | %       | %       | %       |
| Difference between the expected and actual return on assets | 5.54    | 4.20    | 21.10   | 35.50   | 11.50   |
| Experience gains and losses on liabilities                  | (0.45)  | 4.90    | 0.00    | 0.00    | 1.60    |

The above figures have been provided by the actuaries to the Essex Pension Scheme using information provided by the scheme and assumptions determined by the Council in conjunction with the actuary.

Actuarial calculations involve estimates based on assumptions about events and circumstances in the future, which may mean that the result of actuarial calculations may be affected by uncertainties.

The primary cause of the change from an estimated net pension liability of £46,324m at 31 March 2011 to an estimated net pension liability of £65,625m at 31 March 2012 has been caused by a reduction in the investment return from the Actuary's expectation of 6.3% to 1.1% for the 12 months ended 31 March 2012. Also the value of liabilities at 31 March 2012 is calculated by discounting future outgoing cash flows, where the discount rate used last year was 5.5% and has dropped to 4.6% for 2011/12. This has been the main factor in increasing IAS19 liabilities for Essex local Authorities by between 13% and 25%.

The £65,625m net liability represents the difference between the value of the Council's pension fund assets at 31 March 2012 and the estimated present value of the future pension payments to which it was committed at that date. These pension liabilities will be paid out over a period of many years, during which time the assets will continue to generate returns towards funding them. Any significant changes in global equity markets after 1 April 2012 would also have an impact on the capital value of the pension fund assets.

The extent to which the expected future returns on assets are sufficient to cover the estimated net liabilities was considered by the actuaries in the 2010 actuarial review of the Pension Fund. The anticipated shortfall in the funding of the scheme has determined the future level of pension contributions which will be due in between triennial valuations.

#### Changes to the Local Government Pension Scheme.

In order to continue to fund the increased employers contributions as a result of the 2007 and 2010 triennial valuations, a capitalisation direction was applied for in 2011/12 to capitalise a value of £828,000 (General Fund £563,702, HRA £264,298 ). (£920,241 General Fund £626,500, HRA £293,741 for 2010/11). The application is made for the full amount of the deficit ( £1,651,000 in 2011/12 ) although the capitalisation required is for the net amount after deduction of the sum already provided for pre 2005/06 of £823,000. The application was rejected for 2011/12 by the department for Communities and Local Government and has been funded in full from the General Fund and HRA. For 2010/11 the Department for Communities and Local Government approved £662,431 (General Fund £450,983 , HRA £211,448) which was 71.98% of the amount requested. The remaining General fund element (£175,517) was funded from DDF revenue appropriated to the Pensions reserve. The remaining HRA element (£82,293) was funded from HRA revenue sums appropriated to the Pensions Reserve.



The 2010 Actuarial Valuation has produced new funding levels for the years 2011/12, 2012/13 and 2013/14. The deficit contributions will be £1,651,000 for 2011/12, £1,725,295 for 2012/13, and £1,802,933 for 2013/14. The ongoing contribution level will be 13.0% for the three years 2011/12 to 2013/14. This represents a stepped increase option over 27 years instead of the existing 20 years. The ongoing contribution for 2010/11 of 13.1% will reduce to 13.0% for 2011/12 and the deficit contribution of £1,743,241 in 2010/11 will reduce to £1,651,000 in 2011/12. The reductions reflect an improved level of performance of the Fund's investments since 1 April 2007.

| <b>Sensitivity Analysis as at<br/>31 March 2012</b>  | <b>Sensitivity 1</b>  | <b>Sensitivity 2</b>   | <b>Sensitivity 3</b>  |
|--|---|--|---|
|  | <b>+0.1% p.a.<br/>discount rate<br/>as at 31<br/>March 2012<br/>£000s</b> | <b>0.0% p.a.<br/>discount rate<br/>as at 31<br/>March 2012<br/>£000s</b> | <b>-0.1% p.a.<br/>discount rate<br/>as at 31<br/>March 2012<br/>£000s</b> |
| The table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost along with a plus/minus year age rating adjustment to the mortality assumption. |   |  |   |
| Present Value of Total Obligation  | 147,832   | 150,823  | 153,882   |
| Projected Service Cost   | 2,809   | 2,910  | 3,013   |
| Adjustment to mortality age rating assumption  | <b>+1year</b>   | <b>none</b>  | <b>-1year</b>   |
| Present Value of Total Obligation  | 145,436   | 150,823  | 156,261   |
| Projected Service Cost   | 2,776   | 2,910  | 3,045   |

### 38. CONTINGENT ASSETS

The Council has a claim for VAT with HM Revenue and Customs relating to off street parking charges resulting from the Isle of Wight tribunal case where it was concluded that off street car parking activities are within article 4.5 and in principle excluded from charges of VAT. The claim amounts to £467,762, with a further claim of £1,588,791 going back to January 1990, making a total claim of £2,056,553. A stand over application is currently with the VAT and Duties Tribunal pending judgement of the European Court of Justice in the case of the Isle of Wight Council and others.

### 39. CONTINGENT LIABILITIES

There is a conflict between the Environmental Information Regulations and the Local Land Charge Fee Regulations over the application of charges for some information provided as part of the land search. The issue remains unresolved and at the time of preparing the accounts, it is not known whether any of the charges previously levied may have to be challenged. It is not possible to quantify any costs which might have to be met from the Council's General Fund Balance.

There has for sometime been a possibility that the Council might become liable for the settlement of claims relating to Mesothelioma. There have been court proceedings in an attempt to ascertain whether liability to settle any claims rests with the Council's current insurers or the insurers at the time of employees exposure to the risk. On 28 March 2012 judgement was passed that liability rests with the insurers at the time of potential exposure. The insurers at the time are no longer trading as such and it is unlikely that there are sufficient assets to meet the totality of any claims, which will therefore mean some liability if not all will fall on the scheme creditors of which this Council is one. The potential value of the liability is currently unquantifiable.

### 40. NATURE & EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council has adopted CIPFA's Revised Code of Practice on Treasury Management and complies with The Prudential Code of Capital Finance for Local Authorities (both revised in November 2011).

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy (for 2011/12 this was agreed at Full Council on 22 February 2011). The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the CLG Investment Guidance for local authorities. This guidance emphasis that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Strategy, together with its Treasury Management Practices are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The Council's activities expose it to a variety of financial risks, the key risks are:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments;
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rate movements.

### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

### **Investments**

The risk is minimised through the Annual Investment Strategy, which requires that deposits are made with Debt Management Office, other local authorities, AAA rated money market funds or Banks and Building Societies having sufficiently high credit worthiness as set out in the Treasury Management Strategy. It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. A limit of £10m is placed on the amount of money that can be invested with a single counterparty. The Council also sets a total group investment limit (£10m) for institutions that are part of the same banking group.

Until November 2011 the minimum credit rating criteria for new investments in 2011/12 was a long term rating of A+ (Fitch) or equivalent. Following downgrades to a number of systemically important financial institutions in Autumn 2011, a lower minimum credit rating criteria of A- (Fitch) or equivalent was adopted by the authority once the revised Treasury Strategy was approved by Full Council.

The table below summaries the nominal value of the Council's investment portfolio at 31 March 2012, and confirms that all investments were made in line with the Council's approved rating criteria when investment placed:

Since the investments have been made, the credit rating on a number of counterparties has fallen below the approved rating criteria.

The amounts below include the money market fund which is included in cash and cash equivalents.

|                    | Credit rating<br>criteria met on 31<br>March 2012 | Balance invested as at 31 March 2012 |                                   |                                      |                                       |                                   | Total<br>£000 |
|--------------------|---|--------------------------------------|-----------------------------------|--------------------------------------|---------------------------------------|-----------------------------------|---------------|
|                    |   | Up to 1<br>month<br>£000             | Between 1<br>and 3 months<br>£000 | Between 4<br>and 6<br>months<br>£000 | Between 7<br>and 12<br>months<br>£000 | Greater than<br>12 months<br>£000 |               |
|                    |   |                                      |                                   |                                      |                                       |                                   |               |
| Banks UK           | YES   | 10,000                               | 10,000                            | 5,000                                | 0                                     | 0                                 | 25,000        |
| Banks UK           | NO  | 95                                   | 0                                 | 86                                   | 168                                   | 137                               | 486           |
| Banks non-UK       | NO  | 4,000                                | 0                                 | 0                                    | 0                                     | 0                                 | 4,000         |
| <b>Total Banks</b> |   | <b>14,095</b>                        | <b>10,000</b>                     | <b>5,086</b>                         | <b>168</b>                            | <b>137</b>                        | <b>29,486</b> |
| Building Societies | YES   | 0                                    | 0                                 | 3,000                                | 0                                     | 0                                 | 3,000         |
| Money Market Funds | YES   | 10,000                               | 0                                 | 0                                    | 0                                     | 0                                 | 10,000        |
| <b>Total</b>       |   | <b>24,095</b>                        | <b>10,000</b>                     | <b>8,086</b>                         | <b>168</b>                            | <b>137</b>                        | <b>42,486</b> |

In October 2008 the Icelandic banking sector defaulted on its obligations. The Council had £2.5m invested in Heritable bank at that time. The latest report issued by the administrators Ernst and Young, dated 2 May 2012 did not suggest any change from a return to creditors of 86p to 90p in the £ by April 2013. In line with CIPFA's LAAP bulletin Update No 6, the Council is estimating a recoverable amount of 88p in the £ based on the mid point of the base case return. During the year the Council have received dividends of 17.8% (£447,207). Projected future timing of recoveries is as follows:

|                         | £       |
|-------------------------|---------|
| During 2012/13 - 14.29% | 349,147 |
| During 2013/13 - 5.81%  | 136,613 |

## Debtors

The following analysis summarises the Council's potential maximum exposure to credit risk, based on the experience gathered over the last five financial years on the level of default on trade debtors, adjusted for market conditions.

|                 | Amount at 31<br>March 2012<br>£000 | Default risk<br>judged as at<br>31 March<br>2012<br>% | Bad debt<br>provision for<br>2011/12<br>£000 |
|-----------------|------------------------------------|---|--|
| Sundry debtors  | 4,448                              | 37.99   | 1,690  |
| Housing arrears | 912                                | 69.3  | 632  |
| <b>Total</b>    | <b>5,360</b>                       |   | <b>2,322</b>                                 |

The credit risk in relation to counterparty investments is relatively small as the likelihood of default is also small. With regard to sundry debtors, housing and taxation debtors, a risk arises by virtue of the fact that they represent amounts owed to the Council and there will always be a level of default inherent in such debts. A provision for non payment of debts is provided within the overall debtors figure stated in the accounts.

## Liquidity Risk

The Council has access to borrowing facilities via the Public Works Loan Board, commercial banks, bond issues and other local authorities. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. The Council also has to manage risk that it will not be exposed to replenishing a significant proportion of its borrowing at a time of unfavourable interest rates.

The Council would only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

The maturity analysis of the nominal value of the Council's debt at 31 March 2012 was as follows:

|                             |                         | 31 March<br>2012<br>£000 | % of total<br>debt portfolio |
|-----------------------------|-------------------------|--------------------------|------------------------------|
| <b>Short Term Borrowing</b> | <b>Less than 1 Year</b> | <b>0</b>                 | <b>0</b>                     |
| Long Term Borrowing         | Over 1 but not over 2   | 0                        | 0.00                         |
|                             | Over 2 but not over 5   | 0                        | 0.00                         |
|                             | Over 5 but not over 10  | 31,800                   | 17.15                        |
|                             | Over 10 but not over 15 | 0                        | 0.00                         |
|                             | Over 15 but not over 20 | 0                        | 0.00                         |
|                             | Over 20 but not over 25 | 0                        | 0.00                         |
|                             | Over 25 but not over 30 | 153,656                  | 82.85                        |
| <b>Long Term Borrowing</b>  |                         | <b>185,456</b>           | <b>100.00</b>                |

## Market Risk

**Interest Rate Risk** - The Council is exposed to risks arising from movements in interest rates. The Treasury Strategy aims to mitigate these risks by setting an upper limit of 25% on external debt that can be subject to variable rates. At 31 March 2012, 83% of the debt portfolio was held in fixed rate instruments and 17% in variable rate instruments.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

|  | £000         |
|--|--------------|
| Increase in interest payable on variable rate borrowing          | 3            |
| Increase in interest receivable on variable rate investments     | (130)        |
| <b>Impact on Surplus or Deficit on the Provision of Services</b> | <b>(127)</b> |
| <b>Share of overall impact debited/credited to HRA</b>           | <b>(127)</b> |

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Fair Value disclosure note.

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

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

## HOUSING REVENUE ACCOUNT INCOME & EXPENDITURE STATEMENT

|   | Note   | 2011/12<br>£000 | 2010/11<br>£000 |
|---|--------|-----------------|-----------------|
| <b>INCOME</b>   |        |                 |                 |
| Dwelling Rents (Gross)  | 3      | 27,538          | 25,676          |
| Non Dwelling Rents  |        | 890             | 2,219           |
| Charges for Services and Facilities   |        | 1,545           | 1,830           |
| Leaseholder Contributions   |        | 185             | 174             |
| Revaluation of Fixed Assets   | 1      | 1,355           | -               |
| Past Service Gain   | 6      | -               | 2,506           |
| <b>TOTAL INCOME</b>   |        | <b>31,513</b>   | <b>32,405</b>   |
| <b>EXPENDITURE</b>  |        |                 |                 |
| Repairs and maintenance   | 4      | 5,406           | 5,636           |
| Supervision and Management  |        | 6,024           | 6,605           |
| Rents, Rates, Taxes and Insurance   |        | 496             | 435             |
| Housing Revenue Account Subsidy Payable   | 5      | 11,304          | 9,728           |
| Revenue Expenditure funded from Capital under Statute   | 11     | 185             | 174             |
| Depreciation  | 2/9/10 | 10,032          | 12,860          |
| Revaluation of Fixed Assets   | 1      | 57              | 77,443          |
| Debt Management   |        | 141             | 46              |
| Provision for Bad / Doubtful Debts  |        | 90              | 64              |
| HRA Self-Financing  | 14     | 185,456         |                 |
| <b>TOTAL EXPENDITURE</b>  |        | <b>219,191</b>  | <b>112,991</b>  |
| <b>NET COST OF SERVICES AS INCLUDED IN THE COMPREHENSIVE INCOME &amp; EXPENDITURE STATEMENT</b>               |        | <b>187,678</b>  | <b>80,586</b>   |
| HRA services share of Corporate & Democratic Core   |        | 572             | 635             |
| HRA share of other services   |        | 36              | 45              |
| <b>NET COST (INCOME) OF HRA SERVICES</b>  |        | <b>188,286</b>  | <b>81,266</b>   |
| <b>HRA SHARE OF THE INCOME AND EXPENDITURE INCLUDED IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT</b> |        | <b>188,286</b>  | <b>81,266</b>   |
| Gain on sale of HRA non-current assets  |        | (545)           | (439)           |
| Interest Payable and Similar Charges  |        | 61              |                 |
| Interest and Investment Income  |        | (638)           | (497)           |
| Changes in Fair Value on Investment Properties  |        | -               | (921)           |
| Valuation increase Rent to Mortgages  |        | (61)            | -               |
| Pensions Interest/Return on Assets  |        | 470             | 848             |
| <b>(SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES</b>   |        | <b>187,573</b>  | <b>80,257</b>   |

## MOVEMENT ON HOUSING REVENUE ACCOUNT STATEMENT

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

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

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

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

|  | Note | 2011/12<br>£000 | 2010/11<br>£000 |
|--|------|-----------------|-----------------|
| <b>INCREASE/DECREASE IN THE HOUSING REVENUE ACCOUNT BALANCE</b>                                      |      |                 |                 |
| (Surplus)/Deficit for the year on the Housing Revenue Account Income and Expenditure Statement       |      | 187,573         | 80,257          |
| Adjustments between accounting basis and funding basis under statute (including to or from reserves) | 12   | (186,181)       | (80,054)        |
| (Increase) or decrease in the Housing Revenue Account balance  |      | 1,392           | 203             |
| Housing Revenue Account surplus brought forward  |      | (5,886)         | (6,089)         |
| Housing Revenue Account surplus carried forward  |      | (4,494)         | (5,886)         |

# Notes to the Housing Revenue Income and Expenditure Account

## 1. HOUSING REVENUE ACCOUNT ASSET VALUATION

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

|   | OPERATIONAL ASSETS |                   |                 |                   |                  |               | NON-<br>OPERATIONAL<br>ASSETS    | Total<br>£000 |
|---|--------------------|-------------------|-----------------|-------------------|------------------|---------------|----------------------------------|---------------|
|   | Land<br>£000       | Dwellings<br>£000 | Garages<br>£000 | Equipment<br>£000 | Vehicles<br>£000 | Other<br>£000 | Investment<br>Properties<br>£000 |               |
| <b>Gross Book Value</b>                 |                    |                   |                 |                   |                  |               |                                  |               |
| <b>31 March 2011</b>                    | 151,189            | 304,480           | 3,870           | 6,353             | 499              | 1,620         | 143                              | 468,154       |
| Revalued                                | (1,841)            | 3,062             | 128             | -                 | -                | (56)          | -                                | 1,293         |
| Restated                                | -                  | (12,529)          | (129)           | -                 | -                | 15            | -                                | (12,643)      |
| Reclassified                            | -                  | 1,781             | -               | (1,949)           | -                | 147           | -                                | (21)          |
| <b>1 April 2011</b>                     | 149,348            | 296,794           | 3,869           | 4,404             | 499              | 1,726         | 143                              | 456,783       |
| Revalued in year                        | -                  | -                 | -               | -                 | -                | -             | -                                | -             |
| Additions                               | -                  | 4,882             | -               | 210               | -                | 332           | -                                | 5,424         |
| Disposals                               | -                  | (430)             | -               | -                 | -                | -             | -                                | (430)         |
| Reclassified in year                    | -                  | -                 | -               | -                 | -                | -             | -                                | -             |
| <b>Gross Book Value</b>                 |                    |                   |                 |                   |                  |               |                                  |               |
| <b>31 March 2011</b>                    | 149,348            | 301,246           | 3,869           | 4,614             | 499              | 2,058         | 143                              | 461,777       |
| Depreciation                            |                    |                   |                 |                   |                  |               |                                  |               |
| 1 April 2011                            | -                  | (12,529)          | (129)           | (2,726)           | (303)            | (127)         | -                                | (15,814)      |
| Accumulated Depreciation<br>Written Off |                    | 12,529            | 129             | -                 | -                | -             | -                                | 12,658        |
| Depreciation in Year                    | -                  | (9,661)           | (133)           | (196)             | (49)             | (38)          | -                                | (10,077)      |
| Depreciation on Assets Sold             | -                  | 9                 | -               | -                 | -                | -             | -                                | 9             |
| <b>Depreciation</b>                     |                    |                   |                 |                   |                  |               |                                  |               |
| <b>31 March 2012</b>                    | -                  | (9,652)           | (133)           | (2,922)           | (352)            | (165)         | -                                | (13,224)      |
| <b>Net Book Value</b>                   |                    |                   |                 |                   |                  |               |                                  |               |
| <b>31 March 2012</b>                    | 149,348            | 291,594           | 3,736           | 1,692             | 147              | 1,893         | 143                              | 448,553       |
| <b>Net Book Value</b>                   |                    |                   |                 |                   |                  |               |                                  |               |
| <b>31 March 2011</b>                    | 151,189            | 291,951           | 3,741           | 3,627             | 196              | 1,493         | 143                              | 452,340       |

The dwelling valuation shown in the balance sheet represents the value of the housing stock to the Council in its existing use as social housing occupied on the basis of secured tenancies. The corresponding value of those dwellings if sold on the open market without tenants, i.e. vacant possession, is £1,135,102,000. The difference between the two values represents the economic cost of providing council housing at less than open market rents.

## Notes to the Housing Revenue Income and Expenditure Account

### 2. HOUSING STOCK

The Council was responsible for managing on average 6,573 (6,580 in 2010/11) dwellings during 2011/12. Changes in the stock are summarised below. The figures include 49 units for the homeless at Norway House, North Weald, and 5 wardens' and caretakers' dwellings.

|                             |                               | <b>2011/12</b> | <b>2010/11</b> |
|-----------------------------|-------------------------------|----------------|----------------|
| Stock as at 1 April         |                               | 6,576          | 6,584          |
| Less                        | Sales                         | (7)            | (9)            |
|                             | Stock Transfers / Conversions | -              | -              |
| Add                         | New / Reinstated Properties   | 1              | 1              |
| <b>Stock as at 31 March</b> |                               | <b>6,570</b>   | <b>6,576</b>   |
| <b>Number of:</b>           |                               |                |                |
| Houses and Bungalows        |                               | 3,521          | 3,527          |
| Flats and Maisonettes       |                               | 3,039          | 3,039          |
| Other                       |                               | 10             | 10             |

### 3. GROSS DWELLING RENT INCOME

During 2011/12 0.91% (0.97% in 2010/11) of all lettable dwellings were vacant. Average rents were £82.19 per week, an increase of £5.53 or 7.2% over the previous year. 54% (55% in 2010/11) of all Council tenants received some help through rent rebates in 2011/12. Rent arrears increased to £911,651 (£901,734 in 2010/11), which represents 3.4% (3.5% in 2010/11) of gross dwelling rent income. The provision for bad and doubtful debts on these arrears amounted to £632,421 (£613,373 in 2010/11). Amounts written off during the year totalled £71,231 (£51,808 in 2010/11). Dwelling rents are shown after allowing for voids.

### 4. HOUSING REPAIRS FUND

The Council maintains a Housing Repairs Fund that evens out the annual cost to tenants of a cyclical repairs programme. The movement on the Fund is as follows:

|                               | <b>2011/12</b> |                | <b>2010/11</b> |                |
|-------------------------------|----------------|----------------|----------------|----------------|
|                               | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    | <b>£000</b>    |
| Balance as at 1 April         |                | (4,121)        |                | (4,157)        |
| Contribution from the HRA     | (5,200)        |                | (5,600)        |                |
| Other Income                  | (105)          |                | (102)          |                |
| <b>Total Income</b>           |                | <b>(5,305)</b> |                | <b>(5,702)</b> |
| Responsive & Void Repairs     | 3,038          |                | 3,065          |                |
| Planned Maintenance           | 2,333          |                | 2,422          |                |
| Other                         | 140            |                | 251            |                |
| <b>Total Expenditure</b>      |                | <b>5,511</b>   |                | <b>5,738</b>   |
| <b>Balance as at 31 March</b> |                | <b>(3,915)</b> |                | <b>(4,121)</b> |

In accordance with the accounting changes introduced for the 2006/07 accounts, the amount shown on the face of the Housing Revenue Income and Expenditure Statement is the actual net expenditure on repairs and maintenance rather than the contribution to the repairs fund. The difference between the two figures forms part of the adjustments between accounting basis and funding basis under regulations (note 6 page 17).

## Notes to the Housing Revenue Income and Expenditure Account

### 5. SUBSIDY ENTITLEMENT

Housing Revenue Account Subsidy for any year is calculated by constructing a Notional Housing Revenue Account, where all amounts are calculated in accordance with the Housing Revenue Account Subsidy Determinations (2011/12).

|                                      | 2011/12  |                 | 2010/11  |                |
|--------------------------------------|----------|-----------------|----------|----------------|
|                                      | £000     | £000            | £000     | £000           |
| Management and Maintenance Allowance |          | 10,994          |          | 10,724         |
| Major Repairs Allowance              |          | 4,978           |          | 4,844          |
| Less                                 |          |                 |          |                |
| Notional Rents                       | (27,167) |                 | (25,379) |                |
| Interest on Receipts                 | (95)     |                 | (106)    |                |
|                                      |          | (27,262)        |          | (25,485)       |
| Adjustment relating to previous year |          | (14)            |          | 189            |
| <b>Total (Payable)</b>               |          | <b>(11,304)</b> |          | <b>(9,728)</b> |

### 6. PENSIONS

The Council recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the charge made against the Housing Revenue Account is based on the contributions payable to the fund in respect of 2011/12; the real cost of retirement benefits is therefore reversed out of the Housing Revenue Account after Net Operating Expenditure.

In order to continue to fund the increased employers contributions as a result of the 2007 and 2010 triennial valuations, a capitalisation direction was applied for in 2011/12 to the value of £828,000. The Housing Revenue Account share of this contribution was £264,298, representing 31.92% of the total. The application was rejected for 2011/2012 by the Department for Communities and Local Government and the necessary funding has been made in full by the HRA.

The 2010 Actuarial Valuation has produced new funding levels for the years 2011/12, 2012/13 and 2013/14. The deficit contributions in total for the Council will be £1,651,000 for 2011/12, £1,725,295 for 2012/13, and £1,802,933 for 2013/14, with the HRA share being 31.92%. The ongoing contribution level will be 13.0% for the three years 2011/12 to 2013/14. This represents a stepped increase option over 27 years instead of the existing 20 years. The ongoing contribution for 2010/11 of 13.1% will reduce to 13.0% for 2011/12.

Due to a change in the scheme benefits there was a Past Service Gain of £7,851,000 in 2010/11, this was apportioned as General Fund £5,345,000 and HRA £2,506,000.

### 7. HOUSING REVENUE ACCOUNT CAPITAL RECEIPTS

The Council received £1,008,000 in respect of Housing Revenue Account capital receipts during 2011/12. This arose as a result of the sale of council houses (£917,000), sale of lease (£83,000) and principal repayments on mortgages (£8,000). Of this the Council used £33,000 for the administration of the sales which left £306,000 to fund capital projects and had to pay the central government pool an amount of £673,000, which includes an adjustment of £4,000 relating to 2010/11.



## Notes to the Housing Revenue Income and Expenditure Account

### 8. CAPITAL EXPENDITURE

The Housing Revenue Account incurred the following capital expenditure.

| Capital Expenditure on: | £000         | Financed by:          | £000         |
|-------------------------|--------------|-----------------------|--------------|
| Council Dwellings       | 4,479        | Revenue               | 2,050        |
| Disabled Adaptations    | 427          | Major Repairs Reserve | 3,277        |
| Plant and Equipment     | 210          | Other Contributions   | 25           |
| Environmental Works     | 283          | Capital Receipts      | 83           |
| Intangibles             | 11           |                       |              |
| Other                   | 25           |                       |              |
|                         | <b>5,435</b> |                       | <b>5,435</b> |

### 9. MAJOR REPAIRS RESERVE

With effect from 1 April 2001 the Council is required to maintain a Major Repairs Reserve, to account for money received from the Government used to fund major, capital repairs to the Housing Stock. The Housing Revenue Account receives funding via its Housing Subsidy (see note 5, page 58), which is then transferred into the Major Repairs Reserve via a depreciation charge. This income can then be used to fund repairs of a capital nature. The Council is allowed to transfer certain sums back to its Housing Revenue Account, namely any excess of depreciation charged over and above the level of the Major Repairs Allowance received. The movement on the reserve is as follows:

|   | 2011/12 |                | 2010/11 |                |
|---|---------|----------------|---------|----------------|
|   | £000    | £000           | £000    | £000           |
| Balance as at 1 April                                 |         | (6,540)        |         | (5,730)        |
| Depreciation transferred from the HRA                 |         | (10,032)       |         | (12,859)       |
| Used to fund Capital Expenditure on Council Dwellings | 3,277   |                | 4,033   |                |
| Transferred to the HRA                                | 5,054   |                | 8,016   |                |
| Total Expenditure                                     |         | 8,331          |         | 12,049         |
| <b>Balance as at 31 March</b>                         |         | <b>(8,241)</b> |         | <b>(6,540)</b> |

### 10. DEPRECIATION

Depreciation is charged on Housing Revenue Account assets in accordance with IAS 16. Depreciation is now charged with reference to balance sheet values and the average life remaining on the housing stock. No depreciation is chargeable on the Housing Revenue Account investment assets. (See also note 1, page 56)

### 11. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

A charge of £185,000 (£174,000 in 2010/11) was made in respect of revenue expenditure funded from capital under statute. This related to recharges to leaseholders for repairs.

## Notes to the Housing Revenue Income and Expenditure Account

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

|  | 2011/12<br>£000 | 2010/11<br>£000 |
|--|-----------------|-----------------|
| <b>AMOUNTS TO BE EXCLUDED</b>  |                 |                 |
| Transfer from Major Repairs Reserve and other depreciation reversals and impairments | (3,805)         | (85,502)        |
| HRA Self-Financing   | (185,456)       | 0               |
| Revenue expenditure funded from Capital under statute                                | (185)           | (174)           |
| Movement in fair value on investment properties                                      | 0               | 921             |
| Valuation changes Rents to Mortgages   | 61              | 0               |
| Gain/(loss) on disposal of HRA fixed assets  | 545             | 439             |
| Flexi / Leave Accruals   | (19)            | 9               |
| Transfer to Housing Repairs Fund   | (206)           | (36)            |
| HRA share of contributions to/ (from) pensions reserve                               | (1,214)         | 818             |
|  | (190,279)       | (83,525)        |
| <b>AMOUNTS TO BE INCLUDED</b>  |                 |                 |
|  | 185             |                 |
| Leaseholder Contributions  |                 | 174             |
| Employers contributions payable to the pension fund                                  | 1,189           | 1,244           |
| Less Capital direction received  | 0               | (294)           |
|  | 1,189           | 950             |
| Pension Deficit  | 0               | 82              |
| Capital Contributions Applied  | 24              | 102             |
| Transfer to Insurance Fund   | 650             |                 |
| Capital expenditure funded by the HRA  | 2,050           | 2,163           |
|  | 4,098           | 3,471           |
| <b>TOTAL</b>   | (186,181)       | (80,054)        |

### 13. TRANSFER OF COMMERCIAL PROPERTIES TO THE GENERAL FUND

The Council resolved at the Council meeting on 2 November 2010 to transfer commercial properties accounted for within the Housing Revenue Account to the General Fund. In total 143 leases were transferred on the 31 March 2011 with a valuation of £16,522,950. Of the 143 leases transferred, the Council received consent from the Secretary of State for Communities and Local Government under section 19 of the Housing Act 1985 for 33 leases where approval was required as the leases included dwellings.

## Notes to the Housing Revenue Income and Expenditure Account

### 14. SETTLEMENT PAYMENTS DETERMINATION 2012 (HRA SELF-FINANCING)

On 28 March the Council borrowed £185,456,000 from the Public Works Loan Board in order to pay an equivalent amount over to the Department for Communities and Local Government. This payment was the amount prescribed as payable on the cessation of the Housing Revenue Account Subsidy regime on 31 March 2012. The payment is of a Capital nature but as it neither creates or improves an existing asset the payment is written off to the Comprehensive Income and Expenditure Statement in the year of payment. This item is of course reversed out within the Adjustments Between Accounting Basis and Funding Basis under Regulation as it is not funded from revenue resources.

The Council is planning on using this new financial freedom to maintain properties to a higher standard from April 2012. This will mean some components, such as bathrooms and kitchens, will be replaced more frequently and have shorter useful economic useful lives. The reduction in the useful economic lives will increase the annual depreciation charge in 2012/13 and subsequent periods.

The change to the self-financing will also see the annual subsidy payment of £11.3 million replaced with an interest charge and borrowing repayments of £5.5 million. The full borrowing of £185 million will be repaid over the life of the 30 year business plan.

### 15. TRANSFER TO INSURANCE FUND

There has for sometime been a possibility that the Council might become liable for the settlement of claims relating to Mesothelioma. There have been court proceeding in an attempt to ascertain whether liability to settle any claims rests with the Councils current insurers or the insurers at the time of employees exposure to the risk. On 28 March 2012 judgement was passed that liability rests with the insurers at the time of potential exposure. The insurers at the time are no longer trading as such and it is unlikely that there are sufficient assets to meet the totality of any claims, which will therefore mean some liability if not all will fall on the scheme creditors of which this Council is one. The potential value of the liability is unquantifiable.

## THE COLLECTION FUND

### INCOME AND EXPENDITURE ACCOUNT

| INCOME  | Note | 2011/12<br>£000 | 2010/11<br>£000 |
|---|------|-----------------|-----------------|
| Council Tax   | 1    | 81,590          | 81,413          |
| Non Domestic Rates  | 2    | 30,835          | 27,650          |
| <b>TOTAL INCOME</b>   |      | <b>112,425</b>  | <b>109,063</b>  |
| <b>EXPENDITURE</b>  |      |                 |                 |
| <b>Precepts and Demands:</b>  |      |                 |                 |
| Essex County Council  |      | 59,347          | 59,087          |
| Essex Police  |      | 7,215           | 7,183           |
| Essex Fire Authority  |      | 3,627           | 3,611           |
| Epping Forest District Council                                      |      | 11,231          | 11,158          |
| <b>Distribution of Estimated Collection Fund Surplus/(Deficit).</b> |      |                 |                 |
|   | 3    |                 |                 |
| Essex County Council  |      | (8)             | (81)            |
| Essex Police  |      | (1)             | (10)            |
| Essex Fire Authority  |      | (1)             | (5)             |
| Epping Forest District Council                                      |      | (2)             | (15)            |
| <b>Non Domestic Rate</b>  |      |                 |                 |
| Payment to National Pool  |      | 30,662          | 27,478          |
| Cost of Collection Allowance  |      | 173             | 172             |
| Provision for Non Payment of Council Tax                            |      | 45              | 194             |
| Council Tax Write Offs  |      | 242             | 445             |
| <b>TOTAL EXPENDITURE</b>  |      | <b>112,530</b>  | <b>109,217</b>  |
| <b>DEFICIT / (SURPLUS) FOR YEAR</b>                                 |      | <b>105</b>      | <b>154</b>      |
| <b>BALANCE BROUGHT FORWARD</b>                                      |      | <b>615</b>      | <b>461</b>      |
| <b>BALANCE CARRIED FORWARD</b>                                      |      | <b>720</b>      | <b>615</b>      |

## Notes to the Collection Fund

### 1. COUNCIL TAX

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands, estimating 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Essex County Council, Essex Police, Essex Fire Authority and this Council for the forthcoming year and dividing this by the council tax base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted discounts: (54,369.8 for 2010/11). The basic amount of Council Tax for a Band D property (£1,490.95 for 2011/12, £1,434.06 for 2010/11) is multiplied by the proportion specified for the particular band to give an individual amount due.

|                                     | Chargeable<br>Dwellings | Chargeable<br>Dwellings after<br>Discount,<br>Exemptions<br>and Disabled<br>Relief | Ratio to<br>Band D | Band D<br>Equivalents |
|-------------------------------------|-------------------------|--|--------------------|-----------------------|
| Band A Disabled                     | -                       | 3  | 0.56               | 1                     |
| Band A                              | 1,577                   | 1,315  | 0.67               | 877                   |
| Band B                              | 4,732                   | 3,864  | 0.78               | 3,005                 |
| Band C                              | 11,043                  | 9,709  | 0.89               | 8,630                 |
| Band D                              | 13,428                  | 12,366   | 1.00               | 12,366                |
| Band E                              | 9,071                   | 8,446  | 1.22               | 10,322                |
| Band F                              | 6,542                   | 6,122  | 1.44               | 8,842                 |
| Band G                              | 5,698                   | 5,432  | 1.67               | 9,053                 |
| Band H                              | 1,106                   | 1,032  | 2.00               | 2,065                 |
| <b>Total Band D</b>                 |                         |  |                    | <b>55,161</b>         |
| Less Adjustment for Collection Rate |                         |  |                    | 552                   |
| <b>Council Tax Base</b>             |                         |  |                    | <b>54,609</b>         |

The income of £81,589,884 for 2011/12 (£81,412,787 for 2010/11) is receivable from the following sources.

|                              | 2011/12<br>£000 | 2010/11<br>£000 |
|------------------------------|-----------------|-----------------|
| Billed to Council tax payers | 72,558          | 72,116          |
| Council Tax Benefits         | 9,032           | 9,297           |
|                              | <b>81,590</b>   | <b>81,413</b>   |

# Notes to the Collection Fund

## 2. NATIONAL NON DOMESTIC RATES

Non Domestic Rates are organised on a national basis. The Government specifies an amount, 42.6p (small business) and 43.3p (others) in 2011/12, (40.7p (small business) 41.4p (others) in 2010/11) and, subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by that amount.

The Council is responsible for collecting rates due from the ratepayers in its area but pays the proceeds into a NNDR pool administered by the Government. The Government redistributes the sums paid into the pool back to local authorities' General Funds on the basis of a fixed amount per head of population.

The total non-domestic rateable value at the year-end was £87,790,574 (£88,073,069 in 2010/11). The increase in rateable values between the two years is due to the revaluation process that takes place every five years and changes in the businesses on the rateable list.

## 3. CONTRIBUTIONS TO COLLECTION FUND SURPLUSES AND DEFICITS

The surplus or deficit on the Collection Fund arising from council tax transactions relates to this Council's portion only. The elements relating to Essex County Council, Essex Police and Essex Fire form part of the Distribution of estimated collection fund surplus/deficit. In 2011/12 a total deficit of £12,000 was recovered, of which this Council's share was £2,000.

# Annual Governance Statement

## 1 Scope of Responsibility

- 1.1** Epping Forest District Council (EFDC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2** In addition, the Council has a key role with respect to Community Leadership, exercising its powers under the Community Wellbeing Act 2000, facilitating effective engagement and collaborative working through the auspices of One Epping Forest.
- 1.3** In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.4** The Council has approved and adopted a Code of Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the Code is on our website at [www.eppingforest.gov.uk](http://www.eppingforest.gov.uk). This statement explains how the Council has complied with the Code and also meets the requirements of Regulation 4 of the Accounts and Audit Regulations 2006, in relation to the publication of a Statement on Internal Control.
- 1.5** The Council's Code of Governance recognises that effective governance is achieved through the following core principles:
- (i) focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area;
  - (ii) Members and officers working together to achieve a common purpose with clearly defined functions and roles;
  - (iii) promoting values for the Council and demonstrating good governance through upholding high standards of conduct and behaviour;
  - (iv) taking informed and transparent decisions which are subject to effective scrutiny and management of risk;
  - (v) developing the capacity and capability of Members and officers to be effective;
  - (vi) engaging with local people and other stakeholders to ensure robust public accountability.

## 2 The Purpose of the Governance Framework

- 2.1** The governance framework comprises the systems and processes, culture and values for the direction and control of the Council and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

- 2.2** The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to fully achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks and the impact should they occur and to manage them efficiently, effectively and economically.
- 2.3** A governance framework has been in place at the Council for a number of years and has been effective for the year ended 31 March 2012 and up to the date of approval of the Statement of Accounts.

### **3 The Governance Framework**

- 3.1** The Council has an established Council Plan setting out its objectives, and includes how the Council will monitor and report on its performance against the plan.
- 3.2** The Council facilitates policy and decision making via a Cabinet Structure with Cabinet Member portfolios. There are Standing Scrutiny Panels to cover key policy areas, Task and Finish Panels to undertake specific reviews and a co-ordinating Overview and Scrutiny Committee. An Audit and Governance Committee provides independent assurance to the Council on risk management and internal control and the effectiveness of the arrangements the Council has for these matters, this committee consists of three councillors and two independent members who provide an objective opinion.
- 3.3** The Council has continued to review and improve its internal control environment through the introduction of new and updated policies and procedures, to ensure compliance with laws and regulations. A comprehensive corporate induction programme is in place and information regarding policies and procedures are held on the intranet, which continues to be enhanced and developed. The Council's Internal Audit function has continued to provide assurance in the financial processes and procedures of the Council and there are well established protocols for working with External Audit.
- 3.4** The Council's risk management arrangements are subject to regular review. Leadership to the risk management process is provided by the Director of Finance and ICT and the Portfolio Holder for Finance and Economic Development, who are the Officer and Member leads for risk management, respectively. The Council has approached embedding of risk management in accordance with best practice guidance, with a Corporate Risk Register supported by Directorate, Sectional risk registers and further planned training to ensure all staff are risk aware.
- 3.5** Financial management in the Council and the reporting of financial standing is undertaken through a General Ledger Financial Information System, eFinancials supplied by Advanced Business Solutions, which integrates the general ledger function with those of budgetary control. A rigorous system of monthly financial monitoring ensures that any significant budget variances are identified in a timely way and corrective action is initiated.
- 3.6** The Council has adopted the Corporate Plan for 2011/12 to 2014/15. The Corporate Plan is the Council's key strategic planning document, setting out service delivery priorities over the four-year period, with strategic themes reflecting those of the Sustainable Community Strategy for the district. The Corporate Plan is an important element of the Council's Performance Management Framework and its corporate business planning processes, and informs the content of annual Business Plans to illustrate the work that Directorates and Services perform that directly contributes towards the achievement of the Council's corporate objectives. The Corporate Plan also provides the emerging policy foundation for the Medium-Term Financial Strategy.



- 3.7** As part of the duty to secure continuous improvement, new Medium-Term Aims have also been adopted for 2011/12 to 2014/15. The identification of the Council's service delivery priorities over the four-year period of the Corporate Plan, and the annual adoption of key objectives for each year of the Plan, provides an opportunity for the Council to focus specific attention on how areas for improvement will be addressed, opportunities exploited and better outcomes delivered for local people. A range of Key Performance Indicators (KPI) relevant to the Council's services and key objectives are also adopted each year. A number of the KPIs are used as performance measures for the key objectives, and relevant performance management processes are in place to review and monitor performance against the key objectives and KPIs, to ensure their continued achievability and relevance, and to identify proposals for appropriate corrective action in areas of under performance.

## **4 Financial Management and Reporting**

- 4.1** The Council's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government*. This statement contains five principles and the arrangements in place fully meet the requirements of each principle.
- 4.2** Responsibility for ensuring that an effective system of internal financial control is maintained and operated rests with the Director of Finance & ICT. The systems of internal financial control provide reasonable but not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be promptly detected.
- 4.3** Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the segregation of duties, management supervision and a system of delegation and accountability.
- 4.4.1.** The External Auditor (PKF) had, on 30 September 2011, presented their Annual Governance Report for 2010/11, which summarised the key issues arising from their work during the year. In respect of the Council's financial statements, some presentational misstatements of a material nature had been identified and subsequently corrected, but none of these had affected the Council's reported outturn. The restatement of balances for the previous financial year, as required for the implementation of International Financial Reporting Standards, had been dealt with appropriately by the Council. Consequently, the report gave an unqualified opinion on the Council's financial statements, along with an unqualified Value for Money Conclusion.
- 4.4.2** The key findings of the report were that the Council's key financial systems were considered generally adequate as a basis for preparing the financial statements, however some significant control weaknesses had been identified in the Housing and Council Tax Benefits system. This has also been reported by our Internal Audit function.
- 4.4.3** The External Auditors also stated that "We were able to place reliance on Internal Audit's work for the testing of the effectiveness of specific controls".
- 4.4.4** The External Auditor had reviewed the Annual Governance Statement and the supporting review of effectiveness that had been undertaken and was satisfied that the Statement was not inconsistent with the evidence provided in the review of effectiveness and their knowledge of the Council.

## **5 Standards Committee**

- 5.1** During 2011/12, the Standards Committee has dealt with 11 complaints against Councillors. At the time of writing, there is one case (2 separate complaints) awaiting adjudication /under investigation.

- 5.2** The Committee continues to give advice and training on ethical governance issues and investigates/adjudicates on complaints against elected members. It is also available to assist with interpretation of Council protocols.
- 5.3** The ethical framework and standards regime for elected members is currently in a transitional stage. The Localism Act 2011 has radically altered the arrangements which operated under previous legislation, removing many statutory provisions in favour of much greater local discretion. Codes of Conduct and complaints procedures are still a statutory requirement but the form these take is largely (but not completely) to be determined on a local basis. Standards Committees are now optional for any of the specified local authorities involved. Standards for England has been abolished as the regulatory body for England.
- 5.4** The Act introduces a new statutory requirement for the declaration of “Disclosable Pecuniary Interests” which replace the present personal and prejudicial interests. These have yet to be defined but government regulations to that effect are expected. Wilful failure to declare any participation in relevant decisions involving such interests is potentially a criminal offence. Where Councils opt to have a Standards Committee, these will no longer have voting independent members as part of their constitutions. These positions are replaced by new “independent persons” who have been given a role in advising and assisting the Monitoring Officer, Councillors and Standards Committees on these matters.
- 5.5** A further review of the Planning Protocol is pending but is awaiting the full introduction of the new standards arrangements from July 2012. This review will take account of new provisions in the Act regarding pre-disposition, predetermination and bias in local authority decision-making. Planning and Legal Officers, planning agents and Town and Parish Councils have already made submissions concerning the protocol.
- 5.6** Considerable work has been undertaken by the Public Law Partnership (PLP) on the new standards arrangements so as to insure that common processes can apply in all Councils and across different areas. Officers of this Council have also held discussions with Parish & Town Councils in the Epping Forest District to determine whether a joint Parish standards Committee would be a workable arrangement.
- 5.7** Epping Forest District Council has agreed in principle to adopting the proposals of the PLP and to having its own Standards Committee. Final decisions on the new arrangements will be submitted to a Council meeting in June 2012.

## **6 Review of effectiveness**

- 6.1** The Council has responsibility for conducting an annual audit review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the managers within the Council who have responsibility for the development and maintenance of the governance environment, the work of the Corporate Governance Group, the Chief Internal Auditor’s annual report, and also by comments made by the External Auditors and other review agencies and inspectorates.
- 6.2** The Council contributes to the delivery of the Sustainable Community Strategy for the District through active participation on One Epping Forest, formerly the Local Strategic Partnership, and the alignment of the Key Themes of the Corporate Plan 2011/15 with the Community Strategy. This is supported by a planning framework which includes the Corporate Plan and Directorate/Service Plans. The Council, through the Finance and Performance Management Scrutiny Panel, monitors and reports on progress so that Members can see how issues are being tackled.

- 6.3** Directorate and Sectional business plans contain a variety of performance indicators and targets that are regularly reviewed.
- 6.4** The Council's Constitution, which includes Financial Regulations, Contract Standing Orders and Delegated Authorities, is required to be reviewed annually and this is carried out by a nominated group of officers led by the Deputy Monitoring Officer. This annual programme of reviews of Contract Standing Orders, Financial Regulations and Delegated Authorities continued as in previous years.
- 6.5** The Council has three statutory posts as
- Head of Paid Service - Chief Executive
  - Chief Financial Officer - Director of Finance and ICT
  - Monitoring Officer – Director of Corporate Support Services / Solicitor to the Council.
- 6.5.1** These officers, with the Deputy Chief Executive, Deputy Monitoring Officer and Chief Internal Auditor form the Corporate Governance Group who meet monthly. The group's terms of reference are available on the Council's web site.
- 6.6** The Council continues to assess how its overall corporate governance responsibilities are discharged. As referred to earlier the Council has adopted the CIPFA/SOLACE guidance and adopted a revised local Code of Governance in 2008.
- 6.7** The Council is required to maintain an adequate and effective system of internal audit of the Council's accounting and other systems of internal control as required by the Accounts and Audit Regulations. The Internal Audit function is managed by the Chief Internal Auditor and operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government. The annual Internal Audit work plan is discussed with senior officers and approved by the Audit and Governance Committee in consultation with the Finance and Performance Management Cabinet Committee.
- 6.7.1** All internal audit reports include an assessment of the adequacy of internal control and result in prioritised action plans to address any areas needing improvement.
- 6.7.2** These are submitted to Service Directors, and an executive summary is provided to the Acting Chief Executive and the relevant Portfolio Holder.
- 6.8** The review of governance incorporates the system of internal control. In previous years the Council's review of the effectiveness of the system of internal control has been supported by:
- Directorate assurance based on management information, performance information and Director assurance statements;
  - The work undertaken by Internal Audit during the year;
  - The work undertaken by the External Auditor reported in their annual audit and inspection letter and other review reports;
  - Other work undertaken by independent inspection bodies.

## **7 Governance – Service Issues and Improvements**

- 7.1.** Service Directors have reviewed the governance arrangements operating within their Service Areas using a detailed checklist, and have provided assurance statements confirming their belief that appropriate controls were in place during 2011/12. Significant areas where governance arrangements have been strengthened are detailed below.

**7.1.1. Office of the Chief Executive**

The electronic transfer of electoral roll data to the Audit Commission and other organisations and individuals entitled to the information has been under review and a significant risk has been identified of a breach in the Data Protection Act requirements attached to the electronic transfer of this data in unencrypted format.

In conjunction with the security officers of the Finance and ICT Directorate, this issue has been addressed and the measures designed to reduce that risk have been put in place.

**7.1.2. Office of the Deputy Chief Executive**

No significant weaknesses in internal control have been identified.

**7.1.3. Corporate Support Services**

Within Corporate Support Services no significant weaknesses have been identified by the review, internal /external audits or otherwise.

**7.1.4. Environment and Street Scene**

A number of Internal Audit reports were issued during 2011/12 which required actions by the Directorate. Those reports requiring specific action by the Directorate included:

North Weald Airfield  
Waste Management  
Leisure Management Contract  
Licensing Enforcement Follow Up

Action plans have been agreed between Internal Audit and the Directorate Management and steps have been taken to deal with the issues raised and ensure compliance.

**7.1.5. Finance and ICT**

During the year one Audit was reported with limited assurance. This was the Housing Benefits systems audit which identified that insufficient checking was being carried out on benefit calculations. Procedures have now been put in place to ensure that the correct percentage of checking is now part of the process.

Last year the Governance Statement mentioned that a firm of bailiffs used by the Council had been placed in administration. Legal action has been pursued against the two directors of the company. A financial settlement was agreed with one of the directors and a charge has been obtained over the house of the other director. Ultimately, a full recovery of all money owed should be achieved. The procurement exercise for new bailiffs has been concluded and appointments made. Controls on the external bailiffs and the system of monitoring and reporting have been strengthened.

**7.1.6. Housing**

A number of Internal Audit Reports issued since the Housing Directorate took over responsibility for the former Building Maintenance Works Unit have highlighted internal control deficiencies within that section (now known as the Housing Repairs Service) with regard to procedures relating to the Stores.

Although, in monetary terms, discrepancies between actual and recorded stock are relatively small, the number of discrepancies is outside of an acceptable tolerance. The main problem is that the Council's IT system does not provide sufficient control measures.

Since taking over the Stores, the Asst. Director (Property) has taken a number of steps to improve the position in the short term. However, improvement has been hampered by the limitations of the legacy IT system.

It had been hoped that these weaknesses could be addressed through the appointment of the Private Repairs Management Contractor (Mears) in May 2011. However, it has been established that this activity is not within the scope of the specification of the contract with Mears.

Therefore, a separate competitive tender is underway – in accordance with EU Procurement Regulations – to appoint a company to provide a material supply chain, with adequate control measures being a key component of the specification.

**7.1.7. Planning and Economic Development**

There has been recognition that a flow chart to ensure compliance with Contract Standing Orders is necessary, in part because of their complexity and, in part to ensure that the most up to date Orders are being applied. The flow chart will be a helpful tool.

The various financial systems do not allow for the highlighting of accumulated consultancy work, which would exceed contract standing orders to be avoided.

A review of procedures concerning consultancy work in respect of the St John’s area of Epping revealed a number of issues which are being reported to Cabinet.

**7.2. Governance – Internal Control Issues**

Other areas have been highlighted in the review of the Council’s systems of internal control and are listed below. In each case the Directors responsible have identified the risk involved and prepared plans to contain the risks and deliver the necessary improvements:

**7.2.1.** During the annual stock take at the Housing Repairs Service store Internal Audit had reported that the stock database records could not be relied upon as there were a significant number of discrepancies identified. Management has already taken action to address this issue. Please see 7.1.6.above.

**7.2.2.** Development Control income reconciliations are completed, and errors identified are recorded. However, whilst there has been some improvement since the last audit the reconciliation is not sufficient as it is between the general ledger and the Development Control paying in spreadsheet rather than the Planning system.

**7.2.3.** Some progress has been made as Development Control recognise the importance of performing monthly reconciliations and priority has been given to address the agreed actions from the previous audit. A partial reconciliation has been developed but has yet to be concluded and efforts have been made to produce reporting data from the Planning system to enable a full reconciliation to the general ledger.

**8** We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed .....

Derek Macnab  
Acting Chief Executive

Signed .....

Councillor Chris Whitbread  
Leader of the Council

## Members Allowances

The allowances of £310,502 listed below include the connect scheme, travel and subsistence and employers national insurance and pension costs. The figures also include allowances paid to lay members of the Audit & Governance Committee and the Standards Committee.

|                     | £       |                         | £              |
|---------------------|---------|-------------------------|----------------|
| R.H.MORGAN          | 4,316   | D.P.DODEJA              | 3,614          |
| P.SMITH             | 10,516  | J.PHILIP                | 9,646          |
| D.J.STALLAN         | 6,642   | W.J.PRYOR               | 3,400          |
| D.J.JACOBS          | 5,646   | J.M.SUTCLIFFE           | 3,400          |
| A.G.GRIGG           | 4,570   | D.J.WIXLEY              | 3,988          |
| S.W.MURRAY          | 5,300   | M.A.PEDDLE(Nee Rickman) | 500            |
| J.M.WHITEHOUSE      | 3,400   | S.A.LYE                 | 500            |
| M.A.MCEWEN          | 11,218  | R.THOMPSON              | 500            |
| J.KNAPMAN           | 9,039   | D.JACKMAN               | 500            |
| C.L.WHITBREAD       | 4,331   | A.LION                  | 3,400          |
| J.H.WHITEHOUSE      | 3,400   | C.EDWARDS               | 610            |
| P.C.BROOKS          | 322     | W.S.BREARE-HALL         | 3,810          |
| U.M.GADSBY          | 9,428   | T.O.COCHRANE            | 3,540          |
| P.GODE              | 3,400   | J.HART                  | 3,570          |
| M.SARTIN            | 7,028   | B.JUDD                  | 378            |
| J.M.HART            | 5,762   | Y.R.KNIGHT              | 3,400          |
| D.M.COLLINS         | 5,519   | S.I.WATSON              | 3,650          |
| J.LEA               | 3,599   | L.T.LEONARD             | 3,400          |
| P.RICHARDSON        | 3,465   | D.JOHNSON               | 3,400          |
| A.G.GREEN           | 562     | R.COHEN                 | 3,510          |
| J.A.MARKHAM         | 3,160   | S.JONES                 | 3,400          |
| C.P.POND            | 3,511   | C.W.FINN                | 3,150          |
| B.P.SANDLER         | 5,762   | R.KELLY                 | 500            |
| S.A.STAVROU         | 4,727   | J.GUTH                  | 500            |
| K.ANGOLD-STEPHENS   | 11,746  | K.AVEY                  | 2,828          |
| K.S.CHANA           | 3,967   | P.KESKA                 | 2,918          |
| G.MOHINDRA          | 9,383   | A.MITCHELL              | 3,328          |
| P.J.SPENCER         | 3,529   | S.PACKFORD              | 2,078          |
| L.A.WAGLAND         | 17,734  | G.WALLER                | 3,584          |
| J.A.WYATT           | 12,214  |                         |                |
| B.A.ROLFE           | 7,824   |                         |                |
| R.BASSETT           | 7,866   |                         |                |
| A.WATTS             | 5,200   |                         |                |
| H.ULKUN             | 5,200   |                         |                |
| E.A.WEBSTER(SPINKS) | 3,464   |                         |                |
| M.WRIGHT            | 500     |                         |                |
| R.E.BROOKES         | 3,412   |                         |                |
| R.BARRETT           | 3,150   |                         |                |
| A.L.BOYCE           | 6,288   |                         |                |
| J.F.COLLIER         | 3,400   |                         |                |
| <br>                |         |                         |                |
| Total               | 229,500 | Total                   | 81,002         |
|                     |         | <b>GRAND TOTAL</b>      | <b>310,502</b> |

# Glossary of Terms

For the purposes of this Statement of Accounts, the following definitions have been adopted:

## ACCRUALS

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

## BALANCE SHEET

This statement sets out an authority's financial position at the year-end. It shows the balances and reserves at an authority's disposal and its long-term indebtedness and the fixed and net current assets employed in its operations together with summarised information on the fixed assets held.

## CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset or expenditure that adds to and not merely maintains the value of an existing asset.

## CAPITAL ADJUSTMENT ACCOUNT

This account records the accumulated amount of set aside receipts and minimum revenue provision together with capital expenditure financed by way of capital receipts and revenue contributions. Set against these amounts are adjustments to the revenue account for depreciation and capital expenditure written off to revenue during the year. This, therefore, ensures that only actual expenses are charged to revenue in year. This account was formerly known as the Capital Financing Account.

## CAPITAL FINANCING REQUIREMENT

This measures the change in and the underlying need for the council to borrow to finance Capital expenditure. Where all capital expenditure is financed by resources generated by the council the Capital Financing Requirement will remain unchanged.

## CASH FLOW STATEMENT

This statement summarises the cash flows of the authority for capital and revenue spending as well as the cash flows used to finance these activities.

## COLLECTION FUND

This account reflects the statutory requirement for billing authorities to maintain a separate collection fund which shows the transactions of the billing authority in relation to non-domestic rates and the council tax and illustrates the way in which these have been distributed to preceptors and the general fund.

## COMMUNITY ASSETS

Assets that the local authority intends to hold in perpetuity that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

# Glossary of Terms

## CONSISTENCY

The accounting treatment of like items within an accounting period and from one period to the next is the same.

## CONTINGENCY

A condition that exists at the balance sheet date where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

## CONTINGENT LIABILITIES

A contingent liability is either:

(i) a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain events not wholly within the authority's control; or

(ii) a present (current) obligation arising from past events where it is not probable (but not impossible) that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

It is considered that a contingent liability below £50,000 need not be disclosed, as any such amounts would not be significant.

## CONTINGENT GAINS

A contingent gain (or asset) is a possible economic gain arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control.

## CORPORATE AND DEMOCRATIC CORE

The corporate and democratic core comprises all activities that local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose nominated bodies managing the same services.

## INTANGIBLE ASSETS

Expenditure which may properly be defined as being capital expenditure, but which does not result in a physical asset being created. For expenditure to be recognised as an intangible asset it must yield future economic benefits to the council.

## REVENUE EXPENDITURE CHARGED TO CAPITAL UNDER STATUTE

Expenditure of a capital nature that does not result in a fixed asset being created. An example of such an item would be expenditure on a former HRA property held on a long lease by a third party. The expenditure is written off in the year that it is incurred.



# Glossary of Terms

## DEPRECIATION

The measure of the wearing out, consumption or other reduction in the useful economic life of a fixed asset whether arising from use, passage of time or obsolescence through technological or other changes. The useful life is the period over which the local authority will derive benefit from the use of a fixed asset.

## EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

## EXTRAORDINARY ITEMS

Material items that derive from events or transactions that fall outside the ordinary activities of the authority and which are not expected to recur. They do not include exceptional items nor do they include prior period items merely because they relate to a prior period.

## FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arms length transaction less, where applicable, any grants receivable towards the purchase or use of the assets.

## FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if, at the inception of the lease, the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

## FIXED ASSETS

Tangible assets that yield benefits to the local authority and the services it provides for a period of more than one year.

## GENERAL FUND

This statement records the information of all the authority's activities, excluding those in relation to the Housing Revenue Account and Local Council precepts.

## GOING CONCERN

The concept that the authority will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

# Glossary of Terms

## GOVERNMENT GRANTS

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

## HOUSING REVENUE ACCOUNT

The Housing Revenue Account (HRA) reflects a statutory obligation to account separately for local authority housing provision, as defined in particular in Schedule 4 of the Local Government and Housing Act 1989. It shows the major elements of housing revenue expenditure such as maintenance, administration, rent rebates and capital financing costs, and how these are met by rents subsidy and other income.

## IMPAIRMENT

An impairment occurs when a fixed asset suffers a loss in value either due to a fall in market values generally, or as a result of use of the asset other than normal wear and tear.

## INFRASTRUCTURE ASSETS

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

## INVESTMENTS

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments that do not meet the above criteria should be classified as current assets.

## INVESTMENT PROPERTIES

Interest in land and / or buildings:

- (i) in respect of which construction work and development have been completed; and
- (ii) which is held for its investment potential, any rental income being negotiated at arms length.

## LONG-TERM CONTRACTS

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

# Glossary of Terms

## MINIMUM REVENUE PROVISION (MRP)

Local authorities are required by statute to set aside a minimum revenue provision for the redemption of external debt. The method of calculation is defined by statute and does not relate to actual external debt outstanding. Statute requires MRP of 2% of the housing credit ceiling and 4% of the non-housing credit ceiling, offset by an adjustment for debts commuted in relation to old improvement grants.

## NET BOOK VALUE

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

## NET CURRENT REPLACEMENT COST

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

## NET REALISABLE VALUE

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

## NON-OPERATIONAL ASSETS

Fixed assets held by a local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties, assets that are surplus to requirements pending sale or redevelopment and assets under development or construction.

## OPERATING LEASES

Leases other than a finance lease.

## OPERATIONAL ASSETS

Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility. Operational assets comprise Council dwellings, other land and buildings, vehicles plant and equipment, infrastructure and community assets.

## POST BALANCE SHEET EVENTS

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the responsible financial officer signs the Statement of Accounts.

## PRIOR YEAR ADJUSTMENTS

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

# Glossary of Terms

## PROVISIONS

Provisions are required for any liabilities of uncertain timing or amount that have been incurred. Provisions are required to be recognised when:

- (i) the local authority has a present obligation (legal or constructive) as a result of a past event;
- (ii) it is probable that a transfer of economic benefits will be required to settle the obligation; and
- (iii) a reliable estimate can be made of the amount of the obligation.

A transfer of economic benefits or other event is regarded as probable if the event is more likely than not to occur. If these conditions are not met, no provision should be recognised.

A constructive obligation is an obligation that derives from an authority's actions where;

- (i) by an established pattern of past practice, published policies or sufficiently specific current statement, the authority has indicated to other parties that it will accept certain responsibilities; and
- (ii) as a result, the authority has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

## PRUDENCE

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

## RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- (i) one party has direct or indirect control of the other party; or
- (ii) the parties are subject to common control from the same source; or
- (iii) one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or
- (iv) the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

Examples of related parties of an authority include:

- (i) central government;
- (ii) local authorities and other bodies precepting or levying demands on the Council Tax;
- (iii) its subsidiary and associated companies;
- (iv) its joint ventures and joint venture partners;
- (v) its members;
- (vi) its chief officers; and
- (vii) its pension fund.

Examples of related parties of a pension fund include its:

## Glossary of Terms

- (i) administering authority and its related parties;
- (ii) scheduled bodies and their related parties; and
- (iii) trustees and advisers.

These lists are not intended to be comprehensive.

For individuals identified as related parties, the following are also presumed to be related parties:

- (i) members of the close family or the same household; and
- (ii) partnerships, companies, trusts or other entities in which the individual or a member of their close family or the same household, has a controlling interest.

### RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party, irrespective of whether a charge is made. Examples of related party transactions include:

- (i) the purchase, sale, lease, rental or hire of assets between related parties;
- (ii) the provision by a pension fund to a related party of assets or loans, irrespective of any direct economic benefit to the pension fund;
- (iii) the provision of a guarantee to a third party in relation to a liability or obligation of a related party;
- (iv) the provision of services to a related party, including the provision of pension fund administration services;
- (v) transactions with individuals who are related parties of an authority or a pension fund, except those applicable to other members of the community or the pension fund, such as Council Tax, rents and payments of benefits.

This list is not intended to be comprehensive.

The materiality of related party transactions should be judged not only in terms of their significance to the authority but also in relation to its related party.

### REVALUATION RESERVE

This account was created on 31 March 2007. The purpose of which is to hold all revaluations occurring to fixed assets subsequent to that date.

### STOCKS

Comprise the following categories:

- (i) Goods or other assets purchased for resale;
- (ii) consumable stores;
- (iii) raw materials and components purchased for incorporation into products for sale;
- (iv) products and services in intermediate stages of completion;
- (v) long-term contract balances; and
- (vi) finished goods.

### UNAPPORTIONABLE CENTRAL OVERHEADS

These are overheads for which no user now benefits and should not be apportioned to services.

# Glossary of Pension Related Terms

## ACTUARIAL GAINS AND LOSSES

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- (i) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or
- (ii) the actuarial assumptions have changed

## CURRENT SERVICE COST

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

## CURTAILMENT

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- (i) termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and
- (ii) termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

## DEFINED BENEFIT SCHEME

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

## DEFINED CONTRIBUTION SCHEME

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

## DISCRETIONARY BENEFITS

Retirement benefits that the employer has no legal, contractual or constructive obligations to award and which are awarded under the authority's discretionary powers, such as the Local Government (Discretionary Payments) regulations 1996.

## EXPECTED RATE OF RETURN ON PENSION ASSETS

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

# Glossary of Pension Related Terms

## EXTRAORDINARY ITEMS

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the authority, and which are not expected to recur. They do not include exceptional items nor do they include prior year items merely because they relate to a prior period.

## IAS19

International Accounting Standard 19 (IAS19) ensures that organisations account for employee retirement benefits when they are committed to pay them, even if the actual payment may be years into the future.

## INTEREST COST (PENSIONS)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

## INVESTMENTS (NON-PENSIONS FUND)

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the authority. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments, other than those in relation to the pensions fund, which do not meet the above criteria should be classified as current assets.

## INVESTMENTS (PENSIONS FUND)

The investments of the Pensions Fund will be accounted for in the statements of the fund. However authorities (other than town and community councils) are also required to disclose, as part of the transitional disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

## PAST SERVICE COST

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

## PROJECTED UNIT METHOD

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

(i) the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependents, allowing where appropriate for future increases, and

# Glossary of Pension Related Terms

(ii) the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

## RETIREMENT BENEFITS

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either:

(i) an employer's decision to terminate an employee's employment before the normal retirement date, or

(ii) an employee's decision to accept redundancy in exchange for those benefits,

because these are not given in exchange for services rendered by employees.

## SCHEME LIABILITIES

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

## SETTLEMENT

An irrecoverable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

(i) a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits

(ii) the purchase of an irrevocable annuity contract sufficient to cover vested benefits, and

(iii) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

## VESTED RIGHTS

In relation to a defined benefit scheme, these are:

(i) for active members, benefits to which they would unconditionally be entitled on leaving the scheme;

(ii) for deferred pensioners, their preserved benefits, and

(iii) for pensioners, pensions to which they are entitled.

Vested rights include where appropriate the related benefits for spouses or other dependents.





**ST JOHN'S ROAD EPPING  
DESIGN AND DEVELOPMENT BRIEF**

**Draft report**

August 2012

Allies and Morrison  
Urban Practitioners





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**Allies and Morrison  
Urban Practitioners**



**Opposite page**

St John the Baptist Church on the junction  
of High Street and St John's Road



# 1. INTRODUCTION

## Introduction

The St John's Road Design and Development Brief has been prepared to guide the future shape of the St John's Road area following the relocation of the Junior School to new premises. Along with significant plans being considered for the Parish Church, this presents a major opportunity for the town centre.

This development and design brief has been prepared by Allies and Morrison Urban Practitioners on behalf of Epping Forest District Council and Essex County Council. The process of preparing the document has also included commercial property advice and highway design advice along with considerable consultation with key stakeholders and the wider public.

## Purpose

The purpose of this development and design brief is to provide the urban context for the St John's Road area and set guidelines for appropriate development.

Once adopted by Epping Forest District Council, the development and design brief will also provide planning guidance for development management purposes. The brief will be taken as a material consideration in the determination of any planning applications for the development of the site. However, national and local planning policy may change and any applications will be determined in accordance with the adopted planning policies at the time a decision on the application is made.



## 2. SITE CONTEXT

### Location

The development brief area is located in Epping Town Centre on the north west side of the High Street. It straddles St John's Road and is bordered by the High Street, the backs of residential properties on Crows Road and Bodley Close and the rear of offices facing Bakers Lane.

Epping has an historic town centre with an attractive linear High Street. The core of the shops and services is located to the north/east of the junction

of the High Street with St John's Road - the Parish Church and

The EFDC council offices essentially act as bookends to the centre. Commercial uses extend south/west of the Parish Church with a more secondary/specialist character and some large breaks in continuity.

The development brief area is located close to the existing town centre car parks and is 650m from Epping tube station which provides access to London via the Central Line.



Figure 1: Site location plan

### Opposite page

Green area and mature trees on High Street

### Key components of the site and land ownership

The ownership of the site is split between a number of different public and private bodies. Essex County Council has the largest land holding with the Junior School and the Library sites providing the most significant opportunity for change.

Epping Forest District Council and Epping Town Council both have land ownerships adjoining the school site, presenting the opportunity for larger coordinated development.

The Parish Church of St John owns both the church site and also the church hall building to the north of the library and is likely to be a key owner in the area given that there are plans for new development associated with the church which may involve land disposal.



Figure 2: Land ownership





**Epping Hall** (0.24ha)

Owned by the Town Council, this building is under-utilised in its current form and could potentially form part of any redevelopment.



**Epping Junior School** (0.83ha)

This vacated building and site provides the main development opportunity.



**Epping Centre** (0.22ha)

Also known locally as the Centrepoint building, this locally listed building is currently vacant and can be considered as part of the redevelopment site of the former junior school.



**Council depot** (0.22ha)

These existing depot and storage uses could potentially be relocated if required.



**Library and Registry Office** (0.23ha)

The existing building has a poor frontage to St John's Road with a significant level change. The garages to the rear of the building are not in use.



**St John the Baptist**

The Church is planning to build a new hall on the site of the current vicarage, to be adjoined to the main church building. The existing church hall will likely be sold as part of this process.

**Land use**

There is a high concentration of community uses within the site area as represented by the two churches, Epping Hall, Epping Library and the former Epping Junior School. However, it should now be borne in mind that the junior school was recently closed and the use relocated to new premises.

The site is bordered to the north and west by suburban housing, with only very limited elements of housing within the site at present. Retail/services and cafés/restaurants are concentrated along High Street.

The town centre presently has two food stores, the Marks & Spencer store in the centre of the High Street and the Tesco to the south west of the core town centre.

There is one relatively large office development to the north of the site on the corner of Bakers Lane and Cottis Lane. Other offices and professional services are found in small numbers around the town centre.

The existing leisure centre is located away from the town centre on Hemnall Street to the south.

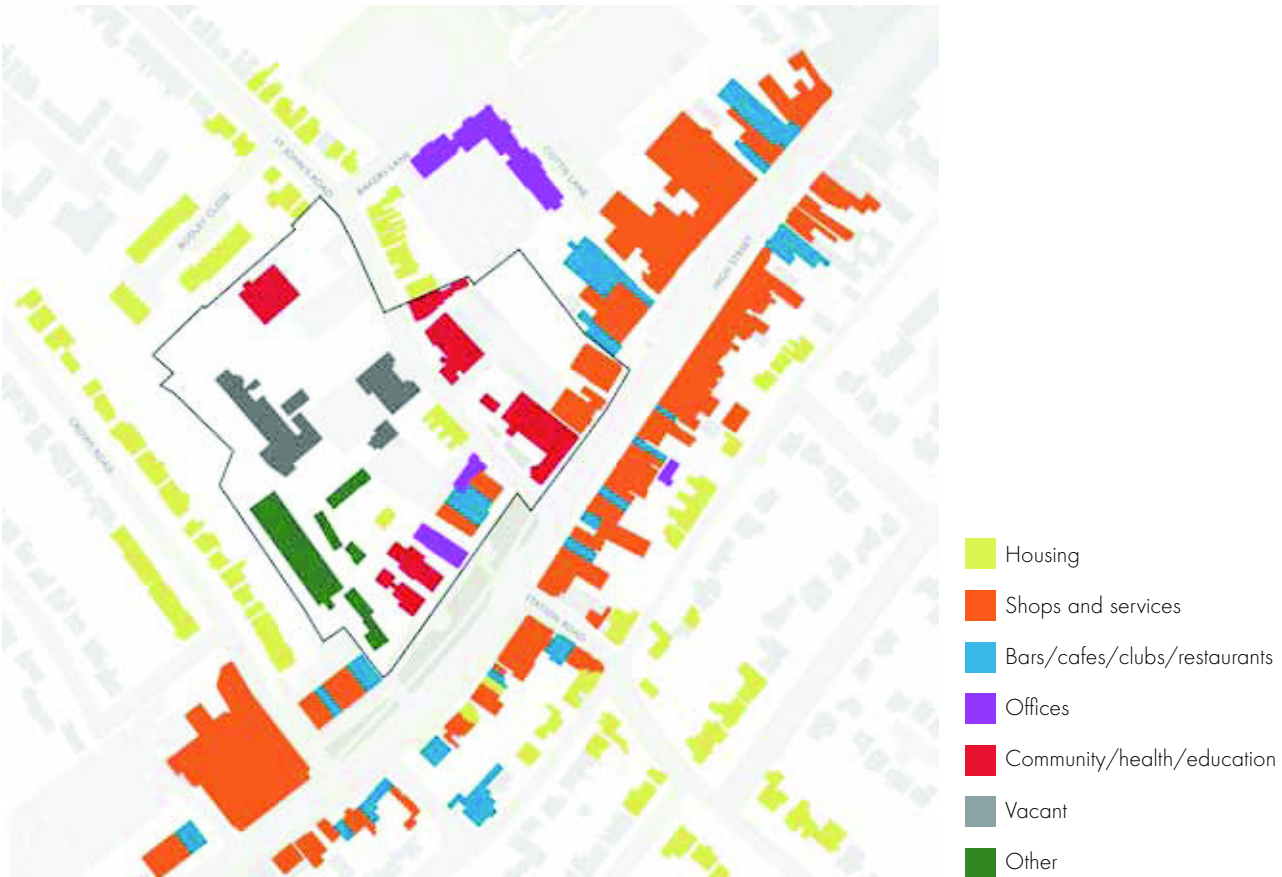


Figure 3: Land use

## Heights

The building heights in Epping Town Centre are generally two to three storeys high, with the High Street in particular characterised by a variation in scale between plots. A number of the more significant buildings such as the Police Station have a bold scale to them which is substantially larger than some of the more domestic buildings in the town centre.

Away from the High Street the areas of housing built during the twentieth century are much more consistent and homogenous in character and are almost exclusively two storey development.



Figure 4: Building heights

**Built heritage**

A substantial part of the site falls within the town centre conservation area, and there are a number of buildings which either have statutory listed status, locally listed status or are noted as having townscape merit for their contribution to the wider area.

The key listed buildings are the imposing St John the Baptist Church (Grade II\*) on the corner of the High Street and St John’s Road along with the row of charming weather-boarded cottages on St John’s Road (Grade II).

The Centre Point building is a former schoolhouse and has a simple, solid charm whilst the former cookery school within the school campus is an attractive and more elaborate small building. Other buildings, including the Methodist Church, fronting the High Street make a significant contribution to the overall character of the area.

Further information on the built heritage of the area can be found in the Epping Conservation Area Appraisal.



Figure 5: Built heritage

## Trees and green spaces

The mature trees and green space on the High Street are a key characteristic of the approach to Epping town centre from the south. The mature plane trees are of a substantial scale and make a significant contribution to the area, signalling the gradual change from an urban high street towards the edge of the town and the countryside beyond.

Within the study area there are some small pockets of green space and existing trees. The most substantial trees are along the south western boundary between the school site and the gardens of the houses on Crows Road.



Figure 6: Trees and green spaces

## Site issues

There are a number of key issues relating to the development and design brief area as shown on Figure 7 (below). Commentary on these is provided on the following page, with each point numerically cross referenced to Figure 7.



Figure 7: Site issues

1. **Heritage buildings** - The brief area contains a number of key heritage buildings as shown previously on Figure 5. The retention and setting of these should be a key consideration of any development proposals.
2. **Weak townscape buildings** - These buildings fail to make a positive contribution to the townscape quality of Epping.
3. **Green space on High Street** - This green space and the mature trees within it form a key part of Epping's leafy character. However, it has potential to be more fully utilised as a public space for the town.
4. **High Street frontage** - The brief area includes some of Epping's core high street, meaning that there may be potential to expand the town's retail capacity with new development that has strong connections to existing shops.
5. **BT exchange** - The BT exchange is largely hidden from sight from the road. Whilst it is likely that this would be expensive to relocate, there may be potential to reduce the footprint of the existing building to create opportunity for new development.
6. **Main former school building** - The former school building has limited heritage value and presents the major redevelopment opportunity.
7. **Former cookery school building** - This freestanding building is attractive and should be retained.
8. **Centre Point** - This attractive building has a strong presence on St John's Road and should be retained.
9. **Existing church hall** - The church hall is in a poor quality building which the parish church intend to replace with a new hall built as an extension to the main St John's Church building.
10. **Epping hall** - Epping Hall is owned and operated by Epping Town Council. Whilst this is a relatively modern building, it is unusual in its configuration and not well suited to the needs of the local community.
11. **Library** - The library is owned and operated by Essex County Council and is also the location of the local Registry Office. Essex County Council is investigating ways to increase its role as a community hub, including utilising existing office space within the building which is currently vacant. The garages to the rear of the library are not in use.
12. **Lack of pedestrian connection** - The lack of buildings along this route offers opportunity to form a more direct connection to the Bakers Lane car park.
13. **Vehicular movement** - The High Street is heavily trafficked and the junctions with St John's Road and Station Road are particular locations for traffic congestion.
14. **Gradient across site** - There is significant change in level across the site, with the land sloping down away from St John's Road.





### 3. POLICY CONTEXT

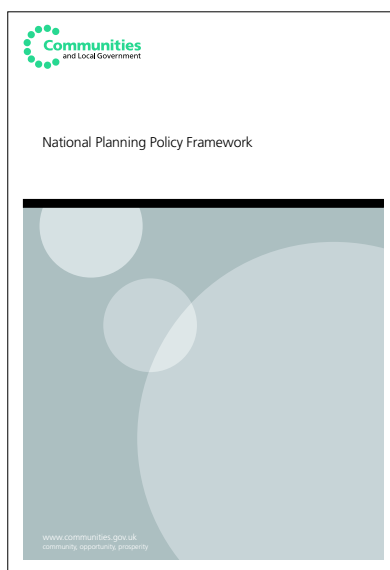
#### National Planning Policy Framework

The national planning context is provided by the National Planning Policy Framework (NPPF) which was published in March 2012. The NPPF condensed the previous Planning Policy Statements and Planning Policy Guidance Notes into one document, with the intention of making the planning system less complex and more accessible.

The NPPF sets out the Government's planning policies for England and how these are expected to be applied. It provides a framework for Local Authorities to produce their own distinctive local plans which reflect the needs of their communities.

The NPPF is published by the Department for Communities and Local Government and is available from:

<http://www.communities.gov.uk/publications/planningandbuilding/nppf>



National Planning Policy Framework

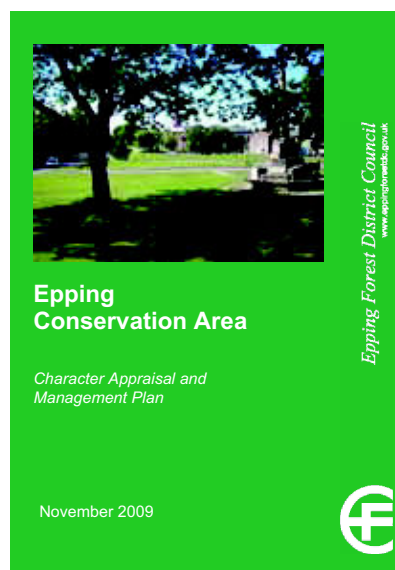
#### Epping Forest District Council Local Policy

Epping Forest District Council is currently updating its planning documents to create a new Local Plan as required by the NPPF. Planning policy for the local authority is currently provided by the Combined Policies of Epping Forest District Local Plan (1998) and Alterations (2006), available from:

[http://www.eppingforestdc.gov.uk/Council\\_Services/planning/forward\\_planning/local\\_plan\\_obtaining.asp](http://www.eppingforestdc.gov.uk/Council_Services/planning/forward_planning/local_plan_obtaining.asp)

The development brief area is also within Epping Conservation Area. Any development proposals will need to respect the character of the Conservation Area, with guidance provided by the Epping Conservation Area Character Appraisal and Management Plan, available from:

[http://www.eppingforestdc.gov.uk/council\\_services/planning/conservation/conservation\\_areas.asp](http://www.eppingforestdc.gov.uk/council_services/planning/conservation/conservation_areas.asp)



Epping Conservation Area Character Appraisal and Management Plan

**Opposite page**

Epping's popular Monday market on High Street

## 4. PUBLIC CONSULTATION

### Public and stakeholder consultation

Consultation on the preparation of this brief commenced in early 2009 with stakeholder meetings and a stakeholder consultation event. Following the development of potential options for the site in consultation with key groups such as the Town Council and the Parish Church a major consultation process was undertaken.

A summary of the key consultation outcomes is presented here. A detailed set of comments and data for the consultation is presented as a separate appendix.

### Public exhibition

A public exhibition was held in March and April 2012. For the first month it was held in St John's Parish Church and for the second month it was held in Epping Library whilst a duplicate exhibition was displayed throughout the period in the Epping Forest District Council offices. The exhibition outlined the main issues facing the development brief area and included four options for how change could be realised. These options and the text from the exhibition are displayed on the facing page.

The exhibition was supported by a questionnaire. This was also available on-line with an electronic version of the exhibition available for download. A total of 826 responses were received, of which 462 were submitted as paper questionnaires or letters and 354 were submitted on-line through the council website.



Opening of the exhibition in St John the Baptist Church



## 1 // Retail-led option

A comprehensive approach to the site which could deliver significant new retail development including a food store. It also has the potential to integrate well with the High Street and to improve existing community facilities such as the library.



### Key features

1. Food store, with enclosed service yard to the north and decked parking at-grade with the store and below, taking advantage of the slope of the site
2. Retained former cookery school building providing opportunity for either commercial or community use, possibly as a new space for the Town Council
3. Centre Point building refurbished and opened up to create new arcade
4. Larger format retail with housing above
5. New high quality housing
6. Potential for future redevelopment of the telephone exchange site featuring new housing
7. New vehicle access from the High Street
8. New library building with commercial uses on the ground floor
9. Potential for future new office development
10. New link from the Baker's Lane car park, possibly including an element of parking
11. Potential for further new development, either commercial office space or residential
12. New commercial development suitable for cafes or boutique shopping and with residential development above fronting onto a new lane around the church
13. New church amenity building

### Our evaluation of this option:

We think this is a really strong option which could enhance the town centre retail offer and could help to improve facilities such as the library. It would create a good mix of uses as well as attractive new routes and spaces which would improve the setting of the church. This option is financially viable.

## 2 // Leisure-led option

An option which would deliver new leisure facilities to replace those on Hemnall Street as well as delivering a substantial area of new housing and some improvements to the community facilities and pedestrian network.



### Key features

1. New sports and leisure centre based around a refurbishment of the existing Epping Hall
2. Retained former cookery school building providing opportunity for either commercial or community use, possibly as a new space for the Town Council
3. Centre Point building refurbished and retained for community use
4. New high quality housing
5. Potential for future redevelopment of the telephone exchange site featuring new housing
6. New minor vehicle access from the High Street
7. Existing library building remodelled to create an entrance on the southeastern side where it can be visible from the High Street
8. New commercial development suitable for cafes or boutique shopping and with residential development above fronting onto a new lane around the church
9. New church amenity building

### Our evaluation of this option:

This option would provide new leisure facilities and bring some improvements to other community facilities. However, it would not add significantly to retail capacity of the town centre and the leisure centre element of the project would require the District Council to contribute several million pounds to the project, making the option unviable.

## 3 // Retail & leisure option

A composite approach which includes the potential for a new food store but also includes a new leisure centre. It includes the same proposals to create new links and public space around the parish church and to improve the library as option 1.



### Key features

1. Food store, with enclosed service yard to the north and decked parking at-grade with the store and below, taking advantage of the slope of the site
2. Retained former cookery school building providing opportunity for either commercial or community use, possibly as a new space for the Town Council
3. Centre Point building refurbished and opened up to create new arcade
4. New sports and leisure building with frontage onto the new square
5. Potential for future redevelopment of the telephone exchange site featuring new housing
6. New building creating frontage onto the High Street
7. New vehicle access from the High Street
8. New library building with commercial uses on the ground floor
9. Potential for future new office development
10. New link from the Baker's Lane car park, possibly including an element of parking
11. Potential for further new development, either commercial office space or residential
12. New commercial development suitable for cafes or boutique shopping and with residential development above fronting onto a new lane around the church
13. New church amenity building

### Our evaluation of this option:

Option three represents the most comprehensive package for the town centre in terms of activity and mix of use. However, the leisure centre element of the project would require the District Council to contribute several million pounds to the project, making this option unviable.

## 4 // Residential option

An approach which would be focused on delivering residential development with minimal retail/community facilities. This could be delivered as phases of development, allowing for the Epping Hall to remain in situ if desired.



### Key features

1. New high quality housing
2. Potential for a central space
3. Retention of the Centre Point building for community use
4. Establishment of a new pedestrian link into the site as a continuation of the existing lane

### Our evaluation of this option:

This option is financially viable. It is mainly high-quality new housing, and, although it is not expected to contribute significantly to the strength and vitality of the town centre, its impact on traffic is likely to be minimal. The site can be designed to respect the local historic character but it would not include the improvements around the Parish Church or the library. It would be expected to provide some limited community facilities.

## Questionnaire responses

### Question 1

The first question asked respondents whether they agreed with the core project principles which had been set out in the consultation material as follows:

- The development needs to be strongly integrated with the High Street and the rest of the town centre;
- The area should include a sustainable mix of uses and create high quality public streets and spaces;
- Any development should respect and complement the historic character and scale of the town centre with buildings of the highest quality; and
- The ideas for development should make the most of this once-in-a-generation opportunity for the town but should be practical, deliverable and affordable.

The responses provide a very strong positive feedback on this question, with 477 people either supporting or strongly supporting the principles whilst 178 people disagreed or strongly disagreed with the principles. 91 people indicated a neutral response and a further 80 people did not complete the question.

It is instructive to read the written comments which accompany the scores. These indicate that people have tended to rate the illustrative schemes in the exhibition rather than the core principles as the questionnaire asked. Many of the comments mention issues which do not relate to the principles given and so people may not have answered the question accurately.

### Question 2

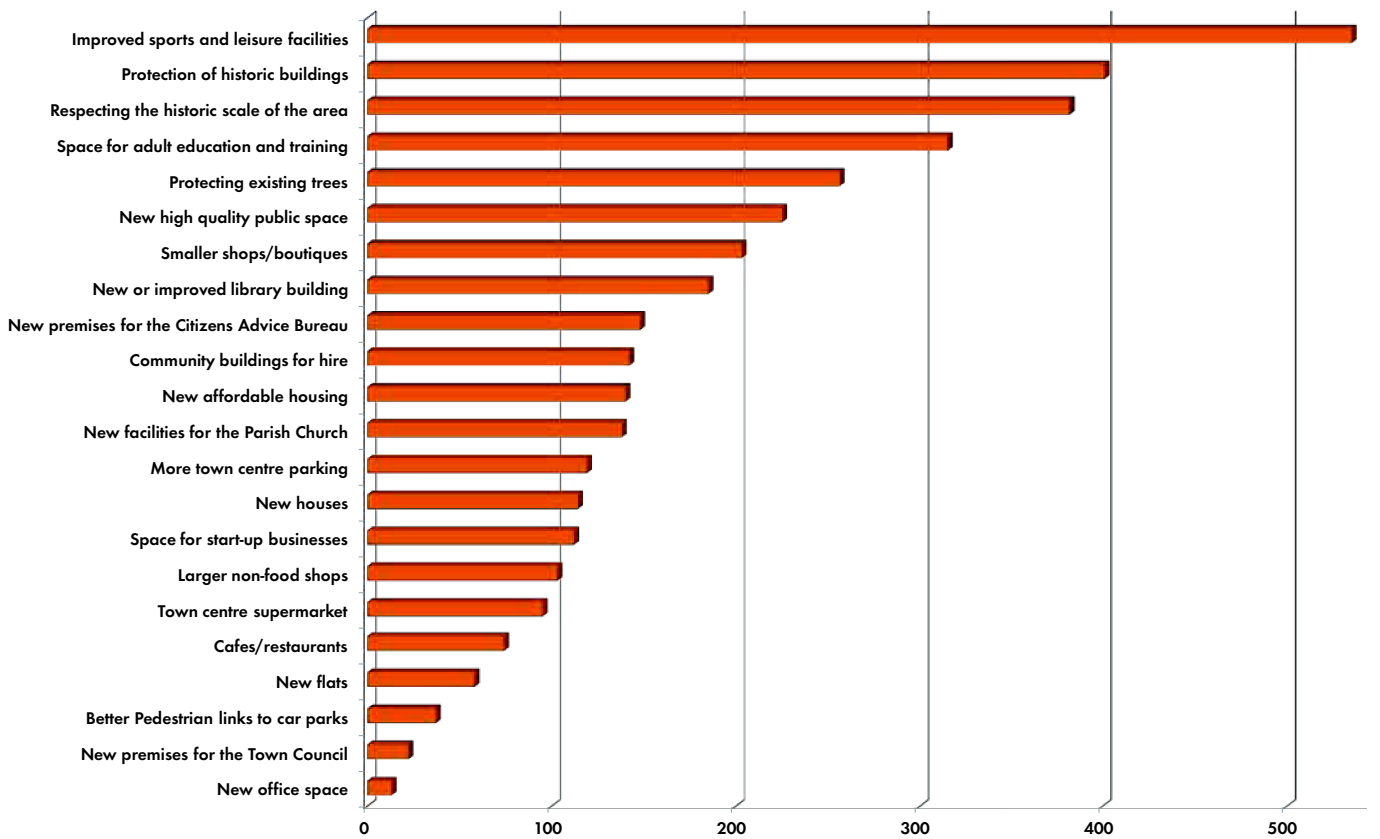
Question two asked people to tick five things from a long list to identify what they would consider the best for Epping town centre. The graph on the facing page shows how people responded to the question. The most common responses were:

- Provision of improved sport and leisure facilities in the town centre was the stand-out issue with 535 of all respondents ticking this option;
- Protection of historic buildings and respect for historic scale were the next two most selected issues with 401 and 382 votes respectively;
- Provision of space for adult education received a high response of 315 votes;
- Protecting existing trees and new high quality public space were the next two most selected issues with 256 and 225 votes respectively;
- Smaller shops / boutiques received 203 votes; and
- New or improved library received 185 votes.

### Question 3

Question three provided people with space to make their own comments on the plans. Two key themes received by far the largest percentage of responses, these were the opposition to a new supermarket and the desire for a new or improved leisure centre.

26% of respondents stated their opposition to a new supermarket as part of question three, with traffic concerns and impact on the existing high street often included alongside. This was balanced by 3% of respondents stating that a new supermarket is needed, with Waitrose specifically mentioned.



Graph showing responses to the question 2 tick boxes

15% of respondents stated that a new or improved leisure centre was needed, with 8% making specific reference to a swimming pool.

Other responses which were received multiple times, but with less regularity than those above, include:

- That Centre Point should be converted into a community use and kept as a public building;
- That more community based facilities are needed, particularly youth orientated ones;
- The impact of any new development on traffic levels;
- That the character of Epping as a small historic market town should be protected; and
- That Epping already has enough cafés and restaurants.

## Youth workshop

In addition to the exhibition a youth workshop was held in The Box on Epping High Street. This was held over two hours during the time that many young people use the facility after the school day.

Young people were asked what they would like to see on the Development Brief site. Responses include:

- A football pitch with astroturf and the facilities required for a football academy;
- A bigger and better skate park;
- National restaurant chains (McDonalds, Burger King and KFC);
- National high street retail outlets (JD Sports, HMV, Vans, Primark, etc.);
- A larger youth centre;
- A college;
- Housing;
- A swimming pool; and
- A bowling alley/cinema.

## Conclusions

The public consultation identified a number of key themes:

- There are significant concerns about the provision of a new food store on the site, including concerns about scale and bulk, parking, traffic impact and impact on the High Street. Conversely, there would be a greater level of support for small shops or a department store.
- There is strong support for improved sport and leisure provision in the town centre, potentially as a replacement for the Hemnall Street leisure centre. Other leisure uses which have been suggested include a cinema.
- There is strong support for an approach which protects the historic character and scale of the area and which retains the green space and mature trees on the High Street.
- There is a desire expressed for improved community facilities in the town centre and particularly for the inclusion of facilities for adult education and an improved/redeveloped library.

In response to this and the rest of the consultation responses the brief takes the following approach:

- There is provision for leisure uses to form a key part of any development proposals, both in terms of sports and leisure use and also in terms of commercial leisure such as a cinema;
- The policies note that retail uses could be included on the basis that they are well connected with the High Street and form a complementary rather than competing offer;
- The potential for community uses including adult education is noted, and potential options identified for the library building to either be redeveloped or remodelled to enhance links with the town centre;

- The proposals accommodate and facilitate the proposed developments being planned by the Parish Church;
- Clear guidance is given on the acceptable scale and massing of any new development, with particular reference to the historic character of the town centre; and
- The potential for housing development is noted, although it is clear that this should not be the predominant ground floor use on key frontages given the town centre location.





# 5. DEVELOPMENT GUIDELINES

## DEVELOPMENT OBJECTIVES

The St John's Road site represents the best current opportunity to accommodate growth in Epping town centre and would provide the first site of any notable scale for a generation. Opportunities such as this are needed if Epping is to maintain its place in the hierarchy of centres in the area and continue to support its local population. It is therefore important that any development proposals make the most of this opportunity and that a cohesive plan is developed for the site.

The key objectives for the site are as follows:

- The development needs to be strongly integrated with the High Street and the rest of the town centre;
- The area should include a sustainable mix of uses and create high quality public streets and spaces;
- Any development should respect and complement the historic character and scale of the town centre with buildings of the highest quality; and
- The ideas for development should make the most of this once-in-a-generation opportunity for the town but should be practical, deliverable and affordable.

### Integration with the High Street

Any development on this site will change the High Street and Epping Town Centre in some way. The aim of this design and development brief is to promote an approach to development which will complement the High Street, increase footfall in the town centre and improve the overall vitality and economic resilience of the town centre. To maximise the benefit of any change it is vital that a clear and attractive links are made between new development and the core town centre with a range of active uses. Strong connections will help to promote linked trips between any anchor use and the town centre and will also help to sustain a range of smaller units which respond to the character of Epping.

### Sustainable mix of uses

This site represents a unique opportunity to broaden the appeal of Epping High Street, meeting the need for a wider range of uses which could include community and civic functions, leisure uses, retail, other workspace and housing. A broad mix is necessary to establish an area which will feel like a vibrant part of the town centre both during the day but also into the evening. It may also present the opportunity to provide some larger retail units which would better suit modern retail requirements and so broaden the offer within the town centre, supporting existing retailers.

#### Opposite page

St John the Baptist Church on the junction of High Street and St John's Road

### High quality public realm

Development in this site provides the opportunity to create new areas of public realm which include pedestrian spaces away from busy roads. This establishes a framework which will allow civic, community and commercial uses to spill out into public space in a way which is not possible in the High Street due to the dominance of cars.

### Historic scale and character

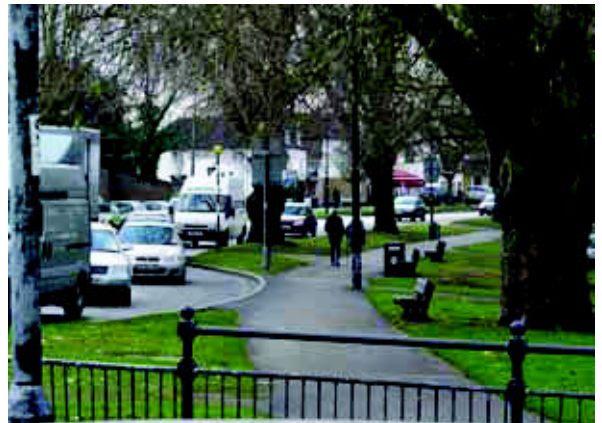
Epping High Street is characterised by substantial two and three storey buildings whilst further away from the High Street the residential scale is predominantly two storey. This site area falls on the transition point between the town centre and the residential hinterland and so any development must mediate between the scales in a sensitive manner. Also of significance is the nature of the existing town centre development, which is broken into narrow plots with significant variation in scale, materials and detailing between buildings to give a pleasingly jumbled character rich in detail. Development on the site will be expected to reflect this historic character without resorting to pastiche design.

### Deliverable development

The proposed development must be deliverable. However, as the core of the site area is owned by a combination of public sector bodies, it is also important that any development delivers best value for the wider town. In some cases this could take the form of a capital receipt whilst in other cases it could relate to using the assets to deliver community benefits.



Cars parked on High Street



Green space on Epping High Street



Epping library

## CONSERVATION

The site area is located partly within the town centre conservation area and provides the setting for some significant listed buildings. It is therefore important that every effort is made to protect and enhance the existing character of the town centre, whilst also seeking to make improvements where possible.

Response to the existing buildings:

### St John's Parish Church

The Grade II\* listed parish church is a strong building and one of Epping's major landmarks. As such it would be inappropriate for any new buildings in the vicinity to challenge it in terms of scale or massing. The development framework establishes the potential for a new route to the north of the church. This would remove the existing single storey shop (existing carpet shop) fronting the High Street and the garages behind to improve the setting of the building.

The parish is also seeking to replace the 1960s church house to the north west of the church with a more appropriate building which would provide much needed ancillary spaces for the church. This relates well to the principle of the new public realm which this document proposes and will help to further integrate the church with the surrounding town.

### Centre Point building

The former school building known as the Centre Point building has a strong presence, partly due to its striking double gable form, but also due to its position on the bend in St John's Road which ensures that it is visible from the High Street. As with the rest of the school campus this building is surplus to educational requirements. However, public consultation has highlighted that this building should ideally remain in public use. The building is locally listed and is also protected by conservation area designation.

### 5-17 St John's Road

This terrace of charming weather-boarded cottages is Grade II listed and forms one of the defining aspects of the southern part of St John's Road. It is important in this context as it sets a very domestic scale and provides a counterpoint to the muscularity of the church building.

### Former cookery school building

Whilst the bulk of the school buildings are not considered suitable for adaptation or re-use, the former cookery school building could be an interesting exception. It is a relatively small stand-alone structure which could be retained as part of a scheme, perhaps framed as the centre-piece of a new public space in the manner of a traditional market building.

### High Street grouping

A number of buildings on the High Street including the former council office and the Methodist church play a role in defining the character of the area. Whilst the buildings themselves may not be sufficiently distinguished to warrant listing, the conservation area appraisal identifies them as having an attractive group value which is worth protecting.

## PUBLIC REALM

A project on this site has the potential to deliver new elements of public realm which both evoke the history of the town centre, but also establish new links to open up the town to further development opportunities.

A new public space can be created at the heart of the main site to the south/west of St John's Road. This could act as the focal point for public, commercial or leisure uses and could be designed to create a new pedestrian-only space.

A new link route is proposed which connects the heart of the development area with the High Street. This would be created through the removal of the existing carpet shop fronting the High Street and the redevelopment/remodelling of the library. This new lane would reflect the historic urban character of the High Street which has a series of similar small lanes leading to secondary areas away from the main street.

A new space created to the north/west of the church would provide a small square with the library, church and commercial uses fronting onto it. This space would also deliver strong visual linkage across St John's Road to the main body of the site. This could achieve a vibrant and exciting town centre space which could play a number of roles.

The green space along the High Street is an important part of the character of the town centre and should be protected. The line of mature plan trees is particularly impressive and forms an important part of the character of this area. At present, there are two pedestrian routes running parallel to one another. Firstly, there is the main shared surface lane which runs close to the buildings and appears to be widely used by most people walking through the area. The second is the footpath

against the road which appears to be used by a smaller number of people. Changes to the junctions

and the inclusion of a new access way may require the removal of the footpath which runs against the road. This project presents an opportunity to improve the shared surface route which passes in front of the buildings. Particular consideration should be given to the surface used and to the provision of street lighting which makes the area safer for pedestrians in the evening.

Public spaces and streets which are created through any development should be clearly defined by buildings with active frontages. The character of the town centre, most strikingly demonstrated along the High Street is for buildings to follow a consistent building line, regardless of height and detailed design. New development should expect to follow a similar terrace pattern, establishing a strong street frontage, regardless of the use in the building.

The predominant character of the area is expected to be urban, reflecting the town centre location and the potential for town centre land uses. However, opportunities to introduce areas of softer streetscape such as a pocket park and/or play area would be welcomed.

## LAND USE

The area covered by this brief is located within Epping's town centre boundary. This is one of the three principal town centres in the District, and as such is regarded as a suitable location for a range of uses.

Epping Forest District Council's policies on town centres support the provision of uses that make the centres attractive and useful places to shop, work and visit throughout the day and evening. Whilst residential development might be included in this area, it is not expected to be the predominant ground floor use.

The following potential uses may feature as part of an overall mix of uses in any proposals:

### Leisure

This site provides an opportunity to accommodate a range of leisure facilities. This could include new sport and leisure facilities such as a replacement to the Hemnall Street site or a commercial leisure use such as a cinema. Careful consideration should be given to the scale and massing of any new leisure facility given the historic urban context. It will also be important to consider the external form of the building and particularly to ensure that it does not compromise the need to maintain active ground floor frontages in more significant streets and spaces.

### Retail

Retail development could form part of a mix of uses within the site, provided that a clear and direct sense of connection with the High Street can be established. Any retail development should aim to complement rather than compete with the High Street to support the overall vitality of the town centre. Any larger format retail will be expected to present an active shop front to key routes to establish an attractive town centre character.

### Food and drink

There is some opportunity to provide new restaurants and cafes as part of a mixed scheme. However, this should be considered within the context that Epping is already well served with food and drink establishments and so any new proposals should be limited to key locations which are able to take advantage of new public spaces.

### Community

This site already contains a range of public and community uses including the library and two churches. It is envisaged that this kind of use will continue to form an important aspect of the site's character and that development could support the delivery of some new or improved community facilities. This could include facilitating the planned development at the parish church, improving or replacing the library and delivering new public uses in the Centre Point former school building. The provision of suitable space for Adult Education in the town centre was identified through the consultation process and should be explored as part of any proposals, potentially as a use for the Centre Point building.

### Employment

New employment uses would relate well to the requirement to deliver a mix of uses in a town centre location. There is an expectation that employment use could be suitable for upper floor uses. However, in locations away from the principal frontages it may also be suitable for ground floor use.

### Residential

New housing should be included in development plans as part of a mix of uses. To be in conformity with the District's current planning policy, this should generally be at upper levels. However, recognising that the depth of the site may limit commercial

potential there may be scope for some elements of town house development in locations away from the High Street or St John's Road.

### **Hotel**

A hotel use may be considered suitable for a town centre location, particularly as part of an overall mixed use scheme and could prove beneficial in maintaining a more vibrant character into the evening. There is potential for links with any leisure facilities and for overlap with any restaurants or cafes proposed but care would need to be taken to ensure that the scale and massing of the building and the likely servicing and parking do not have a significant negative impact on the area.

## **HEIGHT, SCALE AND MASSING**

The scale of development within the planning brief area should reflect the prevailing low rise character of the surrounding context. As has been previously noted this area forms the transition between the town centre which features a mix of substantial two and three storey buildings and the residential hinterland which is formed of more domestic two storey buildings. Other factors which should be considered in the scale of new development include the setting of the existing listed buildings on St John's Road and particularly the need to provide a sensitive setting for St John's Parish Church.

The central area of Epping is characterised by buildings of a range of ages and styles. Whilst the buildings along the High Street adhere to a common building line they vary considerably in height. The overall effect is a pleasing mixture which has a strong rhythm formed by the individual plots. It is important that any new development in this area is designed to create a character which reflects this variation and fragmentation. Whilst this will work in a straightforward way for smaller scale uses such as residential development or small shops it will be important that any proposals for larger buildings also demonstrate how they respond to this character without resorting to pastiche.

New buildings should respect the amenity of neighbouring residential properties in terms of light, privacy and outlook. This is particularly significant for the buildings on Crows Road and Bodley Close which back onto the site area and may experience a change in context with new development. It should be demonstrated that any development proposals would not have a significant detrimental impact to the amenity of any neighbouring properties.

## SUSTAINABILITY

Any new development will be expected to at least meet the national and local planning policy with regard to sustainable design and construction. However, as a town centre site there will be opportunities for more broad sustainability themes to be explored which can benefit the wider area.

Development which supports the health and vitality of the town centre and focuses appropriate uses in the centre of Epping will help to reduce trips made to other centres and will assist in resisting development on inappropriate out of town sites. Similarly, centrally located shops, leisure uses and community uses will help to maximise use of sustainable modes of transport.

Walking and cycling should be given priority within the design of streets and spaces. This will particularly relate to elements such as the links to the High Street and the provision of good quality cycle parking in visible locations.

A development of this scale is likely to provide the critical mass needed to make the provision of a Combined Heat and Power (CHP) possible, particularly if there is a large building such as a leisure centre which has a significant continuous requirement for heat and power.

Buildings and spaces should also be designed with a view to limiting the impact of any global climate change. This can take a number of forms, including:

- Considering the design of buildings to include provision of shading to reduce internal solar gain and also to use pale roof surfaces to limit heat absorption; and
  - Using tree planting to provide a significant element of shade to public spaces at peak times in the summer to reduce heat absorption into the paving and buildings.
- Using SUDS (sustainable urban drainage systems) to reduce the impact of rapid water run-off from the paved areas and help to reduce flash flooding. This could include measures such as providing houses with water butts to store rain water, green roofs on buildings, water permeable hard surfaces and maximising the amount of land given to vegetation;

## PLANTING AND LANDSCAPING

Trees play an important role in the character of Epping, both in terms of its wider setting, but also in the character of the immediate area with the row of mature plane trees along the High Street. This makes a significant contribution to the character of the area and should be given due consideration and protection.

Public spaces within any new development should be used as opportunities to establish new tree planting which reinforces the character of the area. As well as the benefits to the character and quality of the space this would bring, appropriate deciduous tree planting will also help by providing shade at warmer times of the year to mitigate against the impact of climate change to the reduce heat absorption in the urban area.

Where new homes are considered, the inclusion of private gardens creates opportunities for further planting, both to the rear of properties but also to the front where it can add to the streetscape.

Planting may also be considered for any larger areas of roofscape, using green roofs to enhance biodiversity, attenuate rainwater run-off and reduce the heat-sink effect of a large building.

## ACCESS

There are two principle vehicular access opportunities into the larger site area to the west of St John's Road. These are from St John's Road itself, or from High Street through land currently used as the council depot.

The access from the High Street would involve the creation of a new junction. Initial testing work undertaken to support this study suggests that this will be possible, but that care will be required to ensure that the junction and the visibility splays do not affect the existing mature trees. A new junction in this location and improvements to the other two mini roundabouts could be eased by the removal of the footpath against the road which is duplicated by the more popular shared surface way at the back edge of the green space.

An access from St John's Road could be created within the space from the centre point building to the northern corner of the site and would most probably take the form of a T-junction.

The access from the High Street has a number of advantages over the St John's Road access. Firstly, computer modelling demonstrates that it limits the additional traffic load on St John's Road, helping to maintain the quality of environment for pedestrians. Secondly, it delivers vehicles to the lower part of the site, away from the more visible frontages, into locations where parking could be most suitably accommodated. The natural downward slope of the ground away from St John's Road suggests that some element of decked parking might also be incorporated. The access from St John's Road would retain a useful role in providing service access to any commercial uses.



Pedestrian access to the site from the town centre is currently along St John's Road. Although this has a number of public and community uses along it, the distinct change in character from the High Street makes it feel remote from the rest of the town centre and there is a risk that any development is seen in isolation. Given that this site presents a major opportunity to deliver new growth for the town centre, a strong link is an important aspect of the approach. There is an opportunity to achieve this through the removal of the existing single storey shop unit to the north of the church on the High Street to open up access to the land behind the church to create a new route. This pedestrian connection has the potential to establish a mix of new small units with active street frontage and create a new clear connection between the library, either in a remodelled form or in a new building.

## **PARKING**

Good practice guidelines for parking design and quantum are provided in the Essex County Council's 2009 document - Parking Standards.

In applying the Essex-wide parking guidelines, consideration will be taken of the central location of the development and design brief area within Epping. The area is relatively well served by public transport and lower levels of parking could be accepted than would be the case in less central locations. It is expected that the level of car parking provided within any proposals will need to be rigorously justified as part of any planning application.

### **Parking for residential development**

The parking requirement for any residential development will be considered on the basis that each dwelling will require at least one allocated space. More parking may be considered appropriate for larger dwellings, but there should not be an expectation that parking is required at suburban levels given the easy access to shops, services and public transport.

### **Parking for leisure and retail uses**

Small scale leisure or retail facilities such as small individual shops would not be expected to provide new customer parking. However, any development which features a significant quantum of public uses would be expected to provide parking. Whilst this parking provision may be owned and managed privately, it would be expected to contribute to the overall provision of parking in the town centre.

## KEY SITES - LAND OWNERSHIP AND PHASING

The land ownership across the area covered by the brief is split between several owners. Whilst elements of the site can successfully be developed on a stand-alone basis, it is important that the relationship between the sites is understood and that a cohesive vision exists to coordinate any development. The implications for the individual sites can be summarised as follows:

### **Main school site, owned by Essex County Council**

The main school site would be capable of development as a stand-alone site. However, the presence of the Centre Point building on St John's Road and the lack of any alternative access would make it difficult to realise a scheme which could be said to deliver a significant town centre development without being integrated with surrounding sites. The Centre Point building and the former cookery school building are two elements which should be considered for retention.

### **Epping Hall site, owned by Epping Town Council**

The Epping Hall site would be difficult to redevelop successfully in isolation as the terraced land form created for the current development makes the back part of the site difficult to access from the road. It could be successfully developed as part of a joint scheme with the former school site and might be necessary if any large development was to be considered.

### **Depot site, owned by Epping Forest District Council**

The depot site offers limited development potential as a stand-alone site, but would be important to any major scheme planned on the school site as it would provide a better access way for vehicles.

### **Telecoms exchange building, owned by Telereal**

The existing telephone exchange is buried in the heart of the block and is not visible from the street. The site offers the potential for redevelopment in the event that a new road is delivered through the depot site. This would offer the potential for a new, smaller exchange building with a terrace of development fronting the road. This scheme could be delivered as a stand-alone project following the implementation of the new road.

### **Epping Library, owned by Essex County Council**

The Epping library building also contains a number of other public uses including the registrar's office. Potential exists to either remodel or redevelop this building as part of the project to establish a new pedestrian link to the north of the parish church. The process to redevelop the building would be closely tied to the future of the old church hall building to the north/west.

### **Church hall building, owned by the Parish Church**

The old church hall building to the north/west of the Library was originally built as a temporary structure to provide church premises whilst the main church was being constructed. The Parish has expressed a desire to sell this site for redevelopment to raise capital for the construction of a new facilities building attached to the church itself. The site of this building would be required to deliver any option which considered major redevelopment of the library to establish new open space. In the event that the decision is taken not to redevelop the library site in this way the church-owned land would be suitable for a small residential development.

### **Former church house site, owned by the Parish Church**

The site of the 1960s church house adjacent to the church has been identified as an opportunity to develop a new extension to the church building itself. This would provide meeting rooms, kitchen space and toilets which would enable the church to be used much more flexibly, supporting its use for worship, but also opening it up to a wider range of community uses. This project could be delivered as a stand-alone project, provided that the design takes due consideration of the existing and future context. As noted above, the sale of the old church hall site to deliver this development project is closely linked to the potential development of the library site.

### **Existing carpet shop, Epping High Street**

The existing carpet shop facing onto the High Street is a small infill development between the larger neighbouring building and the church and does not feature on historic plans of the area. The site of the building has been identified as a suitable opportunity to create a link from the High Street to the Library and then on to the main body of the site across St John's Road. This would both create a new link but also go some way to improve the setting of the church. The new route would entail the removal of the carpet shop and the development of the area of car parking which currently sits behind the church and library to establish new frontage. A further link from this lane could also be created towards Cottis Lane and the main town centre car park.





COOKE  
BREAD & BISCUIT  
213



**ST JOHN'S ROAD EPPING  
DESIGN AND DEVELOPMENT BRIEF**

**Consultation appendix**

August 2012

**Allies and Morrison  
Urban Practitioners**







## INTRODUCTION

This appendix details the findings from public and stakeholder consultation undertaken as part of the St John's Road design and Development Brief, which has been prepared to guide the future shape of the St John's Road area in Epping.

The consultation was undertaken in two parts, in February 2009 a stakeholder consultation event was undertaken to determine the main issues and opportunities for the area. This was followed by a public exhibition in March and April 2012 which presented four masterplan options and was supported by a questionnaire. A youth workshop was also held at the Box on Epping High Street as part of the second stage of consultation.

# STAKEHOLDER WORKSHOP

In February 2009 Urban Practitioners led a stakeholder workshop in Epping Hall in the form of a walking audit - a consultation technique that aims to stimulate and record the issues and dreams of those present for the area.

The walking audit started with a short presentation of Urban Practitioners understanding of the urban design issues relating to the site. This was followed by a 'virtual' walk around the site (this replaced an actual walk around the site which was cancelled due to adverse weather conditions), and a dreams workshop which used post-it notes to record participants issues and dreams while on the virtual walk. The final solutions workshop required participants to annotate a large plan of the area.

The findings from the walking audit informed the creation of the St John's Road Area Development and Design Brief and the main points are summarised below.



## St John's Road Area Development and Design Brief

### Walking Audit

2.00pm - 5.00pm, Friday 6 February 2009  
Epping Hall, St John's Road,  
Epping, CM16 5JU

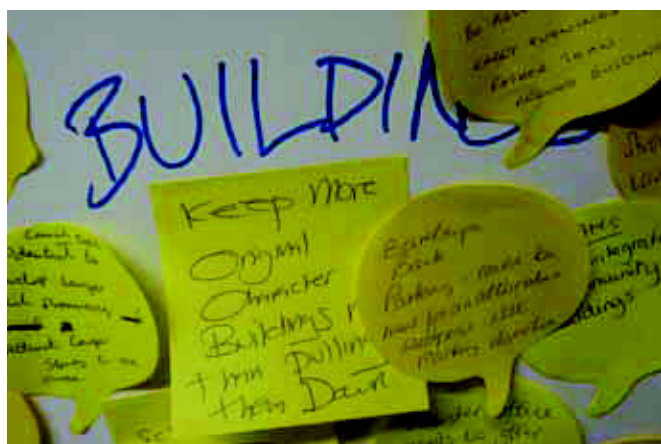
### PROGRAMME

|        |  |
|--------|--|
| 2.00pm | Welcome and registration   |
| 2.10pm | Introduction and project briefing<br>Steve Walker, Urban Practitioners |
| 2.30pm | Walking audit  |
| 3.30pm | Refreshments   |
| 3.40pm | Dreams workshop  |
| 4.00pm | Solutions workshop   |
| 4.50pm | Feedback and next steps  |
| 5.00pm | Close  |

Walking audit agenda

### Walking Audit Attendees

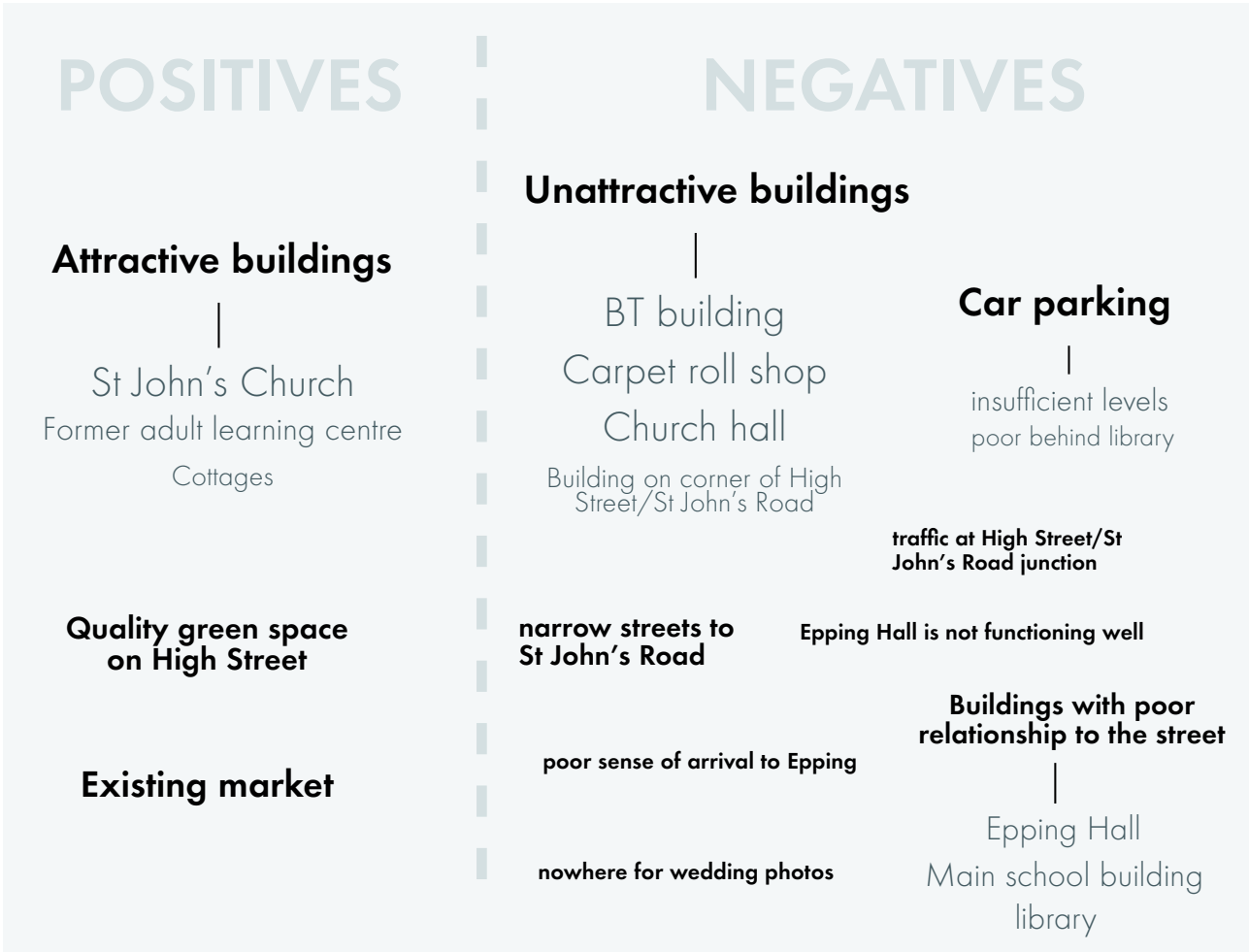
- Ken Avey - Epping Town Council
- Keith Binnie - Urban Practitioners
- Revd Geoffrey Connor - St John's Church
- Liz Crouch - Essex County Council
- Anna Dawson - Essex County Council
- Geoff Elgar - Essex County Council
- Anna Griffin - Urban Practitioners
- Cllr Anne Grigg - Epping Forest District Council
- Lizzy Haines - Epping Forest District Council
- Charles Harvey - Essex County Council Libraries
- Malcolm Hewines - CB Richard Ellis
- Grainne Nixon - Registration Service
- Ed Morgan - Lambert Smith Hampton
- Margaret Roberts - Registration Service
- David Sellings - Epping Forest District Council
- Cllr Alan Smith - Epping Town Council
- Peter Smith - Essex County Council
- Cllr John Spencer - Essex County Council
- Steve Walker - Urban Practitioners
- Ian Wallace - Epping Society
- Alan Warner - Epping Town Council
- Amanda Wintle - Epping Forest District Council
- Cllr Janet Whitehouse - Epping Forest District Council
- Cllr Jon Whitehouse - Epping Forest District Council
- Bob Whittone - Epping Town Council Clerk
- Vicki Willis - Epping Forest District Council



**Dreams Workshop Section of Walking Audit**

While on the virtual walk, and shortly after, participants recorded their perceived issues for the St John’s Road area and there dreams for how it should be improved. The two following word-clouds summarise the responses.

**Issues**



## Dreams

### Retain historic sense of area

#### Street environment

better use green space  
keep trees and plant more  
enhance setting to St John's Church  
pedestrianised areas  
more walking opportunity

### Make library visible from street

A two storey car park

#### Land use

community  
sports centre  
pavement cafés  
retail  
small business  
affordable and private housing

### A new town square

### A public garden

Retain old cookery school building

## Solutions Workshop Section of Walking Audit

The solutions workshop split attendees into three groups with each given a map on which to draw their own masterplan, the results of which are shown on the following pages.



### St John's Road Area | Development and Design Brief

**Priorities**

- = RETAIN
- = TO GO

Community uses should be an important part of any new scheme. Could it be a sports centre? Community Hall space is needed.

An Epping Museum?

Arts & culture

Ancillary service/community space needed e.g. CAB

Enhancing retail if possible - needs to strengthen the High Street. Discount food?

Anchor building?

Residential - sheltered housing. Shortage of family housing. Some flats, perhaps above ground floor uses.

Offices - some inclusion. A hotel.

Open spaces, Mature trees / leafy Epping. Pockets of public spaces.

Car parking needs to be addressed.

Epping Town Council | Epping Regeneration Company | CBRE | Epping Hall

Walking Audit | 6 February 2009 | Epping Hall

## St John's Road Area | Development and Design Brief

**Legend:**

- Must keep
- Can go if benefits justify
- Debated as to whether must keep

**Annotations on Map:**

- CHANGE IN LEVEL
- GREEN PUBLIC SPACE
- CIVIC LEISURE
- HOUSING RETAIL
- potential for underground car parking
- landscaped focal point
- route for new road
- MAKE MORE OF MARKET
- NO MERIT - REMOVE?
- "Centre of Epping!"
- open up around the church
- Pedestrianise(?)
- NEW TOWN SQUARE but unlikely to move buildings/shops
- Rumour that could be for sale - potential for change

**Priorities:**

- One large/group of civic/leisure building(s)
  - swimming pool / sports centre? / library / Epping Hall
- Integrate historic buildings
- Church setting
- Change in levels allow for underground parking
- A good mix of uses
- Housing/retail adds to vibrancy
- Avoid dead areas
- Registry office needs more attractive front for photos
- Re-use of historic buildings
- Maintain mature trees
- Plant more!
- Park & ride from edge of town

**Logos:** Epping Town Council, CBRE, etc.

## Walking Audit | 6 February 2009 | Epping Hall

## St John's Road Area | Development and Design Brief

**Annotations on Map:**

1. Community spaces - Uses - How they work together.
2. Library - remains in place - with improved access and frontage OR relocate as part of wider site strategy
3. Opening up access to site, consideration towards car parking
4. Underground car parking
5. Old Adult Centre - community hall / town hall building. Meeting rooms.
6. Pedestrianisation
7. Possible sports centre / leisure facility
8. Open space as focal point
9. Residential & commercial? small scale?

**Priorities:**

1. Community spaces - Uses - How they work together.
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8. Open space as focal point
9. Residential & commercial? small scale?

**Logos:** Epping Town Council, CBRE, etc.

## Walking Audit | 6 February 2009 | Epping Hall

# EXHIBITION

A public exhibition was held in March and April 2012. For the first month it was held in St John's Parish Church and for the second month it was held in Epping Library whilst a duplicate exhibition was displayed throughout the period in the Epping Forest District Council offices. The exhibition outlined the main issues facing the development brief area and included four options for how change could be realised. These options and the text from the exhibition are displayed on the facing page.

The exhibition was supported by a questionnaire. This was also available on-line with an electronic version of the exhibition available for download. A total of 826 responses were received, of which 462 were submitted as paper questionnaires or letters and 354 were submitted on-line through the council website.



Opening of the exhibition in St John the Baptist Church





## 1 // Retail-led option

A comprehensive approach to the site which could deliver significant new retail development including a food store. It also has the potential to integrate well with the High Street and to improve existing community facilities such as the library.



### Key features

1. Food store, with enclosed service yard to the north and decked parking at-grade with the store and below, taking advantage of the slope of the site
2. Retained former cookery school building providing opportunity for either commercial or community use, possibly as a new space for the Town Council
3. Centre Point building refurbished and opened up to create new arcade
4. Larger format retail with housing above
5. New high quality housing
6. Potential for future redevelopment of the telephone exchange site featuring new housing
7. New vehicle access from the High Street
8. New library building with commercial uses on the ground floor
9. Potential for future new office development
10. New link from the Baker's Lane car park, possibly including an element of parking
11. Potential for further new development, either commercial office space or residential
12. New commercial development suitable for cafes or boutique shopping and with residential development above fronting onto a new lane around the church
13. New church amenity building

### Our evaluation of this option:

We think this is a really strong option which could enhance the town centre retail offer and could help to improve facilities such as the library. It would create a good mix of uses as well as attractive new routes and spaces which would improve the setting of the church. This option is financially viable.

## 2 // Leisure-led option

An option which would deliver new leisure facilities to replace those on Hemnall Street as well as delivering a substantial area of new housing and some improvements to the community facilities and pedestrian network.



### Key features

1. New sports and leisure centre based around a refurbishment of the existing Epping Hall
2. Retained former cookery school building providing opportunity for either commercial or community use, possibly as a new space for the Town Council
3. Centre Point building refurbished and retained for community use
4. New high quality housing
5. Potential for future redevelopment of the telephone exchange site featuring new housing
6. New minor vehicle access from the High Street
7. Existing library building remodelled to create an entrance on the southeastern side where it can be visible from the High Street
8. New commercial development suitable for cafes or boutique shopping and with residential development above fronting onto a new lane around the church
9. New church amenity building

### Our evaluation of this option:

This option would provide new leisure facilities and bring some improvements to other community facilities. However, it would not add significantly to retail capacity of the town centre and the leisure centre element of the project would require the District Council to contribute several million pounds to the project, making the option unviable.

## 3 // Retail & leisure option

A composite approach which includes the potential for a new food store but also includes a new leisure centre. It includes the same proposals to create new links and public space around the parish church and to improve the library as option 1.



### Key features

1. Food store, with enclosed service yard to the north and decked parking at-grade with the store and below, taking advantage of the slope of the site
2. Retained former cookery school building providing opportunity for either commercial or community use, possibly as a new space for the Town Council
3. Centre Point building refurbished and opened up to create new arcade
4. New sports and leisure building with frontage onto the new square
5. Potential for future redevelopment of the telephone exchange site featuring new housing
6. New building creating frontage onto the High Street
7. New vehicle access from the High Street
8. New library building with commercial uses on the ground floor
9. Potential for future new office development
10. New link from the Baker's Lane car park, possibly including an element of parking
11. Potential for further new development, either commercial office space or residential
12. New commercial development suitable for cafes or boutique shopping and with residential development above fronting onto a new lane around the church
13. New church amenity building

### Our evaluation of this option:

Option three represents the most comprehensive package for the town centre in terms of activity and mix of use. However, the leisure centre element of the project would require the District Council to contribute several million pounds to the project, making this option unviable.

## 4 // Residential option

An approach which would be focused on delivering residential development with minimal retail/community facilities. This could be delivered as phases of development, allowing for the Epping Hall to remain in situ if desired.



### Key features

1. New high quality housing
2. Potential for a central space
3. Retention of the Centre Point building for community use
4. Establishment of a new pedestrian link into the site as a continuation of the existing lane

### Our evaluation of this option:

This option is financially viable. It is mainly high-quality new housing, and, although it is not expected to contribute significantly to the strength and vitality of the town centre, its impact on traffic is likely to be minimal. The site can be designed to respect the local historic character but it would not include the improvements around the Parish Church or the library. It would be expected to provide some limited community facilities.

### Questionnaire responses

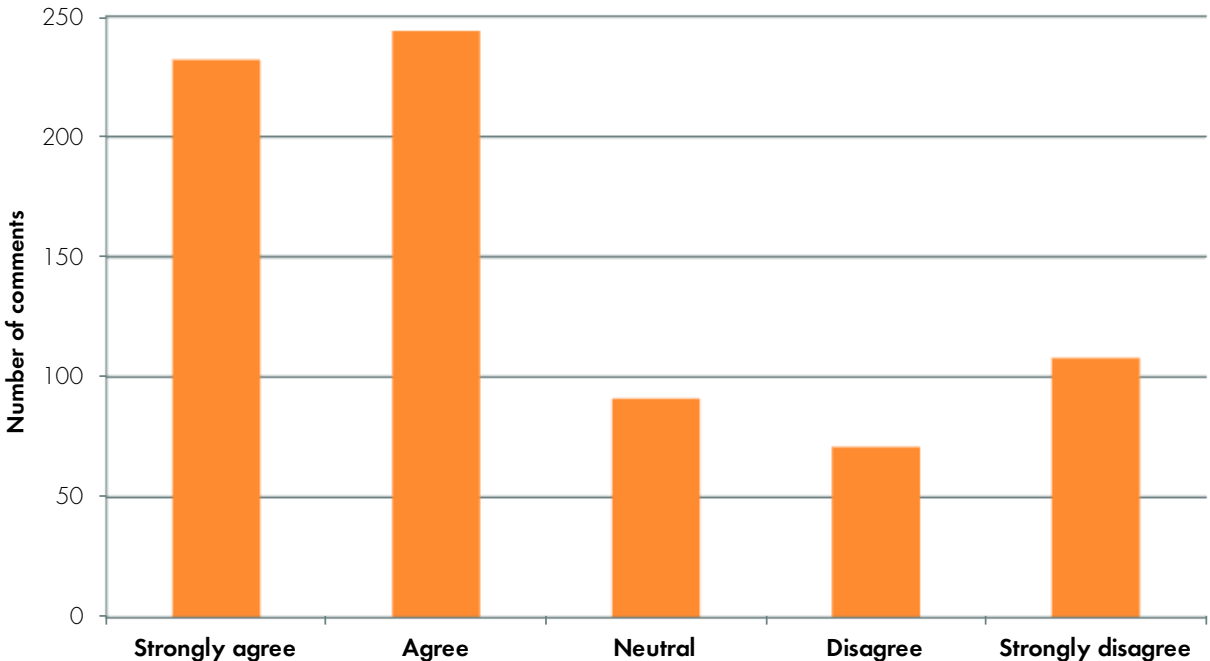
#### Question 1

The first question asked respondents whether they agreed with the core project principles which had been set out in the consultation material as follows:

- The development needs to be strongly integrated with the High Street and the rest of the town centre;
- The area should include a sustainable mix of uses and create high quality public streets and spaces;
- Any development should respect and complement the historic character and scale of the town centre with buildings of the highest quality; and
- The ideas for development should make the most of this once-in-a-generation opportunity for the town but should be practical, deliverable and affordable.

The responses provide a very strong positive feedback on this question, with 477 people either supporting or strongly supporting the principles whilst 178 people disagreed or strongly disagreed with the principles. 91 people indicated a neutral response and a further 80 people did not complete the question.

It is instructive to read the written comments which accompany the scores. These indicate that some people have rated the illustrative schemes in the exhibition rather than the core principles as the questionnaire asked. Many of the comments mention issues which do not relate to the principles given and so people may not have answered the question accurately.



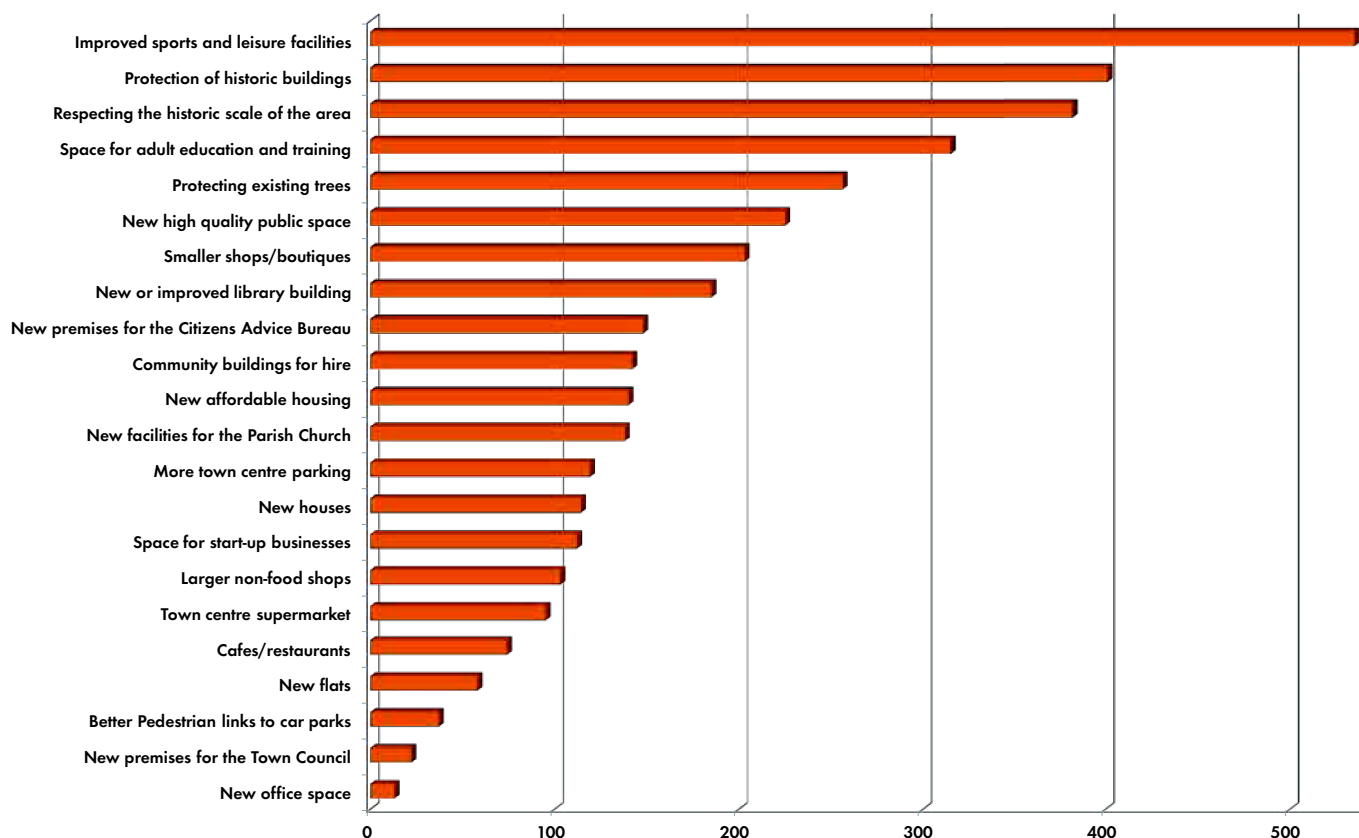
|             | Strongly agree | Agree | Neutral | Disagree | Strongly disagree |
|-------------|----------------|-------|---------|----------|-------------------|
| Paper:      | 69             | 136   | 68      | 58       | 81                |
| Electronic: | 163            | 108   | 23      | 13       | 27                |
| Total:      | 232            | 244   | 91      | 71       | 108               |

## Question 2

Question two asked people to tick five things from a long list to identify what they would consider the best for Epping town centre. The graph on the facing page shows how people responded to the question. The most common responses were:

- Provision of improved sport and leisure facilities in the town centre was the stand-out issue with 535 of all respondents ticking this option;

- Protection of historic buildings and respect for historic scale were the next two most selected issues with 401 and 382 votes respectively;
- Provision of space for adult education received a high response of 315 votes;
- Protecting existing trees and new high quality public space were the next two most selected issues with 256 and 225 votes respectively;
- Smaller shops / boutiques received 203 votes; and
- New or improved library received 185 votes.



|             | New office space | New premises for the Town Council | Better Pedestrian links to car parks | New flats | Cafes/restaurants | Town centre supermarket | larger non-food shops | Space for start-up businesses | New houses | More town centre parking | New facilities for the Parish Church | New affordable housing | Community buildings for hire | New premises for the Citizens Advice Bureau | New or improved library building | Smaller shops/boutiques | New high quality public space | Protecting existing trees | Space for adult education and training | Respecting the historic scale of the area | Protection of historic buildings | Improved sports and leisure facilities |
|-------------|------------------|-----------------------------------|--------------------------------------|-----------|-------------------|-------------------------|-----------------------|-------------------------------|------------|--------------------------|--------------------------------------|------------------------|------------------------------|---|----------------------------------|-------------------------|-------------------------------|---------------------------|--|---|----------------------------------|--|
| Paper:      | 8                | 14                                | 27                                   | 40        | 30                | 62                      | 60                    | 69                            | 71         | 82                       | 101                                  | 101                    | 88                           | 104   | 101                              | 94                      | 124                           | 161                       | 206                                    | 230                                       | 232                              | 278                                    |
| Electronic: | 5                | 8                                 | 10                                   | 18        | 44                | 33                      | 43                    | 43                            | 43         | 37                       | 37                                   | 39                     | 54                           | 44  | 84                               | 109                     | 101                           | 95                        | 109                                    | 152                                       | 169                              | 257                                    |
| Total:      | 13               | 22                                | 37                                   | 58        | 74                | 95                      | 103                   | 112                           | 114        | 119                      | 138                                  | 140                    | 142                          | 148   | 185                              | 203                     | 225                           | 256                       | 315                                    | 382                                       | 401                              | 535                                    |

### Question 3

Question three provided people with space to make their own comments on the plans. The responses have been analysed using a coding system to group similar comments together so that the key issues can be identified. The opposition to a new supermarket received by far the largest percentage of responses, as can be seen on the adjacent table and bar chart on the following page, which show the number of each coded response.

The other stand out responses were:

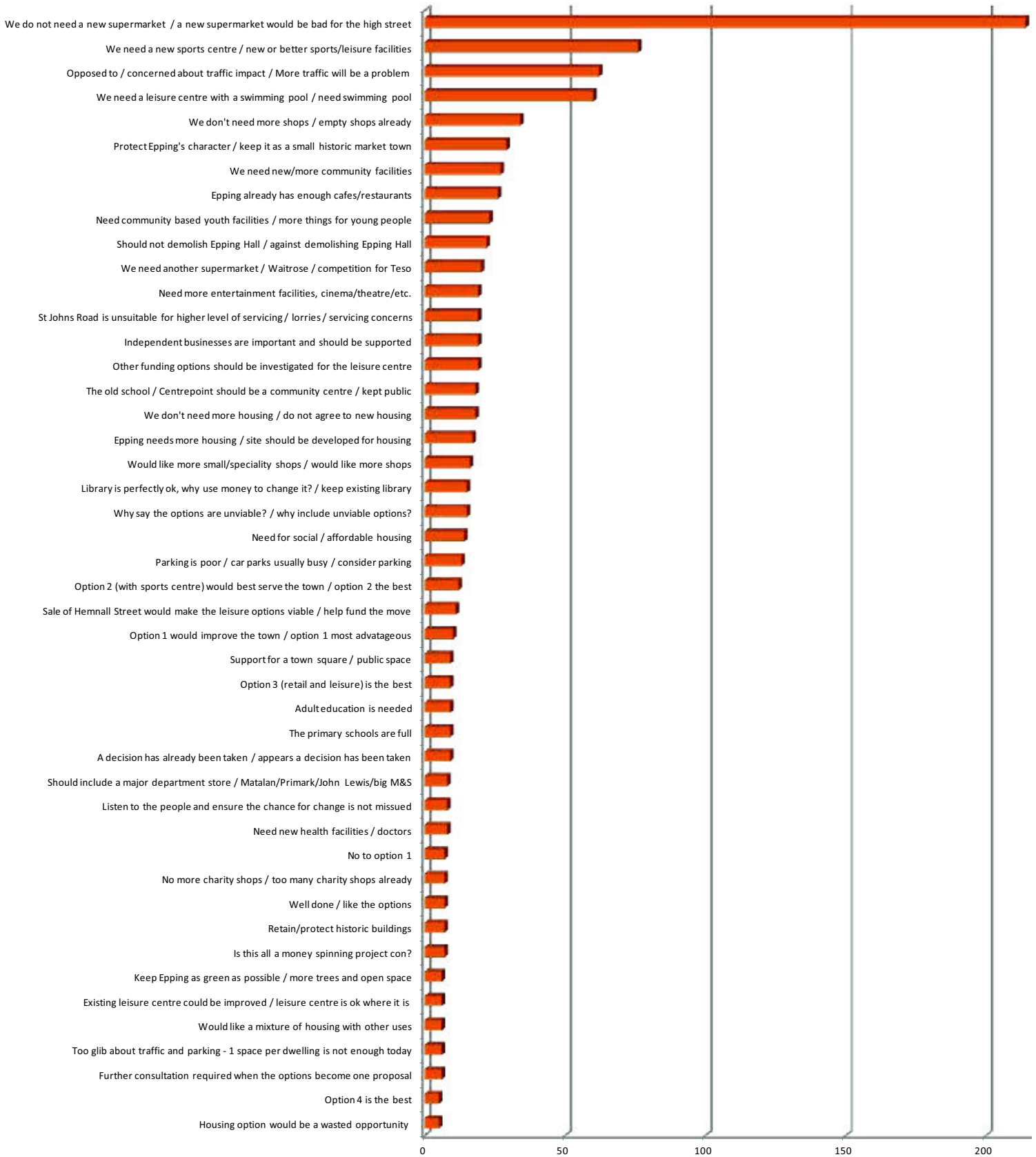
- The desire for a new sports centre and better sports/leisure facilities;
- Concern about traffic and the impact of new development; and
- The desire for a swimming pool.

Other responses which were received multiple times, but with less regularity than those above, include:

- That Epping has enough shops already and does not need more;
- That the character of Epping as a small historic market town should be protected;
- That more community based facilities are needed, particularly youth orientated ones;
- That Epping already has enough cafés and restaurants.
- That Epping Hall should not be demolished; and
- That a new supermarket is needed as competition to Tesco, with Waitrose referenced.

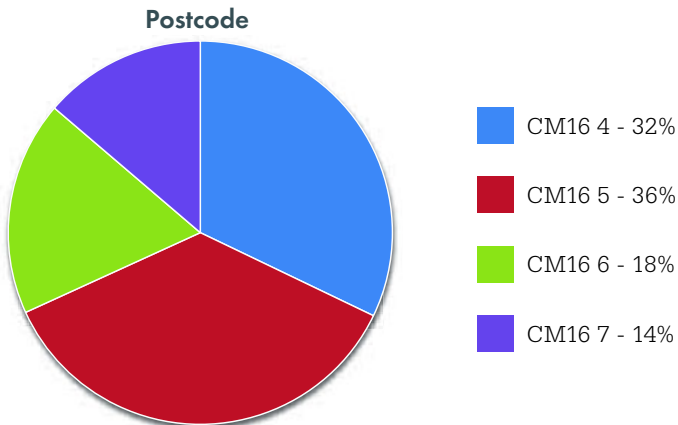
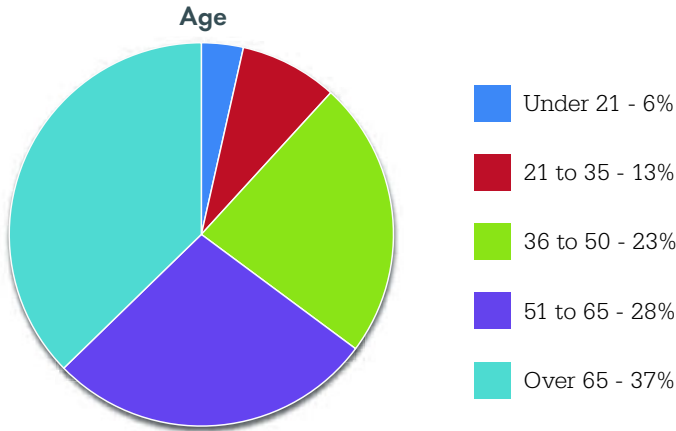
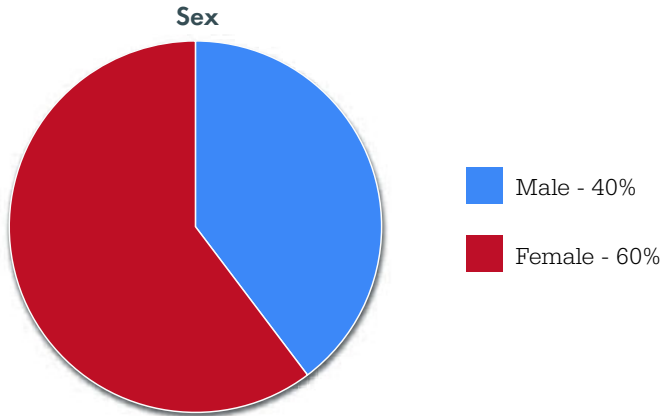
All responses received 5 times or more can be seen in the adjacent table.

| RESPONSE   | Number |
|--|--------|
| We do not need a new supermarket / a new supermarket would be bad for the high street    | 214    |
| We need a new sports centre / new or better sports/leisure facilities                    | 76     |
| Opposed to / concerned about traffic impact / More traffic will be a problem             | 62     |
| We need a leisure centre with a swimming pool / need swimming pool                       | 60     |
| We don't need more shops / empty shops already   | 34     |
| Protect Epping's character / keep it as a small historic market town                     | 29     |
| We need new/more community facilities  | 27     |
| Epping already has enough cafes/restaurants  | 26     |
| Need community based youth facilities / more things for young people                     | 23     |
| Should not demolish Epping Hall / against demolishing Epping Hall                        | 22     |
| We need another supermarket / Waitrose / competition for Tesco                           | 20     |
| Other funding options should be investigated for the leisure centre                      | 19     |
| Independent businesses are important and should be supported                             | 19     |
| St Johns Road is unsuitable for higher level of servicing / lorries / servicing concerns | 19     |
| Need more entertainment facilities, cinema/theatre/etc.                                  | 19     |
| We don't need more housing / do not agree to new housing                                 | 18     |
| The old school / Centrepoint should be a community centre / kept public                  | 18     |
| Epping needs more housing / site should be developed for housing                         | 17     |
| Would like more small/speciality shops / would like more shops                           | 16     |
| Why say the options are unviable? / why include unviable options?                        | 15     |
| Library is perfectly ok, why use money to change it? / keep existing library             | 15     |
| Need for social / affordable housing   | 14     |
| Parking is poor / car parks usually busy / consider parking                              | 13     |
| Option 2 (with sports centre) would best serve the town / option 2 the best              | 12     |
| Sale of Hemnall Street would make the leisure options viable / help fund the move        | 11     |
| Option 1 would improve the town / option 1 most advantageous                             | 10     |
| A decision has already been taken / appears a decision has been taken                    | 9      |
| The primary schools are full   | 9      |
| Adult education is needed  | 9      |
| Option 3 (retail and leisure) is the best  | 9      |
| Support for a town square / public space   | 9      |
| Need new health facilities / doctors   | 8      |
| Listen to the people and ensure the chance for change is not missed                      | 8      |
| Should include a major department store / Matalan/Primark/John Lewis/big M&S             | 8      |
| Is this all a money spinning project con?  | 7      |
| Retain/protect historic buildings  | 7      |
| Well done / like the options   | 7      |
| No more charity shops / too many charity shops already                                   | 7      |
| No to option 1   | 7      |
| Further consultation required when the options become one proposal                       | 6      |
| Too glib about traffic and parking - 1 space per dwelling is not enough today            | 6      |
| Would like a mixture of housing with other uses  | 6      |
| Existing leisure centre could be improved / leisure centre is ok where it is             | 6      |
| Keep Epping as green as possible / more trees and open space                             | 6      |
| Housing option would be a wasted opportunity   | 5      |
| Option 4 is the best   | 5      |



**Question 4**

Question 4 collected demographic data from the respondents. It was split by sex, age and postcode. The data is provided in the charts below.



## Youth workshop

In addition to the exhibition a youth workshop was held in The Box on Epping High Street. This was held over two hours during the time that many young people use the facility after the school day.

Young people were asked what they would like to see on the Development Brief site. Responses include:

- A football pitch with astroturf and the facilities required for a football academy;
- A bigger and better skate park;
- National restaurant chains (McDonalds, Burger King and KFC);
- National high street retail outlets (JD Sports, HMV, Vans, Primark, etc.);
- A larger youth centre;
- A college;
- Housing;
- A swimming pool; and
- A bowling alley/cinema.

## Conclusions

The public consultation identified a number of key themes:

- There are significant concerns about the provision of a new food store on the site, including concerns about scale and bulk, parking, traffic impact and impact on the High Street. Conversely, there would be a greater level of support for small shops or a department store.
- There is strong support for improved sport and leisure provision in the town centre, potentially as a replacement for the Hemnall Street leisure centre. Other leisure uses which have been suggested include a cinema.
- There is strong support for an approach which protects the historic character and scale of the area and which retains the green space and mature trees on the High Street.
- There is a desire expressed for improved community facilities in the town centre and particularly for the inclusion of facilities for adult education and an improved/redeveloped library.
- The proposals accommodate and facilitate the proposed developments being planned by the Parish Church;
- Clear guidance is given on the acceptable scale and massing of any new development, with particular reference to the historic character of the town centre; and
- The potential for housing development is noted, although it is clear that this should not be the predominant ground floor use on key frontages given the town centre location.

In response to this and the rest of the consultation responses the brief takes the following approach:

- There is provision for leisure uses to form a key part of any development proposals, both in terms of sports and leisure use and also in terms of commercial leisure such as a cinema;
- The policies note that retail uses could be included on the basis that they are well connected with the High Street and form a complementary rather than competing offer;
- The potential for community uses including adult education is noted, and potential options identified for the library building to either be redeveloped or remodelled to enhance links with the town centre;







# St John's Road Epping

design and development brief consultation 2012

## Traffic impact note

*This note explains the technical work which has been done to support the design of options for the St John's Road Area. It should be read in conjunction with the main exhibition.*

As part of the work on the options for the St John's Road area, Epping Forest District Council has commissioned transport consultants to look at the potential impact of any development on the surrounding road network. We want to be sure that the options which are being considered do not add significantly to the existing traffic in the town centre which is already busy at peak periods.

Our consultants have prepared a computer simulation of the traffic flows around the key junctions including the pedestrian crossings and showing both vehicle and pedestrian movements. The data to build this model was recorded using a combination of video cameras and members of the survey team.

We chose peak days and times for the survey, including Monday market days, weekday afternoon peak periods and a Saturday. All the data was gathered in a normal term-time week to make sure it was typical of the patterns we normally see in the town centre. We also made sure that it didn't take place whilst there were road-works or other abnormal delays. These are the days and times of our survey work:

- Monday 11 July 2011, 7.00am – 11.00am;
- Thursday 14 July 2011, 2.00pm – 10.00pm;
- Friday 15 July 2011, 2.00pm – 10.00pm;
- Saturday 16 July 2011, 10.00am – 4.00pm; and
- Monday 18 July 2011, 6.00am – 12.00pm.

From this work we identified the following periods as the busiest hours of traffic movement to be modelled in our simulation:

- Monday 11 July 2011, 8.15am – 09.15am
- Friday 15 July 2011, 5.30pm – 6.30pm
- Saturday 16 July 2011, 12.15pm – 1.15pm

The potential impact of new development is calculated on the basis of the types and size of the proposed buildings and the quantity of parking associated with them. The traffic characteristics of the new development is set out in standard professional databases used for this work, based on analysis of previous experience. We also factored in the likely traffic growth that Epping could expect even without the development of this site, using 2015 as the date for our simulation of the potential traffic flows.

A number of development options have been proposed for the site. In order to test the potential impact of development in traffic terms we have taken the one with the heaviest traffic load to test a worst-case scenario. This includes the potential for a food store with a new mini-roundabout junction accessing the High Street.

As could be expected with any kind of development, the computer model shows that there is likely to be some increase in journey times as a result of the development. A journey south along the High Street at peak hours might be two to three minutes longer than at present. However, this is considered to be small enough to be acceptable in a town centre location like this and it is important to note the following points:

- This model is designed to test the worst case scenario – the busiest times with the most significant impact. Even in this situation, the likely increase in travel times is within acceptable limits. However, the development options would be unlikely to normally have this much impact;
- One of the reasons for the potential increase in travel times is the increased pedestrian traffic using crossings. This indicates that we could expect a higher footfall to and from the town centre as a result of the development, contributing to the vitality of the town centre – this is good for business;
- The computer model makes no allowance for the fact that many people will chose to vary their journeys if they are finding they are regularly caught up in congestion. This is known as ‘peak-spreading’ and includes people using alternative routes or changing the times of their regular journeys such as shopping trips;
- The access solution we have designed is the best one available for the proposed development at the site. We have considered other options for getting access into and out of the site and they would have a more significant impact (in both safety and capacity terms) on the traffic and could also affect locally listed buildings.

## ***Report to Council***

***Date of meeting: 27 September 2012***

**Subject: Overview and Scrutiny report to Council – September 2012**

**Contact for further information: Cllr R Morgan**

**Committee Secretary: Adrian Hendry, ext.4246**



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### **Recommendation:**

**That the Overview and Scrutiny progress report from July 2012 to the present be noted.**

### **Report.**

#### **Overview and Scrutiny Committee Meeting – 4 September 2012.**

1. At our meeting on Tuesday, 4 September 2012, we had a most interesting and informative presentation from Paul Thompson the Superintendant of Epping Forest on the management and the future development of the forest and its facilities. We also had there Judy Adams, the Chairman of Friends of Epping Forest. She gave a short talk on what they did and how they fitted in with the Corporation of London's work in managing the forest. This was followed by a very fruitful question and answer session.

2. We next considered our work programme and a request by Councillor James Hart to review the Licensing Sub Committee, with a view to holding evening meetings and also having them area based. The Committee broadened this out to hold a more general review of the way the licensing system was handled by this authority and agreed to establish a Task and Finish Panel to handle the work. They also agreed that Councillor Penny Smith be appointed Chairman. Two other members volunteered to serve on the Panel; they were Councillor James Hart and Councillor Philip. An item has been put in the Members Bulletin asking if any other member would like to nominate themselves to be part of this Panel.

3. We then reviewed the Cabinet agenda for its meeting on 10 September but there were no specific items that our committee wanted to be brought to their attention except to say that they welcomed that progress was finally being made on the waste management depot at North Weald.

4. The Committee also considered three reports from the Constitution and Member Services Standing Scrutiny Panel. The first report was on Article 11 of the Audit and Governance Committee and alterations to their terms of reference. The Committee made some amendments to the report and the recommendations before it went on to the 27 September Council meeting. We then considered a report on the

Members Complaints Panel and their limits of jurisdiction which we approved without any changes. And finally we considered a report on Substitutions at Meetings, where with one minor amendment we also endorsed the report.

## ***Report to the Council***

**Committee: Constitution and Member Services Scrutiny Standing Panel**

**Date: 27 September 2012**

**Subject: Audit and Governance Committee – Review of Constitution Article 11**

**Chairman: Councillor M Sartin**

**Item: 13**

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### **Recommending:**

**(1) That the following alterations to the terms of reference of the Audit and Governance Committee as set out in Article 11 of the Constitution be approved:**

**(a) removal of the requirement for the three seats for councillors on the Committee to be allocated according to pro rata rules;**

**(b) inclusion of new membership requirements for the three Councillor seats, namely:**

**(i) that the seats should be allocated so they are not all drawn from one political group and are also open to Councillors who are not affiliated to any political group;**

**(ii) that the three Councillors concerned should be appointed on the basis of experience, aptitude and interest on the recommendation of the Council's Appointments Panel;**

**(iii) that formal attendance standards be operated in respect of the three Councillor members when re-appointment is under consideration by the Council's Appointments Panel;**

**(iv) that the Chairman and co-opted members of the Audit and Governance Committee be consulted informally about the appointment or re-appointment of Councillors at the appropriate time;**

**(c) appointment of the Chairman and Vice Chairman to be the responsibility of the Committee rather than the Annual Council meeting;**

**(d) the offices of Chairman and Vice Chairman of the Committee to be open to Councillors or co-opted members on an equal basis provided that where the Chairman is a Councillor, the Vice Chairman shall be one of the co-opted members and vice versa;**

**(e) co-opted members of the Committee to be subject to the same informal attendance and performance standards as apply to Councillor members of the Committee during their terms of office as set out in paragraph (b)(iii) above;**

**(f) co-opted members to serve for overlapping terms of three years subject to the following conditions:**

**(i) a maximum of two consecutive three year terms as of right subject to the attendance review set out in (e) above on an annual basis; and**

**(ii) re-appointment for a third and fourth term to be allowable subject to success in open competition following a public advertisement at the conclusion of the second three year term;**

**(g) determination of starting dates for the new three year terms of office for the existing co-opted members to be delegated to the Audit and Governance Committee;**

**(2) That the revisions to Article 11 of the Constitution relating to the Audit and Governance Committee (as set out in Appendix 1 to this report) be recommended to the Council for adoption and publication in the Constitution; and**

**(3) That the attention of the Council be drawn to the legal requirement under the Local Government and Housing Act 1989 for the adoption of recommendation (1)(a) above to be approved with no member of the Council voting against.**

**Report:**

### **Introduction**

1. On 16 July 2012 the Constitution and Member Services Scrutiny Standing Panel discussed Article 11 of the Constitution, regarding the Audit and Governance Committee (AGC). The Constitution of the Audit and Governance Committee is set out in Article 11 of the Constitution. Previously, the Panel were asked to look at the question of whether Portfolio Holder Assistants should be able, in view of their links with Cabinet responsibilities, to serve as members of the Audit and Governance Committee. The Panel submitted proposals on this subject a few months ago and these were adopted by the Council.

2. As part of our consultations with the Audit and Governance Committee over the position of Portfolio Holder Assistants, the Committee also indicated a wish to look at the operation of Article 11 as it is now some years since the Audit and Governance Committee was first established. With this in mind, the then Chairman of this Panel together with the Assistant to the Chief Executive and other officers attended a meeting of the Audit and Governance Committee in order to establish the points which that Committee wished us to review.

3. This report is a result of the Panel's consideration of the Audit and Governance Committee's ideas and we were assisted in this process by having the Chairman of the Audit and Governance Committee as a member of the Constitution and Member Services Scrutiny Standing Panel and by the attendance of Mr R Thompson, one of its co-opted members at the Panel meeting. The subjects covered in our review are set out below.

### **Balance between Councillor & Independent Members on the AGC**

4. The first matter which we discussed and was the balance between co-opted



members and Councillors on the AGC. The Panel were asked to consider whether, bearing in mind the independent nature of the audit function, there should be a majority of co-opted members on the Committee. AGC told the Panel that they were not necessarily opposed to a change in the balance of membership but felt that the independence required was not a matter of political or non-political affiliation but depended on the personal integrity of Councillors and co-optees alike to be open minded, objective and constructive.

5. Neither the Panel nor the AGC could call to mind any instance where political sympathies had come into a debate and therefore we concluded that there was no case for changing the balance of membership.

### **Number of AGC Members**

6. The Panel next considered the number of AGC members. AGC was happy with the present number but emphasised that as there were only a total of 5, there was a need for all to play a full part and show a good attendance record. The Panel agreed with AGC that the number of members was correct and supported their comments about the need for a full and active involvement and attendance by its members. In consultation with AGC members, the Panel were attracted to the idea of setting informal attendance and performance standards to address the importance of full involvement in a small Committee. The Panel also have reservations about increasing the number of members in that the importance of an informed and focussed approach is in the Panel's view better served by a small and involved membership.

7. The Panel therefore made proposals in our revisions to Article 11 for an informal attendance and performance standard to be introduced, both for Councillors and the co-opted members. The Panel are proposing that there should be an opportunity for the co-opted members to comment on these matters to the Appointments Panel which deals with various Committee appointments each May. Our view is that if Councillors or co-opted members cannot give the necessary commitment, we think the Appointments Panel should have the opportunity to deal with any concerns when dealing with appointments.

### **Independence of the AGC**

8. AGC was concerned about the public perception of their role as part of an independent audit function. They expressed concern to us about the way in which the appointment system for the three Councillor seats currently operates. The Panel were advised that this is dealt with under the pro rata provisions of the Local Government and Housing Act 1989. AGC favoured a new system which did not rely on the pro rata procedure, and, instead gave more weight to experience, aptitude and interest. They felt that this would be the best way of achieving the levels of attendance and involvement that the work of the Committee demands. The Panel agreed that the pro rata process could result in appointment of Councillors to the AGC being purely on the basis of filling political group entitlements and this could be seen as a risk factor for the effectiveness of that Committee.

9. The Panel are recommending that Article 11 should be amended so that the three Councillors will be appointed on the basis of their personal qualities rather than by simply relying on pro rata entitlements. In making this recommendation, the Panel have been asked to stress both to the Overview and Scrutiny Committee and the Council that waiving the pro rata requirement on these appointments will require no member of the Council to vote against. If a member votes against the proposal to

waive pro rata, our proposal would fall. The Panel are asking the Committee and the Council to bear this in mind in considering this report

### **AGC Chairman and Vice Chairman**

10. The Panel have reviewed the way in which the Chairman and Vice Chairman of the Committee are appointed. Currently both are appointed by the Council. There is also a rule which requires that the Chairman must be a Councillor and the Vice Chairman must be one of the co-opted members. AGC also felt that there was no clear reason why the Chairman should not be an co-opted member and, by the same token, that there was no real reason why the Vice Chairman should not be a Councillor. The Panel also felt that the Council should avoid both the Chairmanship and Vice Chairmanship being held by a Councillor or co-opted member.

11. Members discussed whether it would be preferable for the Chairman and Vice Chairman to be appointed by the Committee itself at its first meeting each year rather than at the Annual Council. The Panel favour the former as this would emphasise the independence of the Committee, particularly as it could permit an independent member to be Chairman. The Panel are therefore proposing an amendment to Article 11 with this in mind.

### **Separation of the Audit and Governance Functions**

12. The Panel looked at whether there were advantages in separating the audit and governance roles of AGC into separate Committees. At an earlier stage, the Panel carried out a survey of the practice of other Councils in Essex. The Panel also bore in mind that the Government's proposals for statutory Audit Committees are still under consideration in Parliament. Although some Councils have separate Committees for some or all these responsibilities, none of them really convinced the Panel that there was a case for this kind of change.

13. AGC members doubted that there was a sufficient workload to justify two committees, that such a system would add to costs and require the recruitment of additional co-optees. The Panel support their view and think that the present linkage between audit and governance is operating well and should not be changed until the Council has to review this in the light of statutory changes which the Government is planning.

### **Co-opted Members – Terms of Office**

14. There was a concern that currently there is no restriction on the number of terms of office which can be undertaken by co-opted members. It is usual to set some kind of limit on the number of terms of office to ensure that the independent membership is "refreshed" over time. AGC suggested to us a three year term of office and that any co-optee should serve a maximum of two such terms as of right. The question arose about the third or fourth term and the Panel have concluded that there should be allowable under Article 11 but only if the person concerned is successful after external competition takes place. Thus each co-opted member would submit themselves to public competition after each period of two three year terms.

15. There are two co-opted members at present and if our recommendation is accepted, the Panel recommend that their terms of office should be made to overlap to ensure that if one of them was to leave, continuity would be achieved through the other co-opted member.

The Panel are proposing that the Audit and Governance Committee itself should consider how the terms of office of the two existing members can be made to overlap in future years.

#### **Article 11 – Proposed Amendments**

16. The Appendix sets out the proposed revisions to Article 11. This are indicated in bold type and underlined. If the Overview and Scrutiny Committee support these proposals, they should report to the Council recommending adoption of the changes before they are published in the Constitution.

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## **ARTICLE 11 - AUDIT & GOVERNANCE COMMITTEE**

### **11.1 Title**

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

### **11.2 Purpose**

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

### **11.3 Authority**

The Committee is authorised by the Council to:

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

### **11.4 Role and Responsibilities**

The Audit and Governance Committee will have the following roles and functions:-

- (a) To consider the effectiveness of the Council's Risk Management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements.
- (b) To seek assurances that action is being taken on risk related issues, identified by Auditors and Inspectors.
- (c) To be satisfied that the Council's Assurance Statements, including the Statement on Internal Control, properly reflect the risk environment and any actions required to improve it.
- (d) To agree the Council's Internal Audit Strategy Plan, Annual Audit Plan and monitor performance against all associated plans.
- (e) To review summary Internal Audit reports and the main issues arising and seek assurance that action has been taken where necessary.
- (f) To receive an Annual Report from the Chief Internal Auditor.
- (g) To ensure that there are effective relationships between External and Internal Audit, Inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
- (h) To review financial statements, including the Council's Statement of Accounts, External Auditor's opinion and reports to Members, and monitor management action in response to the issues raised by External Audit.
- (i) Review, and challenge where necessary, the actions and judgements of Management, in relation to the Council's Statement of Accounts, paying particular attention to:
  - (i) critical accounting policies and practices, and any changes to them;
  - (ii) decisions requiring a major element of judgement;

- (iii) the extent to which the financial statements are affected by any unusual transactions in the year and how they are disclosed;
  - (iv) significant adjustments resulting from the audit; and
  - (v) any material weakness in internal control reported by the Internal or External Auditor.
- (j) Consider other reports of External Audit and inspection agencies, which are relevant to the functions of the Committee.
  - (k) Briefing meetings for members of the Committee will be held as and when necessary separately and at least once a year with the External Auditor and Chief Internal Auditor.
  - (l) To consider performance and best value issues to the extent that they relate to the audit and control environment and risk management issues of the Council.
  - (m) To be responsible for the scrutiny of the Council's Treasury Management Strategy, including consideration of mid financial year and outturn reports.

#### **11.5 Membership and Terms of Office**

- (a) The Committee shall comprise 5 members, including 3 Councillors and 2 co-opted members.
- (b) **All Councillors serving as** members of the Committee shall be appointed at the Annual Council meeting of Epping Forest District Council for a term of office of one year and shall be eligible for re-appointment for further terms of office.
- (c) **Co-opted members shall serve for a period of 3 years from appointment. A co-opted member may serve for a total of two such terms as of right but may be considered for two further three year terms, provided he or she is successful after open competition following public**

**advertisement. Re-appointment for further terms shall be subject to satisfactory attendance.**

~~(e)~~(d) Casual vacancies for members of the Committee who are Councillors which occur shall be filled at the next ordinary Council meeting (but not an extraordinary meeting) with a term of office expiring on the date of the next Annual Council meeting.

## **11.6 Eligibility for membership**

### **(a) Councillor members**

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

A Portfolio Holder Assistant (other than any Assistant involved in any portfolio dealing primarily with the Council's finances) appointed by the Leader of the Council shall be eligible for appointment to the Committee.

**Appointment of Councillors shall be made on the basis of evidence of the aptitude, experience or interest and for this purpose the normal rules for pro rata appointments shall not apply.**

### **(b) Co-opted members**

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



## 11.7 Chairman and Vice Chairman

(a) The Chairman and Vice Chairman of the Audit and Governance Committee shall be appointed at the first meeting of the Committee in each Council year. ~~each annual meeting. of the Epping Forest District Council from the District Councillors appointed as members of the Committee~~ for an ~~initial~~ term of one year expiring on the date ~~next annual Council meeting but will be eligible for reappointment for further terms of office.~~ of the first meeting of the Committee of the next Council year.

(b) Casual vacancies in the position of Chairman and Vice Chairman shall be filled in the same way as required in respect of members of the Committee (see paragraph 11.5 (d) above).

(d) Both Councillors and co-opted members serving on the Committee shall be eligible for appointment to the office of Chairman and Vice Chairman.

(e) Where the Chairman of the Committee is a Councillor, the Vice Chairman will be appointed from among the Co-opted members. Where the Chairman is one of the Co-opted members, the Vice Chairman shall be a Councillor.

(f) The Chairman and Vice Chairman shall be eligible for re-appointment.

## 11.8 Meetings of the Committee

(a) The Committee shall meet at least four times each year.

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

(c) The Committee shall be entitled to require any Member, Heads of Service, their representatives or any other officer to attend their meetings in

order to discuss any matters under discussion including the annual audit programme.

### **11.9 Quorum**

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

### **11.10 Decision Making**

(a) Only the Councillors and co-opted members serving on the Committee shall be entitled to vote.

(b) All members of the Committee shall be entitled to all documents advice and facilities relevant to their membership of the Committee, regardless of their status as either a Councillor or Co-opted member.

### **11.11 Other Requirements**

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

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

**(c) Members of the Committee should seek to attend all meetings of the Committee unless there are exceptional circumstances which prevent this.**

(d) All members of the Committee should ensure that they participate fully in any training designed to assist them in their responsibilities as members of the Committee. Similarly all members should act on appropriate advice and other information supplied by the Council to improve their effectiveness.

Z:/C/WILLETT/N2012/ARTICLE 11 – AUDIT AND GOVERNANCE COMMITTEE

## ***Report to the Council***

**Committee: Constitution and Member Services Scrutiny Standing Panel**

**Date: 27 September 2012**

**Subject: Members Complaints Panel – Limits of Jurisdiction**

**Chairman: Councillor Mrs M Sartin**

**Item: 13**

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### **Recommending:**

- (1) That revisions to the limits of jurisdiction of the Complaints Panel be approved; and
  - (2) That a report be submitted to the Council recommending that Annex 1 (section 1) to the Terms of Reference of the Complaints Panel be amended as set out in paragraph 3 and published in the Constitution.
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1. At the Constitution and Member Services Scrutiny Standing Panel on 16 July 2012 the Members discussed the limits of jurisdiction for the Member Complaints Panel.
2. The Member Complaints Panel (CP) is responsible for considering complaints at Step 4 in the Council's complaints procedure. Certain types of complaints already fall outside the jurisdiction of the Panel and cannot therefore be considered at Step 4. These limits are published on page C23 of the Constitution as an annex to the terms of reference of the Complaints Panel.
3. These exclusions are:
  - (a) a complaint about a situation which arose more than 12 months before it was brought to the attention of the Council (unless new information has since been identified which would justify a further review of the complaint);
  - (b) where an alternative and formal right of appeal exists (e.g. Planning Appeal; Housing Appeal; Benefits Tribunal) and for which the complainant failed to exercise his/her right to appeal within the specified timescale, or has not yet appealed, or has already made such an appeal;
  - (c) matters which would best be dealt with by the Courts, e.g. Human Rights issues;
  - (d) matters which would affect the majority of the people in the Epping Forest District, e.g. a complaint that "the Council Tax is too high";
  - (e) complaints for which a resolution could only be achieved through a change in the law, or a change in the policies of another organisation;

- (f) complaints about policies currently subject to a review, or about matters for which it has already been agreed that a policy needs to be reviewed or formulated. (Note – this exclusion does not preclude the consideration of a complaint about the way a policy has been administered, e.g. an allegation that a policy had been administered unfairly, or that the Council had fettered its discretion);
- (g) complaints about the frequency of delivery, or the level of a service which is subject to contract conditions (again, a complaint about the way a contract service has been delivered could still be considered by the CP);
- (h) where the customer elects to pursue legal action as a means of determining their complaint. (Note – this would not preclude the CP considering non-legal elements of a complaint, e.g. an allegation of unreasonable delay by the Council in undertaking a statutory or agreed course of action);
- (i) if, at Step 1, 2 or 3 in the complaints procedure, the complainant has already been offered the maximum remedy that the Complaints Panel is empowered to offer;
- (j) when there is no evidence that the complainant has suffered any harm or injustice even if there has been administrative fault by the Council;
- (k) if, at Step 1, 2 or 3 in the complaints procedure, the complainant has already accepted the proposed remedy and has formally confirmed that he or she has done so in full and final settlement of all of his or her complaints;
- (l) if, by going to Step 4, the complainant would then be left with insufficient time to subsequently submit a complaint to the Local Government Ombudsman within the Ombudsman's 12 month time limit;
- (m) if the complaint has already been determined by the Local Government Ombudsman.

#### **Further Exclusions**

4. In light of some complaints that were considered during 2011-12 the Panel recommend that the following additional exclusions be applied:

- (n) **Where a complainant's claim for financial compensation or reimbursement has already been considered but rejected by an independent body which has the legal authority to determine such claims.**

**Reason:** the Panel feel that the decisions of independent bodies (the courts; Land, Benefits and Rent Tribunals; insurers) take precedence over decisions of the Council so cannot be overturned by officers or Members.

- (o) **Where the complainant disagrees with a decision made by the Council but has neither suggested nor provided any evidence that there was any administrative fault in the way that decision was made.**

**Reason:** the Panel's view is that both the Council's complaints procedure and that of the Local Government Ombudsman can only determine if there was any administrative fault in the **way** a decision was made. For example, a failure to

consider relevant information; a failure to consult; unreasonable delay etc. If no administrative fault is found, the Ombudsman is not able to consider the merits of the decision, however strongly the complainant disagrees with that. The Council's complaints scheme is modelled on that of the Ombudsman. The Panel feel that this additional restriction would bring the Council's complaints scheme into greater accord with that of the Ombudsman.

**(p) Where the only remedy requested by the complainant is financial in nature and the amount requested is less than £150.**

Reason: The minimum cost of a Step 4 review meeting is around £200 (Chairman's special allowance; Members' mileage costs, printing of documents etc). This cost can significantly increase if the meeting extends past 7.00 pm as officers would then also be entitled to an attendance allowance. We therefore feel that it is not cost effective to convene a Step 4 review if the remedy requested by the complainant is for less than £200. However an amount of £150 is recommended in order not to fetter the Council's discretion in determining whether such cases should proceed to Step 4.

5. Members are asked to note that, if complainants feel they have been wrongfully denied a Step 4 review, he or she is entitled to make that complaint to the Local Government Ombudsman.

### **Conclusions**

6. The Panel feel that these exclusions will assist in ensuring that Complaints Panel hearings can concentrate on complaints which have not been settled through the complaints procedure at officer level and avoids the Panel's time being taken up with repetitive complaints which have been dealt with previously, are vexatious or are trivial in terms of the redress which is actually available.

### **Next Steps**

7. If the Committee accepts these recommendations, the Council should be recommended to make the relevant alterations to the Constitution.

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## ***Report to the Council***

**Committee: Constitution and Member Services Scrutiny Standing Panel**

**Date: 27 September 2012**

**Subject: Substitutions at Meetings**

**Portfolio Holder: Councillor Mrs M Sartin**

**Item: 13**

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### **Recommending:**

**That Operational Standing Order 14 (Non Executive Bodies) be amended as shown in the Appendix to this report as follows:**

- (a) by deleting existing paragraphs 14 (1) and (3);**
  - (b) by re-numbering existing paragraph 14 (4) as paragraph (1); and**
  - (c) amending paragraph 14 (2) to read as shown in the Appendix.**
- 

1. The District Council's Constitution allows for substitutes to be nominated for Committees, Sub-Committees, Panels, Boards and Groups (Operational Standing Orders – Non Executive Bodies (14) attached as an Appendix.

2. Following a request from the Overview and Scrutiny Committee on 11 April 2011, the Constitution and Member Services Scrutiny Standing Panel on 2 June, discussed the process of making substitutions for the Overview and Scrutiny and District Development Control Committees.

3. The Panel recommends that the procedure be amended to allow for substitutions to be made up until 30 minutes before the commencement of the meeting concerned. However, the Overview and Scrutiny Committee, on 12 July, amended this to allow substitutions to be made up until 60 minutes before the meeting. This amendment was adopted by the Council on 26 July 2011. Our recommendations that a review of this process take place in a year's time, was also accepted.

4. At the Constitution and Member Services Scrutiny Standing on 16 July 2012, members discussed the review of the substitution process and felt satisfied with the current procedures. It was advised that use of the generic email address, "Democratic Services" for Group representatives for notifying officers at Democratic Services of substitutions, had not always been used by group representatives.

5. The Panel recommends that Operational Standing Order 14 – Non Executive Bodies should be amended as present paragraphs 1 and 3 were, it is felt, no longer needed, it should be for the Chief Executive to undertake these tasks. With this in mind paragraph 14(2) has been re-worded to set out the duties of the Chief Executive and the circumstances under which he can act.

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**OPERATIONAL STANDING ORDERS – NON-EXECUTIVE BODIES**

**14. Appointment of Substitute Members of Committees, Sub-Committee, Panels, (inc. Overview and Scrutiny Standing Panels), Boards and Working Groups**

- (1) A Leader, Deputy Leader or other appointed member of a political group shall be authorised to nominate to the Assistant to the Chief Executive substitute members from that group in respect of any committee, sub-committee, panel, board or working group of the Council, subject to the following conditions:
  - (i) notice being given to the Assistant Director Democratic Services by not later than 60 minutes before the commencement of the meeting concerned.;
  - (ii) any political group member so appointed shall be notified to the Assistant Director Democratic Services at the beginning of each Council year;
  - (iii) the substitution notification deadline shall be included on every agenda where substitution is permitted under the Council's Constitution.
- (2) It shall be competent for the Chief Executive, in circumstances where a political group notifies that a Councillor from that group will be temporarily unable to attend a Committee for a period of 8 weeks by reason of serious illness or other incapacity, to approve a substitute member and to report to the Council on action taken.



## ***Report to the Council***

**Committee:** Cabinet

**Date:** 27 September 2012

**Subject:** Call-In and Urgency - Data Co-operation Agreement

**Portfolio Holder:** Councillor Anne Grigg (Planning Portfolio)

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### **Recommending:**

**To note that the Chairman of the Council agreed that the decision of the Planning Portfolio Holder, to waive Contract Standing Orders C27 (1) (assignments) to allow the requirement in the Data Co-operation Agreement (DCA) whereby GeoPlace may assign any of the benefits of the Agreement or transfer any of its burdens of the Agreement with the prior written consent of the Authority Contacts Executive, should be treated as a matter of urgency and should not be subject to call-in**

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1. The Data Co-operation Agreement (DCA) places a number of responsibilities and standards on Local Authorities to ensure the submission of high quality address and street information to the GeoPlace National Address and Street Database. The DCA is contractually linked to the Public Service Mapping Agreement (PSMA) signed by the Council in April 2011.
  2. The PSMA provides Epping Forest District Council with a range of benefits such as geospatial datasets principally Ordnance Survey mapping free of charge. Prior to 1<sup>st</sup> April 2011 the Budget for Ordnance Survey Mapping was £17 000 per annum.
  3. The DCA regulates the provision of address and street information from Epping Forest District Council to Geoplace, a government created LLP formed by the government to ensure consistent addressing. GeoPlace in turn provide this information to public organisations as part of a service provided onto the National Address Gazetteer (NAG) such as Fire, Ambulance and Police services.
  4. The DCA requires Epping Forest District Council to;
    - (a) To identify and nominate an authority officer to sign the DCA - Acting Chief Executive.
    - (b) The Authority Principal Contact (APC) - Peter Millward Business Manager, Planning and Economic Development.
    - (c) The Authority Address Custodian (AAC) – Carolyn Bintley, currently the Local Land and Property Gazetteer Custodian.

- (d) The ASC - Authority Street Custodian - Sarah-Jane Sharpe LSG Co-ordinator Essex Highways.
- (e) To submit an Update Schedule for street and address data and deliver on the Update Schedule.

5. The Council is currently Below National Standard in five out of seven performance indicators. Failure to deliver may result in GeoPlace declaring the Local Authority a Non Contributing Authority in terms of Address Updates Quality Criteria, Maintenance and Update Schedule as set out in Schedule Three of the Data Co-operation Agreement. In addition GeoPlace has the right in terms of this agreement to invoke Emergency Measures to fulfil an Essential Support Plan within such timescales and costs as are reasonable.

5. Clause 4.4 of the Public Service Mapping Agreement contractually requires the Council to sign the Data Co-operation Agreement with the potential withdrawal of free mapping services from Ordnance Survey if it does not comply.

6. The Chairman of the Council agreed, in accordance with Rule 21 of the Overview and Scrutiny Procedure Rules, that the decision of the Portfolio Holder was reasonable in the circumstances, should be treated as a matter of urgency and should not be subject to call-in as any delay likely to be caused by the call-in process would have seriously prejudiced the Council's and the public interest.

## EPPING FOREST DISTRICT COUNCIL

Reference No: 5/2012-13

### LEADER DECISION

**Subject: Essex Countywide Traveller Unit – Representation**

**Decision:**

To appoint Councillor R Bassett as the District Council's non-voting representative at meetings of the Essex Countywide Traveller Unit for the municipal year 2012/13.

**Explanatory Notice:**

1. Essex County Council has created an Essex Countywide Traveller Unit (ECTU), which is aimed at providing a more efficient service to the Gypsy and Traveller community.
2. The Unit is a partnership made up of participating district, borough, city and unitary councils in the County, Essex Fire and Rescue Service, Essex Police, Essex Primary Care Trusts and Essex County Council.
3. The areas of activity for the ECTU include:
  - improving fire safety on sites
  - improving education outcomes
  - improving health and social care access
  - management of local authority sites
  - managing unauthorised encampments
  - reducing the risk of unauthorised developments
  - providing outreach services to authorised sites not under Essex County Council site management.
4. This Council informed Essex County Council that it did not wish to be a subscriber/full member to the Unit.
5. The County Council accepted this decision but responded that it would still welcome representation from this Council at meetings of the Unit having regard to its experience with gypsies and travellers. The County Council advised that if the District Council accepted this invitation its representative as a non subscriber/full member would be a non-voting member at meetings.
6. It is considered that attendance at meetings of the Unit could be beneficial to the District Council and Councillor Bassett has been appointed.

**Legal and Constitutional Powers:**

Local Government Act 2000  
Local Government etc Act 2007

Signed \_\_\_\_\_  
Councillor C Whitbread  
Leader of the Council

Date: 6 September 2012

OCE/GL

# EPPING FOREST DISTRICT COUNCIL

Reference No: 6/2012/13

## LEADER DECISION

**Subject:** South East Local Enterprise Partnership (SELEP) and West Essex Alliance

**Decision:** That the Leader of Council be appointed as the Council's representative on this organisation with the Portfolio Holder for Asset Management and Economic Development as Deputy

### Explanatory Note:

1. SELEP is a multi agency body covering East Sussex, Essex, Kent, Medway, Southend and Thurrock which deals with a wide range of social and economic issues affecting that area and works with a number of Government agencies on projects. The West Essex Alliance is a body comprising local partners including two neighbouring District Councils with similar objectives in mind.
2. The Leader of Council has traditionally attended these meetings and it is considered appropriate to formalise the arrangements. The appointment of a deputy is also considered desirable in both cases.

### Legal and Constitutional Powers:

Local Government Acts 2000 and 2007

Signed \_\_\_\_\_  
Councillor C Whitbread  
Leader of the Council

Date \_\_\_\_\_

PU/IW

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