ITEM 8

STANDARDS COMMITTEE held at COUNCIL OFFICES LONDON ROAD SAFFRON WALDEN at 4.00 pm on 17 JANUARY 2005

S27 **BULLETINS AND TRAINING**

The Chairman said that he wished to raise these matters prior to the next meeting as progress was needed urgently.

The Chairman referred to Standards Bulletin No 22, the Standards Committee News No 3 and the Parish Standard No 2.

In relation to training the Chairman said that the training of Members of district, parish and town councils on the Code of Conduct was of vital importance and was the responsibility of this Committee. He therefore suggested that training should be a standard item on future committee agenda.

He also referred to the Standards Board publication "The Code to Protect You" and suggested that this be circulated to all Members of the Council and said that councillors should be made aware of the Standards Committee's concern that a better understanding of the Code of Conduct was essential as prevention was better than cure. He also asked that this matter be drawn to the attention of Members at the next Full Council meeting.

Committee: **Council Meeting**

Date: **15 February 2005**

Agenda Item No: **9**

Title: **UTTLESFORD DISTRICT COUNCIL'S REVENUE BUDGET 2005/6 – REVIEW OF THE BUDGET AND LEVEL OF RESERVES AND BALANCES**

Author: **Philip O'Dell (01799) 510670**

Summary

1 Under Section 25 of the Local Government Act 2003, the Council's Chief Financial Officer is required to report to the Council on:

1) The robustness of the estimates included within the budget
2) the adequacy of the reserves and balances

2 Under the Act, Members must have regard to the contents of this report when making their recommendations on the budget.

3 The main conclusion of the report is that in the light of the information provided during the budget process, it is my opinion that there is sufficient capacity in the proposed overall budget to cope with the financial risks the Council faces in 2005/06. The Summary and Conclusion of the report also sets out advice for managing the financial risks in the budget for 2005/06.

Introduction and Context

4 The Local Government Act 2003 Section 25 includes a specific personal duty on the Chief Financial Officer ("CFO") to make a report to the authority when it is considering its budget and Council Tax. Also, Section 26 of the Act gives the Secretary of State power to set minimum level of reserves for which an authority must provide in setting its budget. The Secretary of State stated that "the provisions are a fallback against the circumstances in which an authority does not act prudently, disregards the advice of its CFO and is heading for serious financial difficulty".

5 The Local Government Finance Act 1992 also requires that authorities have regard to the level of reserves needed for meeting estimated future expenditure when calculating the next budget requirement.

6 There are also a range of safeguards to ensure authorities do not over-commit themselves financially. These include:

- The CFO S114 powers, which require a report to all members of the authority if there is or is likely to be unlawful expenditure or an unbalanced budget

- The Prudential Code which applies to capital financing from 2004/5.

7 These safeguards have been further reinforced by the introduction of the Audit Commission's Comprehensive Performance Assessment (CPA) which includes a methodology to assess the financial performance and standing of the authority.

Budget Process 2005/06

8 The budget preparation process for 2005/06 began with a strategic overview report to the Resources Committee in June 2004. This lead to the creation of a Member Prioritisation Working Group and a series of budget prioritisation meetings between July and October. These meetings developed a budget process that linked resources to the Council's priorities as defined in the Quality of Life Plan, as it was then called.

9 The prioritisation process led to budget reduction targets for individual services which protected higher priority services from significant loss of resources and which gave greater weighting to higher priority services in putting forward spending pressures for additional funding.

Risk Assessment

10 The Local Government Act 2003 does not provide any specific guidance on how to evaluate the robustness of the estimates. The explanatory notes to the Act do, however, stress that decisions on the appropriate level of reserves should not be based on a rule of thumb, but on an assessment of all the circumstances considered likely to affect the authority. In addition reference is also made to the CIPFA guidance on reserves and balances.

CIPFA Guidance Note on Local Authority Reserves and Balances

11 The Chartered Institute of Public Finance and Accountancy (CIPFA) states that the following factors should be taken into account when the CFO considers the overall level of reserves and balances:

- Assumptions regarding inflation
- Estimates of the level and timing of capital receipts
- Treatment of demand led budgets
- Treatment of savings
- Risks inherent in any new partnerships etc
- Financial standing of the authority (level of borrowing, debt outstanding etc)
- The authority's track record in budget management (including the robustness of medium term plans)
- The authority's capacity to manage in-year budget pressures
- The authority's virement and year-end procedures in relation to under- and over- spends
- The adequacy of insurance arrangements

The above issues are also of relevance when evaluating the robustness of the budget.

CPA

12 Under the Comprehensive Performance Assessment (CPA) one aspect of financial standing that is assessed is the level of financial reserves and in order to achieve the 'good' ranking an authority would have to meet either of the following criteria:

The aggregate balance of

- General Balance
- Other earmarked revenue reserves
- Liabilities not recognised in the financial statements

should either be in surplus at the year end and the General Balance should be at least equal to 5% but not more than 100% of forecast net operating expenditure for the year, or

a formal financial risk management process should be operating, which the authority uses to justify a level of reserves and balances.

Uttlesford meets both of these criteria.

Reserves

13 The estimated level of reserves and balances as at 31 March 2006 are shown in Appendix 4 of the Financial Strategy and Service Planning Process report submitted to the Resources Committee on 3 February 2005, as amended by decisions made at that meeting.

14 Reserves can be held for three main purposes:

- general reserves to meet the potential costs of emergencies or unexpected events, including a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing
- a contingency to meet the costs of events that are possible but whose occurrence is not certain – this also forms part of general reserves
- earmarked reserves to meet known or predicted liabilities over a period of time usually of more than one year. These earmarked reserves protect the Council against specific financial risks and this is a factor to be taken into account when assessing the adequacy of the totality of balances and reserves and the level of the General Balance.

15 The Annual Audit and Inspection Letter 2004 which is submitted to this meeting concludes that the level of General Fund and Housing Revenue Account balances are adequate. The Letter also states that ' a comparison of Uttlesford's key financial ratios with other district councils shows that the Council's position at 31 March 2004 is sound.'

16 Issues considered when evaluating the robustness of the estimates and the adequacy of the proposed financial reserves and balances:

(1) Inflationary pressures

Provision has been made for a nationally agreed pay award of 2.95% . Budget holders have been advised to estimate at out-turn prices i.e. to take account of known or expected increases in the prices of goods and services. This is a tried and tested approach.

(2) Estimates of the level and timing of capital receipts

Assumption of new capital receipts in 2005/06 are based on the current projected number of council house sales under Right to Buy provisions and also reflecting the transitional arrangement for debt-free authorities under the new pooling of housing capital receipts procedures.

(3) Treatment of demand led pressures and savings

Particular care has been taken in compiling the key Council budgets which are often described as 'demand led' because their achievement is to some degree outside the Council's control. These types of budgets, including spending on housing benefits and receipt of income from planning applications, car parking charges and interest on the Council's cash and financial reserve management are likely to contribute significantly to any overall variation of actual achievement against budgets.

Savings proposals affecting services total approximately £560,000. This figure includes additional income from fees and charges and is broken-down over services in Appendix 3 to the Financial Strategy and Service Planning Process report contained elsewhere on this agenda. Each of these savings proposals was evaluated for feasibility of achievement and found to be realistic. Prior to the commencement of the financial year 2005/06, officers responsible for these services and the associated budget reductions or additional income will be reminded of the need to achieve the figures put forward. Regular financial information will then be provided to help monitor progress, and any variations in the figures will be reported to committees via quarterly budgetary control reports. These reports will contain proposals for corrective action where necessary.

Adequacy of reserves – Financial Standing

(4) The authority has been debt-free since 1996. Local collection rates for Council Tax and Non-Domestic Business Rates are in the top 10% in the country.

Record of budgeting and financial management

(5) For many years, year-end out-turn has been very close to approved budget levels. External auditors have commended the Council's record in financial management. This was also been reflected in the Audit Commission CPA Audit Score Judgements, which contributed to the

overall CPA assessment. The Annual Audit Letter for 2004 has increased the marks the Council previously achieved for the closure of accounts process.

Capacity to manage in-year budget pressures

(6) The Authority has a record of maintaining good financial and budgetary discipline in the face of mid-year pressures, including virement procedures that allow funds to be moved to areas of pressure. Although underspends and overspends are not automatically carried forward, the Authority does have an approved carry forward scheme.

Strength of financial information and reporting arrangements and the robustness of the medium term plan

(7) The Authority has a proven track record in financial management as borne out by the CPA Audit Judgements and the annual Audit and Inspection Letters from the Audit Commission's Auditors. A new Financial Management System (FMS) went live in July 2004, with no significant disruption in financial management. The new system has already led to improvements via, for example, the development of budget profiling and enhanced reporting capabilities, although further work is required on both these and commitment accounting.

(8) Members are regularly updated on budgetary control matters throughout the year and staff budget holders receive regular information from their relevant service accountant and/or regular FMS reports or through on-line access to the information.

Adequacy of insurance arrangements

(9) The budget allows for the estimated outstanding claims under the 'excess' claims of the Council's insurance policies. The Authority has a very good low record of claims. Insurance arrangements for staff leased cars have for several years been the responsibility of each individual and therefore the Authority has transferred any risk to the employee. The Council's insurance arrangements are currently out to tender looking for both improved cover and service, where necessary, and a continuation of competitive pricing.

Pension Liabilities

(10) The Authority makes contributions to the income of Essex Pension Fund, which is invested in order to meet its liability to provide for the benefits to past employees and future benefits for existing employees. Employees contribute 6% of their salary. The Fund is valued every three years and the next valuation is due in April 2007. The 2004 valuation showed that the Fund's investments were achieving performance levels well short of the actuary's expectations at the time of the 2001 valuation. To manage the situation in a sustainable manner, the Council made a capital lump sum payment of approximately £4m in March 2004. This had the effect of reducing the

Council's deficit to approximately £5.6m at 31 March 2004, but an annual element of this will need to be built into revenue budgets from 2006/07 unless some other solution is found.

Quality of Life Corporate Plan

(11) The Corporate Plan involves many new initiatives which will be subject to individual risk assessments .To reduce the risk of failure to achieve the Plan it has been placed at the centre of the Council's policy and financial planning framework so that service priorities and budget decisions are formed with the achievement of the Plan as the highest corporate priority.

Private Finance Initiative (PFI) Leisure Centres

(12) The three Centres have been fully operational since August 2003. They are operated by an external contractor, Leisure Connection, under a 32-year agreement with Linteum Leisure who is the PFI facilitator. The major risk of market demand has been transferred to the PFI contractor but some financial risks still remain with the Authority such as the continuation of Business Rate Relief through their Industrial and Provident status.

Staff Vacancies

(13) Staff costs represent over 70% of the Council's direct expenditure. The Resources Committee in November 2003 therefore agreed that any vacancy occurring should be subject to vigorous challenge regarding the need for a replacement to be sought or whether a different approach would serve the Council's needs in a better way.

General Fund Services

17 Estimates in respect of General Fund services for the following expenditure and income types have been made based on a full recalculation of all relevant factors:

pay and related costs, rates, insurances, other premises, transport and supplies or services costs, leasing charges, interest payable and receivable, fees and charges receivable. These estimates are considered robust for current service levels.

18 Brief details of committee estimates which may have a financial risk are as follows:

<u>Resources Committee</u>

Housing Benefit – Estimates in respect of Council Tax Benefit and Housing Benefit payment, government reimbursement of these payments and payment of administrative subsidy have been calculated based on the latest information available about take-up of benefits, the latest levels of correctly paid benefits and government notifications of reimbursements and subsidy levels. These estimates are therefore as robust and practicable as possible for an area of expenditure that is demand led. The Council has also established a Benefits Budget Risk Reserve.

Procurement – Target savings of £100,800. This target will be disaggregated to individual services and will largely be achieved by improved use of the Essex Marketplace to which the Council has subscribed. Progress will be monitored throughout the year.

External legal fees – Extremely difficult to forecast but supported by a Risk Management Earmarked Reserve.

Joint Working- In anticipation of detailed guidance regarding the Gershon report on public sector efficiency, the Council has set a target of £25,000 to save via joint working with other councils. Possibilities are currently being discussed and information on progress will be provided to Members throughout the year.

Environment Committee

The Building Surveying function operates in a competitive environment. An increase in fee income of £20,000 has been assumed, but this is subject to such competitive pressures and will be monitored during the year.

Development Control Committee

Planning Fees – Income has been increased by an additional £150,000 based on initial government guidance on fee levels and continuation of current demand. This is a major factor in the Council's budget and will be subject to detailed monitoring during the year.

Health & Housing Committee

The homelessness budget is demand-led and therefore difficult to accurately estimate. A Risk Management Earmarked Reserve has been created to mitigate the impact of significant variances.

Community & Leisure Committee

As part of the Council's budget process the Saffron Walden Museum has been set a target to reduce its net expenditure by £11,000. This is likely to be achieved by increased income and one-off financial support is being given to the Museum to enable such a permanent increase in funding to be achieved. Progress will be monitored during the year.

Transport and Highways Committee

Car parking charges have been increased for the first time in two years, giving an expected increase in annual income of £80,000. Although car parking charges are still low compared to similar councils, the income from car parking will be closely monitored, as it is demand led.

Housing Revenue Account

19 Repair Costs - to the extent that an element is demand led a period of extreme weather may lead to increased expenditure. The Council can mitigate the impact to a degree by investing in planned maintenance works, which should over time reduce on demand repairs. Maintaining an adequate working balance will enable the HRA to absorb variations in repairs expenditure. The balance is expected to be £500,000 at 31 March 2006.

20 Voids and other unoccupied properties - prudent estimates of the impact of these items are made during the budget process.

Summary and Conclusion

21 When assessing the overall robustness of the budget and the adequacy of the reserves to meet potential financial risks, there are two main areas to consider in respect of 2005/6:

(1) The key risks set out in paragraphs 17-20 whilst not a complete identification of all the financial risks faced by the authority are felt to be those that could lead to pressures on budgets during the next financial year.

(2) The drive for efficiency savings and redirected resources could make it more difficult for some services to meet unforeseen budget pressures.

In order to manage such financial risks it is obviously important that an increased emphasis is placed on sound financial reporting and monitoring of budgets. Virement powers and Earmarked Reserves exist to assist with any difficulties.

22 My conclusion is that the processes followed have been generally sound and similar to those that have produced robust estimates in the past. In the light of information made available during the budget process, there is sufficient capacity in the proposed overall budget to cope with the financial risks the Authority faces in 2005/6.

23 My advice on managing the financial risks in the budget for 2005/6 is as follows:

(1) Regular reporting on all budgets to budget-holders on a monthly basis and to relevant committees in each cycle of meetings, with particular attention paid to key budgets, which are often demand-led.

(2) Where budget-holders have included proposals for savings and efficiencies within their budgets, there must be plans in place both for their implementation and for monitoring such implementation.

(3) When during the year a net overspend for a budget-holder is identified the monthly budget report must include an action plan setting out what steps are being taken to deal with the overspend.

RECOMMENDED that the Council consider the contents of this report in approving the General Fund and Housing Revenue Account budgets contained on the agenda for this meeting.

Background papers: Budget reports 2005/06, budgetary control reports 2004/05, Financial Regulations, Statement of Accounts 2003/04, Annual Audit Letter 2004, Local Government Acts 1992 and 2003,Comprehensive Performance Assessment for Uttlesford, CIPFA guidance Note on Local Authority Reserves and Balances.

Committee: **Council Meeting**

Date: **15 February 2005**

Agenda Item No: **10**

Title: **District Council Requirement and Council Tax 2005/06**

Author:

Report to follow

COUNCIL MEETING – 15 FEBRUARY 2005 – AGENDA ITEM 11

Committee: **Resources**

Date: **3 February 2005**

Agenda Item No: **5**

Title: **Capital Programme**

Author: **Nick Harris (01799) 510313**

Summary

1 This report presents the Capital Programmes for 2004-05 Revised and 2005-06 to be recommended for approval to the Council on 15 February 2005. Policy Committees considered their individual programmes in the November cycle of meetings and made recommendations that were considered by this Committee at its meeting on 18 November 2004. The figures presented here reflect the recommendations approved at that meeting but also include an updated IT programme. The report also includes the Housing Capital Programme and information detailing sources of funding for the programme. The detailed figures showing expenditure and funding details are contained in the Appendix to this report.

2 2004-05 was the first year of operation of the Prudential Code for Capital Finance in Local Authorities and saw the introduction of new Capital Finance Regulations.

Background

3 The Council has been debt-free since 1996, meaning that it has not been obliged to rely on external borrowing to fund its capital programmes. This has been due to a continuing flow of capital receipts from right to buy sales of HRA dwellings. Despite their source, these receipts have been legally been usable for any capital purpose.

4 The Capital Strategy approved by the Council in July 2003 and subsequently rated as "good" by the Government Office for the East of England was prepared on the basis that the Council was unlikely to borrow externally in the short to medium term. The programme presented here has been prepared on that basis with no capital financing requirement (borrowing) identified in any of the next few years for either the General Fund or Housing Revenue Account.

5 Whilst the Council has powers to borrow to undertake a more ambitious capital programme in future years there is a cost attached in terms of interest and ultimately decisions regarding borrowing must be taken on the basis of affordability So long as the council does not receive the full benefit of additional Government revenue support for capital such decisions will remain difficult.

Housing Revenue Account

6 The proposed HRA programme builds on the projections included in the Housing Strategy. This comprises an underlying core programme based on HRA funding from both direct revenue contributions and the Major Repairs Reserve. Taking advantage of existing flexibility, transitional pooling arrangements for debt free authorities and the capital allowance mechanism under the new regulations, the programme presented also includes additional essential asset management work for the HRA.

Information Technology

7 The figures are drawn from the IT Programme 2005-06 approved by the E-Government Task Group on 11 January 2005. The figures reflect the Council's continuing commitment to meeting the e-government target of having all local services available electronically by 31 December 2005. Should the Implementing Electronic Government (IEG) statement recently submitted to the ODPM be successful the ODPM will provide funding of £150,000.

8 A potentially major project costing £1,225,600 will be to develop key housing benefit workflow processes and associated management reports for use nationally. Known as the Housing Benefits Workflow Process Pack, the Pack will be available free of charge to all other local authorities. Implementation of this project will be undertaken in partnership with Anite Systems Ltd, Bromsgrove District Council, Hartlepool Borough Council, and Salford City

Council. A bid will be made for Housing Benefits Performance Standards funding. The programme presented here assumes that the bid will be successful; if it is not the project will require re-appraisal.

Conclusions

9 With the loss of three quarters of the future flow of capital receipts available to the General Fund it will be increasingly difficult to fund the programme year on year without eroding the Council's own pool of capital receipts or revenue reserves. There will be revenue consequences in the form of lost interest on balances. The use of the former DSO balances as a vehicle depreciation reserve to fund part of the vehicle replacement programme will continue and will lessen to some extent the Council's reliance on capital receipts.

10 The funding statement demonstrates that given assumptions regarding the level of future capital receipts and spending, capital receipts available to fund capital investment will have fallen to some **£4.3m*** by 31 March 2008. It is likely that additional capital investment needs will emerge during this timescale that will put further pressure on this figure.

***This figure has been updated to reflect changes to the Programme recommended by the Resources Committee on 3 February.**

RECOMMENDED that subject to any change that the Committee determines, the Capital Programme as presented be recommended to the Council for formal approval on 15 February 2005.

Background Papers: Service Plans, Corporate Plan.

COUNCIL – 15 FEBRUARY 2005

AGENDA ITEM: 12

Committee:	**Health and Housing**
Date:	**25 January 2005**
Agenda Item No:	**5**
Title:	**HOUSING REVENUE ACCOUNT ESTIMATES 2005/2006**
Author:	**Mike Dellow (01799) 510310**

Summary

1 This report sets out the draft estimates for the Housing Revenue Account (HRA) explaining the significant items and changes reflected in the figures. The rent levels for 2005/06 are determined in the context of the statutory requirements for rent restructuring and convergence ("Formula Rents").

Base Position

2 The HRA working balances at 1 April 2004 were maintained at their budgeted recommended minimum level of £500,000. However, accelerated spend on Decent Homes in 2003/2004 meant an additional revenue contribution to capital of £64,000 was required to keep the Major Repairs Account (MRA) balance at its budgeted level of £940,000.

3 Rental income for 2003/2004 was £40,000 less than estimated but repairs costs were down by £24,000. As the overall result of these and other minor variations, the year-end Housing Repairs Account balance of £312,000 was £73,000 less than estimated.

Major Developments

4 Taking rent rebates out of the HRA has removed the largest source of budget uncertainty on the revenue account. However, the capital scheme at Vicarage Mead depended for funding on the continuing flow of right-to-buy receipts. These have now considerably slowed down.

5 In practice this is not a major source of alarm. The HRA is now permitted to borrow if necessary, as long as the level of borrowing is prudent. With an underlying revenue contribution to capital of over £350,000, there would be more than enough leeway for the HRA to afford to borrow for the whole of the Vicarage Mead scheme. This does not appear to be necessary.

6 By running down the working balances on both the Housing Repairs Account and the Major Repairs Reserve, it currently still appears possible to avoid any borrowing in support of the existing capital programme. This is to be

achieved by increasing the revenue contribution to capital for 2005/2006. It will of course be necessary to review the overall position again next year.

Revised Estimate 2004/05

7 The Housing Revenue Account's revised estimate 2004/05 for the direct costs of Management and Maintenance excluding internal charges is £2,858,670. This is an increase of just £10,740 from the original base budget. The major components of this variation are explained in the table below -

		£'000	£'000	£'000
Base Estimate 2004/2005				3,185.7
Less	HRA Share of Corporate Costs		(205.0)	
Less	Internal Charges		(132.8)	(337.8)
Adjusted Base Direct Costs				**2,847.9**
Supervision and Management				
	Inflation			
Plus	Cleaning Contract		**6.4**	
	Other Variations			
Less	Valuation Costs	(5.0)		
Less	Property Services Staffing	(26.5)		
Plus	Options Appraisal	18.0		
Plus	Housing Services Agency Staffing	10.8		
Plus	New Enabling Post	7.4		
Less	All other variations (net)	(0.3)	**4.4**	
Total Variation				**10.8**
Revised Estimate 2004/2005 - Direct Costs				**2,858.7**
Plus	HRA Share of Corporate Costs		205.0	
	Internal Charges (net)		164.1	369.1
Revised Estimate 2004/2005				**3,227.8**

Estimates 2005/2006

8 The Housing Revenue Accounts Estimate 2005/2006 for the direct costs of Management and Maintenance excluding internal charges is £2,873,740. This is an increase of £25,810 against the original 2004/2005 base budget. The major components of this variation are explained in the table below.

		£'000	£'000	£'000
Base Direct Costs (as Revised)				**2,847.9**
	Supervision and Management			
Plus	**Inflation**			
	April 2004 Pay Award	27.0		
	Cleaning Contract	18.0		
	Other Inflation	16.0	**61.0**	
	Other Variations			
Less	Options Appraisal	(27.0)		
Plus	New Enabling Post	30.3		
Less	Sewerage Charges	(11.0)		
Plus	Other Variations (net)	3.9	**(3.8)**	
				57.2
	Repairs and Maintenance			
	Housing Repairs Account			
Plus	Legionella Management	14.4		
Plus	Response Repairs	22.2		
Less	Pre-Painting Works	(14.9)		
Less	External Decoration	(53.1)		**(31.4)**
Total Variation				**25.8**
Base Estimate 2005/2006 - Direct Costs				**2,873,7**
Plus	HRA Share of Corporate Costs		211.0	
	Internal Charges (net)		118.4	329.4
Base Estimate 2005/2006				**3,203.1**

Impact of ODPM Subsidy Rules

9 The ODPM issued its final rent guidelines and subsidy determinations for 2005/06 on 17 December 2004. The guideline rent for 2005/06 is set at £61.02, an increase of £3.06 per week over last year. The limit rent is increased by £2.72 to £63.83. Both amounts are based on a 4.03% increase on last year's recalculated amounts, plus or minus one seventh of the resulting difference from the average formula rent for 2005/06 of £65.36.

10 The subsidy mechanism works by using the guideline rent increase figure to calculate the notional surplus or deficit on the HRA. Until 2003/04, where the HRA was still in surplus after deducting the cost of rebates, any surplus had to be transferred to the Council's General Fund. Rent rebates are no longer accounted for in the HRA and, as from April 2004, any calculated surpluses must now be paid over to the First Secretary of State.

11 The surplus to be paid over for will be £3,764,000 for 2004/2005 and £3,815,000 etc for 2005/2006. The elements of this calculation are shown below.

Elements of the Calculation	2003/2004	2004/2005	2005/2006
	£'000	£'000	£'000
Management and Maintenance	2,749	3,112	3,389
Anti-social Behaviour Strategy	0	1	0
Major Repairs Allowance (MRA)	1,658	1,781	1,800
Rent (based on guidelines)	(8,487)	(8,704)	(9,061)
Interest Receipts	(11)	(2)	(1)
Capital Charges	12	48	58
Sub-total – fixed by ODPM	(4,079)	(3,764)	(3,815)
Rent Rebate element	4,042	N/A	N/A
Total notional deficit / (surplus)	(37)	(3,764)	(3,815)

12 It will be noted that, for next year, the calculation no longer includes the nominal amount of £1,000 towards the cost of preparing an anti-social behaviour strategy. The more significant increases are for maintenance, capital charges and the Major Repairs Allowance. All of these are designed to encourage more resources to be targeted at "Decent Homes".

Dwelling Rent Increases

13 The concept of formula rents is a relatively simple one. The ODPM is continuing the process which, over the ten year period from April 2002, is designed to bring about, by using a formula method, a converging pattern of rents for all similar social housing properties. Rent levels will still vary according to local property values and manual earnings. Over the next seven years current rents must, alongside the usual increases for inflation, be gradually adjusted year by year to move closer to the formula rent derived from the ODPM formula.

14 Using an extensive spreadsheet containing all the data necessary to calculate formula rents, officers are able to model formula rent increases on an individual property basis. There is now a definite expectation on the part of the ODPM that its methodology and percentages will be used by every authority. Failure to increase rents in line with these expectations would make it increasingly difficult to pay the calculated HRA surplus to the Government.

15 Any real options for rent increases are now very constrained. An average increase much below the "4.03% plus or minus a seventh" assumed by the ODPM in its guideline and limit rents is not advised. This is therefore the default increase assumed when preparing the detailed figures presented which show that this order of increase gives the HRA a sustainable budget position. A higher or lower percentage rent increase is therefore not recommended.

16 The ODPM continues to expect that no tenant should be faced with a rent increase exceeding inflation plus 0.5% plus £2. The relevant RPI figure to be used for 2005/06 is 3.1%. The higher the rent increase percentage the more likely it is that individual rent increases would be limited to the 3.6% plus £2 maximum. At "4.03% plus or minus a seventh", about 5% of tenants will benefit from this protection. The amounts though are relatively small, making only 1p a week difference to the average unprotected rent increase.

17 Overall the modelled result is an average protected increase of £2.80, about 16p more than the average increase for 2004/05. This is equivalent to an average of 4.64% on current rents but does vary considerably from tenant to tenant. Some representative examples are given in Appendix HRA2.

Supporting People

18 The "Supporting People" arrangements introduced from April 2003 mean that tenants receiving warden services now pay charges designed to recover the full cost of those services. Those tenants who qualify receive assistance with these charges through the County Council. Those who would not otherwise qualify, but who were tenants when the scheme began, are partially subsidised from the HRA.

19 Under the contractual arrangements with the County Council, charges may only be increased as permitted by government guidelines. This would normally be expected to be in line with inflation. At the time of writing, the increase for next year had yet again to be confirmed. Increases in line with inflation have been assumed for budget purposes but the recommendations made below have, of necessity, to be for increases at levels yet to be confirmed.

Charges to Tenants for Common Services

20 One characteristic of formula rents is that they do not take account of the differing levels of common services provided at each block of flats. The former points system based rents did, to some extent, reflect such local circumstances. Unless corrective action is taken at some stage, the

progression to formula rents will mean that a growing proportion of the costs of providing these services will gradually become pooled costs borne by the tenants as a whole.

21 Last year, it was recommended that the job of separating out service charges where appropriate should be deferred. Unfortunately, staffing issues have again precluded the progression this year of this complex and difficult task. It is regretted that under the circumstances this job should again be deferred.

Charges to non-tenants

22 Charges for services initially shown within the HRA must by law be charged on where they are provided for the wider use of the community. For Uttlesford, this refers particularly to sewerage and service charges for non-tenants. Although not necessarily reflected in the base figures at this stage any necessary adjustments to charges must be made.

23 The effect of all such changes is relatively small. In practice, prudent adjustments to the provision for bad debts in respect of rent arrears are likely to cancel the effect of these altogether. For this reason no further specific reference is made to such recharges to non-tenants in this report.

Other rents and charges

24 Heating charges to tenants on communal boiler systems were last reviewed and increased two years ago. Again, this is an area where income levels appear to have been influenced by levels of voids. Accordingly, it is felt that a full year's performance of income against actual costs needs to be undertaken before firm recommendations for a further increase be recommended. The sums involved are relatively small, last year's increase being nominally equivalent to £3,300.

25 Garage rents were also increased last year from £6.00 to £7.00 per week, the second £1 increase in two years. The increase was based on the wishes of the Tenants Panels. A small number of tenants relinquished their garage as a result. Officers have no reason to recommend an increase this year.

26 The extent to which sewerage charges recover costs still varies between locations. In some instances the charges have now reached a level to cover costs, in a few cases there is still some way to go. Historically, individual increases year on year to bring charges into line with costs have been limited to a maximum of 5%. No change in practice is being recommended.

Feedback from Tenants Panels

27 A combined meeting of the Tenants Panels is scheduled before the Committee meeting where the contents and recommendations of this report will be considered. A report on the results of this consultation will be given orally when this report is presented.

Conclusions

28 The figures presented with this report demonstrate that a rent increase for 2005/2006 based on the ODPM's expected "4.03% plus or minus a seventh" should produce an average £2.80 per week and a level of income sufficient to support the HRA capital programme. The recommended increase is about 16p per week more on average than last year. Officers are not recommending any increase to current levels of service charge to tenants, except as needed for the "Supporting People" charges.

29 The Health and Housing Committee is asked, with the benefit of feedback from the Tenants Panels, to confirm that rent increase and the other changes built into the budget. Confirmations are also sought on service charges and garage rents.

RECOMMENDED that this Committee:

a) Accept the draft estimates as presented reflecting the following ODPM expectations for 2005/2006 on the basis that any effect of its further decisions below will be reflected in the published Budget Book;

- A weekly dwelling rent increase of 4.03% plus or minus one seventh of the resulting difference from the ODPM formula rent for 2005/2006 limited so that no tenant shall have an increase exceeding 3.6% plus £2.
- Supporting People current weekly charges to tenants be increased from April 2005 in accordance with the contract with the Commissioning Body,
- Protection be likewise increased against the "un-pooled" element of the warden services charge for all those tenants at 31 March 2003 ineligible for grant assistance under "Supporting People" from April 2005;

b) Do not increase garage rents or heating charges from April 2005

c) Defer consideration again of new charges for common services at flats

Background Papers: Uttlesford DC Housing Strategy
ODPM HRA & HRA Subsidy Determinations 2005/2006

Note

The recommendations in paragraph 36a and 36c of the above report were agreed at the Council Meeting on 10 February 2004. In considering the recommendation in paragraph 36b it was resolved that, from April 2004, garage rents be increased to a standard rate of £7.00 a week.

Committee:	**COUNCIL**
Date:	**15 February 2005**
Agenda Item No:	**13**
Title:	**Prudential Indicators for 2005/2006**
Author:	**Michael Dellow (01799) 510310** **Nick Harris (01799) 510313**

Summary

1 This report recommends the setting of those statutory indicators required by the Prudential Code for Capital Finance in Local Authorities. The figures flow from the Housing Revenue Account (HRA) and General Fund revenue and capital budgets featured elsewhere on the agenda. The report is in two parts. The first relates to the indicators for Capital Financing, the second to those for Treasury Management.

PART 1 – CAPITAL FINANCING

Background

2 This Council has been debt-free since 1996, meaning that it has not been obliged to rely on external borrowing to fund its capital programmes. This has been due to a continuing flow of capital receipts from right-to-buy sales of HRA dwellings. Despite their source, these receipts have legally been usable for any capital purpose. If unused, the interest earned has accrued to the General Fund for the benefit of the Council taxpayer.

3 The power to borrow does open up new opportunities for more ambitious capital programmes in future. However, just as with using existing reserves, there is a cost attached in terms of interest. Borrowing also creates an obligation to repay. Ultimately, any decision to go in this direction must be taken on the basis of affordability, the cost to the Council taxpayer.

4 In consequence, the Capital Strategy approved in July 2003 was prepared on the basis that, because of its substantial capital reserves, the Council was unlikely to wish to avail itself of new powers to borrow externally, in the short to medium term at least. The Council's Capital Programme has once again been prepared with no capital financing requirement identified for the General Fund in any of the next few years.

5 However, because of the apparent reduction in the flow of right-to-buy receipts, the HRA is shown as possibly needing to borrow £500,000 for two to three years in 2006/2007. This does not represent true external borrowing but simply the temporary use by the HRA, until repaid, of non-HRA capital receipts.

Prudential Indicators for Capital Expenditure

6 Estimates of Capital Expenditure

Estimates of total capital expenditure to be incurred			
In	General Fund	HRA	Total
2004/2005 original	£1,750,200	£3,376,100	£5,126,300
2004/2005 revised	£1,671,700	£3,179,000	£4,850,800
2005/2006	£3,374,570	£3,693,460	£7,068,030
2006/2007	£1,176,000	£3,532,310	£4,708,310
2007/2008	£1,007,000	£2,141,560	£3,148,560

7 Estimates of Capital Financing Requirement

Estimates of capital financing requirement as at the year end		
In	General Fund	Housing Revenue A/C
2004/2005	NIL	NIL
2005/2006	NIL	NIL
2006/2007	NIL	£500,000
2007/2008	NIL	£300,000

Prudential Indicators for Affordability

8 Estimate of ratio of financing costs to net revenue stream

Estimates of ratio of financing costs to net revenue stream		
In	General Fund	Housing Revenue A/C
2004/2005	-7.3%	18.2%
2004/2005 revised	-8.6%	18.3%
2005/2006	-9.8%	17.9%
2006/2007	-8.8%	17.6%
2007/2008	-8.1%	18.9%

9 Estimates of the incremental impact of capital investment decisions

Estimates of the incremental impact of capital investment decisions		
In	On Council Tax	On Housing Rents
2005/2006	£1.10	NIL
2006/2007	£3.20	NIL
2007/2008	£4.50	NIL

Based on this ratio it is now considered that indicative council tax increases for 2006/07 and 2007/08 can be set at 4.5% for both years. The ratio also indicates a NIL impact shown on Housing Rents. This mainly reflects the overriding impact of the Government's subsidy rules on HRA rent levels. In practice, any additional costs of borrowing on the HRA would be absorbed in the first instance by making corresponding reductions in revenue contributions to capital.

Prudential Indicators for External Debt

10 Limits and operational boundaries for actual external borrowing

Limits and operational boundaries for actual external borrowing		
In	Authorised Limit	Operational Boundary
2004/2005	NIL	NIL
2005/2006	NIL	NIL
2006/2007	NIL	NIL
2007/2008	NIL	NIL

PART 2 – TREASURY MANAGEMENT

Treasury Management

11 CIPFA guidance stresses that it is vital not to place too much emphasis on numerical indicators with respect to treasury management in isolation from good practice processes. Its Code of Practice for Treasury Management in the Public Services recognises that in the public services the priority is to protect capital rather than maximize returns. It also acknowledges however that a balance has to be struck because the avoidance of all risk is neither appropriate nor possible. Local authorities should not pursue investment for gain as an activity in itself but the effective investment of legitimate surplus funds is a best practice approach to treasury management, which should be encouraged.

12 For these reasons the first prudential indicator for treasury management is not a numerical indicator but a statement of good practice.

- Adoption of The Code of Practice for Treasury Management in the Public Sector. This Council adopted the code in March 2002.

13 Other Treasury Management Indicators require authorities to recognise the key implications of their borrowing and investment strategies. This has broadly three aspects:

- the exposure to the risk of interest rate changes
- the exposure inherent in the maturity structure of borrowings
- the risk associated with long-term investment.

Interest Rate Changes

14 Since the Council has been debt free since 1996, a situation that is expected to continue for the next three years, this report is recommending a nil Prudential Indicator in respect of Net External Borrowing and Capital Finance Requirements. Therefore for Uttlesford exposure to the risk of interest changes relates to its investment activities. Currently the majority of the Council's lending is at fixed rates for fixed durations – the minor exception being £250,000 held in an Abbey National account principally to provide necessary flexibility in day-to-day cash flow management and to meet unexpected cash requirements. To date in 2004-05 there has been no

change in this position it is therefore proposed that the upper limit for net borrowings at variable rates remains unchanged as shown below.

2005-06	-£2m
2006-07	-£2m
2007-08	-£2m

15 The converse Indicator for net borrowings is an upper limit on borrowings at fixed rates. Since as detailed above the majority of the Council's lending will be at fixed rates it is proposed that the upper limit of - £25m be placed on net borrowings at fixed rates as shown below. Again this limit is unchanged.

2005-06	-£25m
2006-07	-£25m
2007-08	-£25m

The figures are negative because the Council has no borrowings.

Maturity Structure of Borrowings

16 As stated above it is anticipated that the Council will remain debt free over the next three years and no indicator is therefore required.

Long Term Investment

17 The purpose of this indicator is to contain the Council's exposure to the possibility of losses arising from having to seek early redemption of an investment. Although ensuring sufficient cash is available to meet its day-to-day obligations is always the priority, on occasions the officers view on long term interest rates and the desirability of building in an element of stability in investment income has led to investment being undertaken for periods in excess of one year. It is therefore proposed that the limits be placed on investments to final maturities beyond year end as follows:

2004-05	£10m
2005-06	£10m
2006-07	£10m

It should be stressed that these limits are maximums.

RECOMMENDED that the Council set the Prudential Indicators for 2005/2006 as outlined above.

Background Papers: The Prudential Code for Capital Finance in Local Authorities (CIPFA 2003)

Committee: **Council**

Date: **15 February 2005**

Agenda Item No: **14**

Title: **Adoption of Corporate Plan 2005-2008**

Author: **Sarah McLagan (01799) 510560**

Summary

1 This report advises Members of the final changes that have been made to the draft Corporate Plan. It asks Members to adopt the Corporate Plan 2005 – 2008, subject to any alterations that may need to be made as a result of the budget making process.

Background

2 At the last Council meeting, Members received and commented on the draft Corporate Plan 2005-2008. It was agreed that it be progressed to the next stage and submitted to this Council meeting for adoption. It was confirmed that the main format for distribution of the Plan be on CD ROM and that a summary leaflet be prepared.

3 It was reported at the last meeting that it was hoped that during the interim period between the last Council meeting and this, the Council would have received and officers could include the details of the reports of some key assessments/inspections that had or were taking place – a User Focus assessment and inspections of Planning Services and Benefit Take-up. The outcomes would be included in the Section 3 - Key Areas for Improvement – which would, in any case, be updated to give a more strategic overview of all of the key overarching and corporate issues that the Council needs to address.

4 At the time of finalising the Corporate Plan and this report, these reports had not been received. Once they have, the tables in Section 3 of the Plan will be updated and provided to Members on the CD Rom version that is to be distributed in due course.

5 Obviously during the year the Council will receive/agree other key strategic/ corporate reports that will have an impact on what it does and how it operates. Because the Corporate Plan is a dynamic working document it will be updated periodically during the year to reflect these new and improved circumstances.

Consultation Results

6 Members are aware that during January a questionnaire was distributed to approximately 28,000 householders across the district in the Council's Uttlesford Life magazine. It was also sent to 243 residents who had agreed that the Council could consult them on various issues during the year. It was also on the website. The Council is starting to receive responses and it is hoped that there will be more.

7 The questionnaire sought to establish the opinion of residents on three issues – the budget and prioritisation process, our Strategic Aims and Customer Care needs. The section of the questionnaire on our Strategic Aims asked whether residents agreed that the Council should be working to achieve each of the nine strategic aims and whether, in their opinion, the Council was doing so. It also asked what else the Council could be doing.

8 Early analyses of the responses indicate that a majority agree with the Strategic Aims that the Council is working to, but that there is equal number who agree/disagree that it is working effectively towards them. There have also been a number of suggestions about what else the Council could be doing – ranging from points on the environment and transport to council tax levels and the economy.

9 A full analysis and report will be provided in the future and will feed into any forward planning discussions that will be held.

Next Steps

10 The table below sets out the final stages in the development of the plan. The work to monitor and review the Plan (as a whole) will be developed by the Executive Manager (Strategy & Performance) as a part of the Council's Performance Management framework.

TIMESCALE	MEMBERS	OFFICERS
Tuesday 15 February	o Final Corporate Plan confirmed by Council	
February – July o Process for implementation, monitoring & review is embedded in Council activity		
July	o Members receive 1st Quarterly Review of progress	
February 2006	o Annual Review and update of Corporate Plan	

11 The Executive Programme Manager will be responsible for managing the implementation of the Action Plan in Section 6. This will include the development of a project management approach across the whole of the Council, leading to -

- Better definition of projects and resources required (including Capital)
- Follow through/up on commitments and delivery
- Management of unexpected issues/obstacles/opportunities
- Organisation flexibility.

12 The Executive Programme Manager will seek details of the Members that wish to be associated with particular projects contained in the Action Plan.

RECOMMENDED that the Corporate Plan 2005 – 2008 be adopted, subject to any alterations that may need to be made as a result of the budget making process, and notes that the plan will be subject to review on an annual basis.

Background Papers: Programme Office File on draft Corporate Plan

Committee: **Council**

Date: **15 February 2005**

Agenda Item No: **15**

Title: **Draft East of England Plan**

Author: **Roger Harborough (01799) 510457**

Summary

1 This report recommends that the Council support the draft Plan in principle but seek modifications, principally to delete the focus on Great Dunmow for all new sites. However, the Council is recommended to make it clear to the Government that the draft Plan's infrastructure proposals must be properly funded or delivery of the relevant elements of the Plan that depend on infrastructure improvements will potentially be delayed.

2 It is recommended that the Executive Manager Development Services be authorised to finalise the Council's response in consultation with the Chairman of the Environment Committee.

Background

3 The Planning and Compulsory Purchase Act 2004 places a duty on Regional Planning Bodies to prepare draft Regional Spatial Strategies (RSS). The RSS is part of the Development Plan. Public consultation is carried out on a draft RSS to identify the key issues which need to be tested by Public Examination. The Report of the Public Examination is considered by the Secretary of State who will as necessary publish Proposed Changes. The Secretary of State then approves the RSS, having taken into account further representations. The District Council completes the Development Plan by preparing the local sections of it in conformity with the approved RSS. The new process is part of a continuous planning approach. The intention is to

monitor its implementation and to keep in up to date and relevant though regular review.

4 The draft East of England Plan has been prepared by the Regional Assembly, which has sought to engage stakeholders in the process. A considerable range of study work has been carried out in the preparation process. This has been reported to Members as appropriate, for example Colin Buchanan and Partners Stansted M11 Development Options Study and the London Stansted Cambridge Peterborough (relationship between transport and development) Study and Robin Thompson/ Volterra Consulting's RPG14 Strategy Review.

Draft Plan - objectives

5 The Draft Plan sets out 14 objectives, which include:

- increasing prosperity and employment growth and a better balance between jobs and where people live,
- more integrated patterns of land use, movement, activity and development,
- meeting the region's housing needs and in particular provide affordable housing,
- protect and enhance the built and historic environment, the natural environment, including biodiversity and landscape character, and
- minimise the environmental impact of travel.

It acknowledges that there can be conflict between these objectives. It says that it has tried to prepare a Plan that provides the best balance between these objectives taken as a whole.

6 The Plan's core policy is to focus development in or adjacent to major urban areas where there is good public transport accessibility and strategic road rail and bus networks connect. In more rural areas development will be focused on market towns that have good public transport accessibility to key urban areas. It aims to reduce long distance commuting by locating jobs, homes and services in close proximity. It sets down a policy framework for local plans that generally seeks to ensure that re use of land and buildings within existing urban areas are considered first, then extensions to those areas and finally other locations where there is good access to public transport or where proposed development can contribute to improving public transport access. It sees this approach being complemented by measures to deliver urban renaissance, management of demand for transport and other services to make use of existing infrastructure rather than relying on major new infrastructure.

7 The Plan recognizes that infrastructure programmes for transport, utilities and social facilities are needed to meet both current deficiencies and development requirements. However, the Assembly has suspended its endorsement of the draft Plan because of the Government's response to its bid in May 2004 for infrastructure funding, which it considers "grossly inadequate". It does not believe that increased development growth rates can possibly be delivered without significant investment.

Stansted/ M11 area

8 Of particular significance to the area within which Uttlesford has been grouped are the inclusion of Harlow and the "Stansted/ M11 towns" in the list of key centres in which development and change will be focused to achieve this close correlation between homes, jobs and community facilities. The Plan proposes that local development plan documents will amongst other things enable:

- housing development phased in accordance with employment growth,
- achieve a new vision for Harlow as a housing and employment growth area and a strong sub regional centre allied with physical social and economic regeneration,
- expansion of Stansted Airport up to the maximum capacity of its existing single runway,
- restraint on development in rural areas except for local needs and strategic transport improvements,
- protection for Hatfield Forest
- a network of green space
- protection of small historic towns and villages to protect them from unsympathetic development.
- Two strategic employment sites are proposed, one north of Harlow and one in the North Weald area
- The Great Dunmow area is identified a strategic growth location for 2,650 new dwellings in excess of existing capacity and commitments. The explanatory text says this will be mostly as an urban extension or possibly as a new village.
- The Plan identifies the sub regional transport priorities, subject to the outcome of further studies, as including:
    - Rail capacity enhancements on the West Anglia line between Bishop's Stortford and Liverpool St
    - Improved road and rail access to Stansted
    - A high quality public transport link between Epping Harlow and Stansted
    - Park and ride facilities at North Weald and Harlow Town Station to provide access to Harlow and Stansted Airport
    - A high quality public transport link between Braintree Dunmow Stansted and Bishop's Stortford.
    - Improvements to M11 J7 & J8
    - Improvement of the A120 west of the M11.

Stansted Airport

9 Although maximum use of Stansted Airport is supported in principle, the draft Plan contains a policy on regional airports which says that it is vital that the future growth of these airports achieves an acceptable balance between economic, employment and other benefits and environmental and other considerations.

10 The Policy states that the Regional Assembly's support is subject to:

- a surface access strategy being prepared agreed and implemented
- effective and timely implementation of other necessary infrastructure requirements
- safeguarding of the amenity, character and appearance of the environment and communities in proximity to and affected by airport operations
- minimising noise and air pollution – levels must be monitored against national and local targets. Energy and resource conservation measures need to be introduced as appropriate to achieve pollution reduction.
- Ensuring best practice in air and ground safety provision
- Airport development not leading to consequential pressures to exceed levels of planned growth, infrastructure and service provision beyond that provided for in local development documents
- The completion and regular review by airport operators of their airport master plans (five yearly) and review no less frequently their operating procedures.

Sustainability Report and Strategic Environmental Assessment

11 The independent Appraisal Report's overall assessment is that the great majority of the impacts of the Plan policies are positive. The pattern of development that the Plan seeks to encourage should make the region's environment, and the quality of life for its residents, much better than would be the case without it.

12 It says that several basic themes, which run through the RSS, are very good for a range of sustainability criteria:

- aiming to bring employment, housing amenities and services into a better balance with each other in each part of the region;
- aiming to maintain and enhance the role of existing settlements by encouraging development in them and discouraging development elsewhere;
- recognising the need for different solutions tailored to the different circumstances of different places
- support for key sustainability principles of reducing the need to travel, conservation of important environmental assets, preparing for climate change and reducing resource use.

13 However, it feels that the rate and intensity of economic, housing, and infrastructure growth envisaged, especially in its southern parts, is intrinsically damaging to many aspects of the environment and its quality of life. It feels particularly serious problems include water resources, flood risks, quantity of movement to be accommodated, urbanisation and conflicts and competition for land between development and public interests. It feels that pressure for a step change in delivery of development will inevitably require compromises, notwithstanding the good intentions of the RSS.

14 At a sub regional level, the appraisal is that the emphasis on regeneration and directing development to low quality urban environments, which it could

potentially benefit, is a strength. Weaknesses include the scale of development, which it feels is likely to change the character of some locations such as the area around Stansted, Harlow and Stevenage, depending on the location and quality of development delivered. Airport development at Stansted and Luton could help fuel demand for air travel, one of the most environmentally damaging modes of transport (locally and globally), rather than damping down demand. The appraisal is also that the focus on existing settlements could place considerable pressure on the built environment of historic cores to cater for heightened demands in terms of services and transport.

15 The appraisal of the housing policies is that the plan, monitor and manage approach is a strength. The Sustainability Report supports the proposal for addressing the Government's request for higher levels through an early review rather than unconditional acceptance or outright refusal on this basis. It recognises that construction of housing will lead to jobs and possible inward investment. The policies will provide affordable housing and are likely to lead to social benefits such as the provision of facilities and regeneration. Weaknesses of the housing policies are the lack of clarity attached to environmental capacity as opposed to housing needs, negative effects on water resources, demand for construction materials and energy, increased traffic and significant negative impacts on historic town centres in sub regions such as Stansted/ M11.

16 The transport strategy is assessed as very good for most sustainability criteria including concentrating major trip generators at locations well served by public transport, improving public transport to airports, improving accessibility of public transport, promotion of cycling and walking, support in principle for demand management. Increased capacity for road traffic is perceived as weakness, however.

17 The majority of the environmental policies are perceived to perform very well but there are concerns about whether, for example, the policy on water supply management and drainage is capable of implementation. There is also a concern that the economic and housing growth proposed may well threaten the achievement of the aims of the environmental policies.

18 The report highlights its concern that the RSS lacks the powers to ensure that development meets true sustainability standards. It advises that planning controls need to be combined with other measures to ensure that new development achieves a step change improvement in resource intensity, including approaching zero net climate change impacts, piped water demand, road traffic generation and loss of wildlife habitat.

Officer comments

19 At both a regional and sub regional level there is much to support in the draft Plan as reflected in the independent SEA and Sustainability Report conducted for EERA by its consultant team Levett Therivel and LUC. However, as elsewhere in the growth areas, there is concern at the implications of the Plan for the imbalance between water demand and supply and the constraints of sustainable abstraction limits; for the significant change in the character of

locations around Harlow and the Stansted area; and the emphasis on economic rather than environmental considerations in implementing its policies. Locally within Uttlesford District there is a specific concern at the effects of the scale and intensity of development arising from the identification of the Dunmow area as a strategic growth location (Policy ST4).

20 The vision for the Stansted/M11 area expressed in the draft Plan is "to create a sustainable employment led growth corridor, conserving and delivering a high quality environment". It sees this as being done in three ways: "by capitalising on it role as a key aviation gateway; realising its potential for sustainable growth and regeneration; and capitalising on its potential as a focus for high tech, knowledge based employment" (Para 5.122). The Plan aims to do this by restraint on development generally in Uttlesford north of Stansted Airport and east of the M11, which it identifies as a rural area, and a welcome commitment to protect the small historic towns and villages in the sub region. The strategy is to capitalise on growth in economic activity generated by Stansted Airport to stimulate economic regeneration in areas <u>south of the airport</u> by focusing major strategic growth within and around Harlow. In principle, this seems appropriate.

21 Alternative strategies considered in studies at earlier stages in plan preparation for accommodating higher levels of growth (i.e. providing for the additional 18,000 homes in the LSCP Growth Area) included a strategic development focus along the A120 corridor with an extra 7,000 homes in a "beads on a string" model of growth. Population growth in the corridor was then seen as having the potential to support improved public transport and other services and facilities. However, consultants' advice is that this pattern of population growth could generate more need to travel because small settlements could not provide the range of employment and community services that their inhabitants would need; many people would not live within walking distance of the public transport spine so the majority of the journeys would be by car; and these developments would be largely greenfield developments, highly attractive to developers and homebuyers, potentially detracting from urban regeneration.

22 Consultants' advice is that the level of housing in the A120 included in the draft East of England Plan is below the level at which damage would be done to the regeneration of Harlow. Consultants consider that the character of Great Dunmow would be threatened if the scale of development proposed in the Dunmow area were greater than in the draft Plan. However 2,650 homes would also inevitably involve land with adverse environmental impacts and Dunmow's small town centre would be placed under considerable pressure to serve such substantial growth in addition to existing commitments. The viability of the A120 as a high quality public transport corridor running as it does between two relatively modest size towns, Bishops Stortford and Braintree, which under pins the identification of Dunmow as a strategic development location, is also unproven, even taking into account Stansted as a regional interchange centre and major traffic generator.

23 The planned level of growth for Uttlesford is 8,000 homes, which average out over 20 years at 400 a year. To put this into context, reference can be made to five benchmarks.

- The theoretical number of additional homes required to address “natural population increase” is 2,700. This figure has been calculated using models of demographic change due to trends in birth rates, death rates, and household formation rates with a scenario where the number of households moving into the district is equalled by the number moving out, although it pre dated the release of the most up to date census data. This implies that even if no new sites in addition to existing commitments of 5,350 homes were identified, plans already allow for significant numbers of households moving into the district. Planning for an extra 2,650 homes quantifies Uttlesford’s total contribution to the growth agenda on this basis as 5,300 homes.
- On the other hand, rolling forward existing annual regional planning guidance housing provision rates to 2021 pro rata would suggest a figure of 8,150 for Uttlesford.
- The long run average number of new homes built in Uttlesford a year is about 250. Existing commitments mean that this is planned to increase substantially over the next five years as the large strategic sites are built out, peaking at over 800. If this happens, without some further provision for new sites the average number of new homes built a year from 2011 to 2021 could drop below the relatively stable levels of recent years.
- The Council’s own Affordable Housing Needs Study published in 2002 suggested a shortfall of 488 affordable homes a year for the five years to 2007. Whilst not covering the situation to 2021, newly emerging households requiring affordable housing in the future plus existing needs not addressed by 2007 indicate a substantial local need for affordable housing. The findings of a Regional Affordable Housing Study for EERA suggested that at the East of England level too a relatively high level of housing provision is required compared to the numbers suggested by demographic modelling and that existing planned rates of housing supply are too low.
- The fifth benchmark is the balance between population (and thus housing) and economic growth aspirations expressed in terms of jobs. At the regional level the scale of housing proposed broadly matches the proposed total job growth across the region. Uttlesford is part of the region where the economically active population broadly matches the existing number of jobs locally, in contrast to other districts where there is a substantial mismatch and significant net out commuting flow.

24 On balance, it is considered that the district level housing figure for Uttlesford 2001-21 of 8,000 could be supported, but the Policy ST4 strategic growth locations is unnecessarily prescriptive in identifying the Great Dunmow area for all the new sites that would necessary to accommodate the 2,650 homes required in addition to existing capacity and commitments. As its supporting text in paragraph 5.136 seems to acknowledge, the local development document is the appropriate mechanism for identifying the exact location and form, but if the text “mostly as an urban extension to Great Dunmow or possibly as a new village” were omitted, this would enable alternative strategies to be considered at a local level. This could consider, for example, if development in the settlements in the existing West Anglia rail corridor could contribute to a sustainable pattern of development.

25 Support for housing provision is also qualified by support for the policies in the draft Plan about affordable housing and mix of house types (policy H2 and the requirement in SS13 that affordable housing must constitute at least 30% of supply in all local authority areas, with an overall aspiration to achieve 40% where housing stress warrants higher provision) and phasing of housing development (policy H3), the latter stating that: sites should be released in relation to the overall timescale of the plan and not in the short term; the re-use of previously developed land and buildings will be promoted as the first priority; urban renaissance should not be allowed to be undermined by early release of greenfield land; and the need for close coordination between development and the provision of supporting social, health, education and transport infrastructure. The overarching policy SS16 Quality in the Built Environment is also key to support for district level housing provision.

26 The omission from the Plan of provision for a second runway at Stansted is firmly supported, because of its environmental effects. It is also important to stress the tests qualifying the support in the Plan for growth at Stansted and Luton to the maximum capacity of their existing runways. These are sufficiently broadly cast to cover the relevant issues. The statement in the Regional Transport Strategy policy T5 that access to the region's airports, particularly by rail and bus/ coach, will be enhanced is supported.

27 The support within Policy T10 Sub Regional Transport for infrastructure programmes, transport service provision and management to sustain rural communities and support the role of market towns and key service centres within wider rural hinterlands, as well to support the growth areas and regeneration priorities, is welcome recognition of the issue of access to jobs and services over wide parts of the region that are heavily dependent on the private car.

RECOMMENDED that:
i) The Council support the draft Plan in principle but seek modifications as set out in the report, principally to delete the focus on Great Dunmow for all new sites;
ii) The Council confirms that it would oppose any redistribution of district level housing provision that resulted in an increase in the number of homes on new sites in Uttlesford, for example from the Harlow area to the A120 corridor;
iii) The Council confirms that it would be opposed to changes to the Plan to include provision for a second runway and associated facilities and infrastructure;
iv) The Council makes it clear to the Government that the draft Plan's infrastructure proposals must be properly funded or delivery of the relevant elements of the Plan that depend on infrastructure improvements will potentially be delayed;
v) Either the Environment Committee, or the Executive Manager Development Services in consultation with the Chairman of the Environment Committee, be authorised to finalise the Council's response.

Background Papers:

East of England Plan and supporting documents available to view on EERA's website www.eera.gov.uk

Committee:	**Full Council**
Date:	**15 February 2005**
Agenda Item No:	**18**
Title:	**Membership of Standards Committee**
Author:	**Michael Perry (01799) 510416**

Summary

1 This report is to inform members of a vacancy which has risen on the Standards Committee and to recommend the appointment of a new member.

Background

2 The Local Government Act 2000 requires the Authority to appoint a Standards Committee. The Standards Committee must have at least one co-opted member who is a member of a Town or Parish Council within the District but who is not also a member of the District Council. Uttlesford District Council's constitution requires there to be two such members on its Standards Committee.

3 In September 2004 Mr D James, a Town Councillor of Great Dunmow Town Council, resigned his position as a member of the Standards Committee of this Council thereby creating a vacancy.

4 In order to maintain impartiality, when a vacancy arises for a Town or Parish Councillor the Council seeks a nomination from the Uttlesford Association of Local Councils. The Association have nominated Councillor Philip Leeder of Thaxted Parish Council to be a member of the Standards Committee.

Recommended: that the Council appoint Councillor Philip Leeder as a member of the Standards Committee.

Background papers: none

Committee: **Full Council**

Date: **15 February 2005**

Agenda Item No: **20**

Title: **Citizens Advice Bureau**

Author: **Mick Purkiss (01799) 510430**

Background

1 This report advises Members of constitutional changes to the Uttlesford Citizens Advice Bureau (CAB) and recommends that the Council applies for corporate membership and appoints a representative to attend the meetings.

Summary

2 Originally the CAB Board was made up of elected representatives (individuals who had an interest or expertise in CAB matters) and representatives who were nominated by partner organisations including the District Council.

Background

3 In 2000 the CAB moved to Barnards Yard in Saffron Walden and moved from being a Trustee Board to a limited company. At that time a Memorandum of Agreement was drawn up and all nominated representatives, including those from the Council, became directors of the limited company.

4 Concerns were expressed at that time about the conflict of interest between representing the nominating organisation and being a director. At the same time the National Association of CAB provided guidance that Board directors should only be the elected Members. The Uttlesford CAB amended the Memorandum of Association and Articles to reflect this.

5 Accordingly, the District Council is now able to apply for corporate membership. If this is approved by the CAB the Council will be invited to nominate one representative.

RECOMMENDED that the Council applies for corporate membership of the Uttlesford Citizens Advice Bureau

Background Papers: None.

Committee:	**Council**
Date:	**15 February 2005**
Agenda Item No:	**22**
Title:	**Tsunami Disaster**
Author:	**Alasdair Bovaird (01799) 510400**

Summary

1 A number of councillors, staff and others have approached the Chief Executive and other Executive Managers regarding possible ways in which the Council could assist in the recovery efforts following the Indian Ocean Tsunami Disaster. This report sets out what has been done, the legal position and possible courses of action if the Council wishes to offer further assistance.

What has been done?

2 In the days immediately following the disaster, a large number of local organisations and individuals – including the mayor of Saffron Walden – arranged impromptu fundraising efforts in response to the immediacy of the need for financial assistance. The council's officers ensured that where requests for street collection licenses were sought that such requests were processed as a matter of urgency.

3 We also made clear to staff and to members of the public that donations to the Disasters Emergency Committee could be made at the cashier's desks in both Saffron Walden and Great Dunmow. We also advertised a facility to staff who wished to make a donation through their monthly pay and publicised the Gift Aid scheme which ensures that donations from those who pay Income Tax have the tax refunded to the charity – in effect increasing the value of the donation by 28% for a standard rate taxpayer.

Financial assistance

4 The council is not at absolute liberty to make a financial donation in response to disasters. We have to ensure that any money we spend will contribute to achieving purposes in accordance with our statutory powers and duties. Other payments would be ultra vires. The only power that might apply in the case of a disaster such as the tsunami is our power to promote the well-being of the community.

5 The Local Government Association has provided the following advice:

> *"The well-being power in the Local Government Act 2000 enables principal local authorities to give financial assistance for the benefit of people outside its own area, if doing so will promote social well-being within the authority's own area or*

community. The amount of a donation and the impact of the disaster on the authority's own community are factors that a council would take into account in deciding whether it can make a donation under this legal power."

6 In the absence of a significant community in the district with links to the areas directly affected, it would be difficult to argue that any significant donation to disaster relief funds could promote community well being in Uttlesford and my advice is that we should not seek to make any donation directly from council funds.

7 However, the council is empowered to raise funds specifically for charitable purposes, and to assist others in the raising of funds. Most notably, we do this through the Chairman's chosen charity each year. It might well be appropriate for the Chairman for the 2005-6 session to adopt Tsunami relief as their chosen charity, but this will be a matter on which the incoming Chairman will need to decide in consultation with colleagues and local groups.

What might we do?

8 The Local Government Information Bureau and the Local Government Association have advised as follows:

> *"We believe that there are two main ways in which local authorities may be able to offer technical assistance in community reconstruction:*
>
> *Local authorities releasing individual staff for a period of time to work in the regions affected; such staff could include Environmental Health Officers, urban and rural planners, administrative and finance officers, engineering staff, social workers, etc;*
>
> *Local authorities developing longer-term partnerships with individual communities or local in the affected countries to provide support in the task of reconstruction*
>
> *It is important that this assistance is provided in a planned and coordinated way. LGIB is discussing with the Department for International Development the best way of using and allocating local authority assistance in order to ensure that it best meets local needs as assessed on the ground."*

9 The council has been approached by the Uttlesford Primary Care Trust and by Uttlesford CVS with a view to co-operating in our response to the wish of many in the area to be of help in the relief and recovery efforts. Essex County Council has also suggested that efforts might be co-ordinated on a county-wide basis. It is clear that the initial emergency relief phase of the response is now ending and plans are being drawn up for longer term recovery projects. In these circumstances there are skills available to councils which might be of use to that recovery.

10 LGIB is offering, therefore, to act as a clearing house for offers of local authority staffing assistance, and promises to seek to place them

appropriately, as quickly as possible. LGIB also say that they will be pleased to work with any local authority which wishes to find a partner authority to which it can offer technical assistance. The difficulties involved in establishing such partnerships in the short term should not be underestimated, given the huge disruption to local authorities in the areas affected.

11 In the light of this advice it is probably premature to make any firm decision on the kind of support that Uttlesford District Council should offer, but councillors may wish to consider giving an indication that they would look favourably at this stage on the suggestion of co-operation with other organisations within the district and that – subject to effective local service delivery being secured – the wishes of staff to volunteer to assist in recovery efforts would be regarded favourably in accordance with established policies for extended leave of absence.

RECOMMENDED that the council notes and endorses the sentiment of the report and asks officers to:

- Confirm to the PCT and CVS that we wish to co-operate in supporting recovery efforts and to register our willingness to help with the Local Government International Bureau;
- Ask that the incoming Chairman of the Council consider whether the Tsunami Appeal should be their chosen charity for 2005-6;
- Make clear to staff and others that requests for extended leave to assist in the recovery efforts will be treated sympathetically in accordance with existing policies.