

EAST HERTS COUNCIL

REPORT BY THE EXECUTIVE MEMBER
FOR RESOURCES AND INTERNAL SUPPORT.

CONSOLIDATED BUDGET REPORT – PROBABLE OUTTURN 2008/09:
REVENUE BUDGET 2009/10 AND (MEDIUM TERM FINANCIAL PLAN)
2009/10 to 2012/13

WARD(S) AFFECTED: All

CORPORATE BUSINESS SCRUTINY – 20 JANUARY 2009

'D' RECOMMENDATION – that the Committee submits its comments on the proposals.

EXECUTIVE – 10 FEBRUARY 2009

RECOMMENDATION - that (A) the draft medium term financial plan for 2009/10 to 2012/13 be approved;

- (B) the probable outturn for 2008/09 be approved;
- (C) £900,000 additional income in 2008/09 from interest on investments be added to the Interest Equalisation Reserve
- (D) the revenue budget for 2009/10 be approved;
- (E) the proposed council tax increase of 3.8% for 2009/10 and indicative increases of 3.8% in 2010/11 to 2012/13 be approved;
- (F) the proposals for reserves and balances, as now detailed, be approved.

1.0 Purpose/Summary of Report

1.1 The four year General Revenue Plan (Medium Term Financial Plan) 2009/10 to 2012/13 will indicate the financial sustainability of the Council's plans over the four year period.

- 1.2 To present the detailed Probable Outturn for 2008/09 and the Executive's proposed Revenue Budget for 2009/10.
- 1.3 The Revenue Budget will determine the level of Council Tax necessary to finance the Council's net expenditure requirements for the year 2009/10.
- 1.4 The report consolidates data provided within the following reports that were considered by the Executive at its meeting on 6 January 2009 and are elsewhere on the agenda(for Corporate Business Scrutiny only):
- Capital Programme
 - Service Estimates
 - Fees and Charges

2.0 Contribution to the Council's Corporate Objectives

- 2.1 The budget relates to all the Council's Corporate Objectives and the budget setting process outlined in this report contributes particularly to the corporate priority:

Fit for purpose, services fit for you

Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation.

- 2.2 The Revenue Budget and Medium Term Financial Plan (MTFP) indicate the financing required to deliver the Council's Vision and Priorities during 2009/10 and the following three years.

3.0 Background

- 3.1 The country has entered a recession and we all face a difficult economic time over the next few years. For East Herts Council the economic situation has caused a number of serious issues that need to be addressed. The aim of the Council will be to best weather the difficult financial environment while it lasts and to come out of the recession better prepared and more resilient than when it entered it.
- 3.1.1 One of the issues for the council is the use of interest to support the council's revenue expenditure. Over the last few years interest rates have been around 6%. The latest advice from the investment consultants is that interest returns for the council are likely to be of the order of 2.5% during 2009/10 and 2010 /11.

- 3.1.2 As we enter a recession there is less economic activity. This will mean less housing and industrial development. We are already seeing a fall in a number of income streams including land charges, car parking and the sale of recyclables and we do not know for certain the extent to which they may deteriorate. At the same time we are already seeing an increase in the call being made on services such as benefits advice. In addition, the council tax base is now predicted not to increase at the rates previously assumed.
- 3.1.3 On the National Statistics website inflation in November 2008 at Consumer Price Index (CPI) was 4.1% and Retail Price Index (RPI) 3%. However, most experts are predicting significant falls over the coming months. For East Herts Council the budget is very sensitive to the pay/incremental increases for staff and the contract increases linked to RPI. Staff budgets will increase by around 5% in 2009/10. The indices used in setting the budget are set out in Appendix C11.
- 3.1.4 Members have already considered and scrutinised a range of growth and savings but more savings will be needed. To build a sustainable, balanced budget, it is proposed that Budget Managers are challenged to meet any unavoidable growth from within their own budget – not increase the overall budget of the council. There will only be two options where growth will be considered; for legal reasons such as contractual/ statutory and ‘invest to save’ where extra budget will result in additional savings.
- 3.1.5 Managers have been asked to identify substantial savings;
- To review their budget to take out posts unfilled for any length of time.
 - Corporately the council is also looking at the ways it is organised to see how it can be more efficient, effective and economic.
- 3.1.6 The report sets out the background and process adopted in arriving at the proposals for 2009/10 revenue budget and for informing the indicative Medium Term Financial Plan to 2012/13. The Budget has been produced using the latest information available. Certain items, such as Government Grants are known and fixed, as well as some items of income and expenditure. Should future events require any amendments to this budget, they will be brought forward when appropriate.

3.1.7 However, some items are based on a prudent approach, and assumptions about pay and prices and volumes of service demand/provision. This information is informed by the Service Planning process.

3.1.8 The proposed Revenue Budget reflects the Council's objectives and priorities and has been subjected to a comprehensive review process to assess both efficiency savings and growth items.

3.2 Government Grant

3.2.1 Last year, as part of its Comprehensive Spending Review (CSR), the Government set the level of grant to be received by the Council over the following three years specifically to provide more certainty of funding in support of medium term planning.

3.2.2 The settlement from government received under the Formula Grant/NNDR shows an increase of 0.5% this year and 2010/11. No information is currently available for the following years and so an assumption of a similar increase has been made.

4.0 **Council's Vision and Priorities**

4.1 The Council's vision is: *"To improve the quality of people's lives and preserve all that is best in East Herts"*.

4.2 The Council's key priorities that underpin the vision are:

- Promoting prosperity and wellbeing; providing access and opportunities.
- Fit for purpose, services fit for you.
- Pride in East Herts.
- Caring for what is built and where.
- Shaping now, shaping the future.
- Leading the way, working together.

4.3 The Council has recognised that its priorities and those set out in the Community Strategy are the key drivers for the strategic context. It is from this strategic context that the vision and key priorities are derived and that are used for the medium term business planning process. The medium term financial strategy to support this is integral to the Council's planning process.

4.4 Last year the Council adopted a strategy using priority based budgets applied over the medium term to reviews options which better align resource allocation with the agreed Priorities and Strategic Direction of the Council.

5.0 **Key Principles of the Strategy**

5.1 The key principles of the strategy are set out below and underpin the financial planning for the medium term.

- **Investment in key priorities** – through the medium term financial planning process resources will be allocated to the key priorities in order to deliver and maintain sustained improvements.
- **Value for money** – the Council is committed to providing value for money for all of the Council's services. An integral part of business plans and a key measure of success of a service is whether or not it can demonstrate that it is delivering value for money against measures of cost, performance and perception.
- **Efficiency savings** – continued review and challenge to achieve year on year efficiency savings releasing resources to be directed to front line priorities.
- **External funding** – where there is an opportunity to maximise external funding to support delivery of the Council's priorities this will be pursued. Only funding streams that have already been agreed are reflected in the budget.
- **Partnerships** – effective partnership working will be essential to deliver increased and improved services with the minimum impact on council tax levels.
- **Council tax levels** – increases in council tax will be kept as low as possible, but sufficient to deliver sustained investment in key services, an increase of 3.8% is proposed for 2009/10 and further 3.8% increases are currently assumed in each of the next three years of the medium term financial planning period.
- **Balances and reserves** – a prudent level of balances and reserves will be maintained in accordance with best practice.

- **Capital** – In accordance with the existing allocation policy all resources are considered corporately. Investment opportunities need to demonstrate clear links and benefits against corporate priorities, meet requirements of asset management plans and consider any revenue implications, all as part of the business planning process.

6.0 Medium Term Financial Plan to 2012/13

- 6.1 The base position for development of the Medium Term Financial Plan (MTFP) is the 2008/09 Probable Outturn.
- 6.2 The Council has set up a comprehensive integrated Service and Financial Planning process. A financial model has been developed and this informs the ongoing process of assessing the financial implications of implementing options for delivering the Council's strategic plan and service plans over a four year period. By this means both Members and Officers are able to review the budgetary implications of various options and make informed decisions about their likely affordability.
- 6.3 Options for savings and growth were developed over the summer and considered by scrutiny committees at the following meetings:
- | | |
|-------------|-----------------------------|
| 21 October | Community Scrutiny |
| 11 November | Corporate Business Scrutiny |
| 2 December | Environment Scrutiny |

A summary of their comments is given at Appendix A 11.

- 6.4 At Appendix B11 the summary of the draft MTFP based on the current financial model is shown. It must be noted that the model includes many variables and assumptions and should be seen as a working document so far as the development of the Medium Term Plan is concerned. The development of the Medium Term Financial Plan and the processes employed in its development are relatively new to the Council and consequently are evolving to become a robust process.
- 6.5 As can be seen, if the Budget for 2009/10, as presented, is agreed by Council a Council Tax increase of 3.8% will be required.
- 6.6 The MTFP provides a clear indication, expressed in financial terms of the significant challenges faced by the Council over the four year period if it is to deliver its priorities in the medium term. The Plan

assumes the same percentage increase in Council Tax for the following 3 years. That assumption requires the achievement of significant savings the profile of these savings is shown within the Financial Model at Appendix B11 and the accompanying notes. Within these savings are 'management actions to mitigate increased pressures' These savings, which have yet to be identified, amount to 1.6% of the net costs of services in 2009/10, a further 0.9% in both 2010/11 and 2011/12 and 1.4% in 2012/13. The Corporate Management Team are confident that these savings are achievable.

- 6.7 While the Council has strong balances, failure to deliver any of the required savings could result in a significant dependence on balances in the medium term. The Council must therefore achieve the savings specified in order to set realistic and manageable council tax increases that conform with Government guidelines in future years.
- 6.8 The process of identifying savings and aligning expenditure to priority services needs to continue. The Council has delivered well against the 2.5% efficiency savings, resulting from the Gershon Review, and this provides cause for some optimism about the ability to continue to achieve further efficiencies in the medium term. The efficiency target is now 3%.
- 6.9 The budget proposed for 2009/10 and the projected future budgets are considered to have been set at a level that identifies potential risk management issues and recognises the need to review priority areas of spend in future years to reduce reliance on balances and, therefore, be sustainable in the long term.
- 6.10 The level of efficiencies to be identified by year 4 is substantial and will be addressed as part of the ongoing process to identify efficiencies arising from initiatives such as Pathfinder and the Changing the Way We Work (C3W) review.
- 6.11 Following an increase in interest rates in the early part of 2008/09, rates have shown a significant drop in recent months. The Council established an Interest Rate Equalisation Reserve in 2005/06, the balance of which stood at £1.2m as at 31 March 2008. The higher rates obtained in 2008/09 should allow this to be added to at the end of the current financial year. The proposals in this report show the fund being utilised over the next two years and consideration will need to be given to replenishing the fund in future years.

- 6.12 The MTFP shows a cessation in the use of balances by 2010/11. This will require the Council to review both its current base budget position (level of service) and proposed future service plans. Sustainability of the Plan is dependent upon achieving the level of savings mentioned above and detailed in the financial model.

7.0 2008/09 Probable Outturn

- 7.1 The estimated 2008/09 Probable Outturn provides the base for the Medium Term Financial Plan. The budgets are shown under the main service head areas.

- 7.2 The following summary has been prepared on the basis that it will be approved:

	2008/09 Original £	2008/09 Probable £
Total Net Expenditure	16,855,720	16,032,140
Contribution (from)/to: Balances	<u>(64,800)</u>	<u>758,780</u>
District Council Requirements	<u>16,790,920</u>	<u>16,790,920</u>

- 7.2.1.1 The overall position shows a potential under-spend against the original budget of some £823,580. This is substantially as a result of a favourable yield from interest on investments (£900k above budget) and it is proposed that this be added to the interest rate equalisation reserve.

- 7.3 The element of the underspend (£128k) arising from changes to the implementation of ARC (as previously approved by the Executive) is to be transferred to an earmarked reserve and utilised in 2009/10.

- 7.4 Additionally, as previously approved under delegated authority costs in respect of an uninsured loss claim are being funded from the Insurance Reserve.

- 7.5 The balance of spend will be met from the General Reserve (£234k) This represents an increase of £169k compared to the original estimate.

- 7.7 If the final position at the year end is unchanged, this would give the following net contribution to balances in 2008/09:

	£000
• From General Reserve	-234
• From the Insurance Reserve	-35
• To the Interest Equalisation Reserve	900
• To the ARC Reserve	<u>128</u>
NET TRANSFER TO BALANCES	759

7.8 The main contributory factors to this position are set out below. Some of these have previously been reported to the Executive as part of the Council's budget monitoring arrangements.

Favourable variances:	£000	£000
<i>Investment Interest</i>	900	
<i>Housing Benefits</i>	111	
<i>Development Control</i>	64	
<i>Street Cleansing</i>	67	
<i>Recycling (£128k transferred to ARC earmarked reserve)</i>	268	
<i>Meals on Wheels</i>	12	
<i>Concessionary Fares</i>	100	
<i>Hackney Carriage</i>	11	
<i>Area Based Grant</i>	23	
Total Favourable		1,556

Offset by; **Overspends / reduced income**

Land Charges	255
Building Control Fees	45
Hostels / Housing Options	49
Domestic Refuse Collection	114
Buntingford Service Centre	25
Car Parking Services	125
Parks and Open Spaces (funded from Insurance Reserve)	35
Pensions and Financing costs	29
Supplementary Estimates	55

Total Adverse 732

Overall Net Underspend 824

7.9 An additional £213k will be utilised from the General Reserve relating to budgets approved to be brought forward from 2007/08

(including £69.5k of LABGI funding). In total £447k is expected to be utilised from the General Reserve.

7.10 The final outturn for 2008/09 will be determined once the Council's Accounts for the year are closed.

8.0 Budget 2009/10

8.1 The detailed estimates were considered by the executive at its meeting on 6 January and are included as a separate agenda item for the Corporate Business Scrutiny Committee.

8.2 Shown below is a summary of the totals given in the service estimates report:

	£000	£000
Neighbourhood Services	5,373	
Customer & Community Services	11,747	
Internal Services	6,883	
Chief Executive	789	
Estimated Total Net Expenditure		<u>24,792</u>
Less Interest transactions, capital financing, Pension costs, growth, savings and other charges***		6,154
		18,638
Contributions to/from reserve and movement on Pension Reserve		(1,621)
		17,017
Less Formula Grant and adjustment to collection fund		8,010
		<u>9,007</u>
Demand on collection fund		<u>9,007</u>

***The Interest transactions, Capital accounting adjustments, Pension costs (except 'current' costs included within services) and Other charges figure is large and the need for these adjustments arises as a result of matters such as Accounting codes of practice and Financial Reporting Standard 17 (Pensions Costs). These items are technical in nature and it is suggested that should Members require further information then questions should be

referred to the contact officers set out at the end of the report.

- 8.3 The proposed Budget for 2009/10 has been developed using the process and methodology for the Medium Term Financial Plan described previously in the report.
- 8.4 No specific contingency is provided for within the budget, and service managers will be required to operate within their agreed budgets in line with the concept of cash limited budgets that has been introduced with the revised financial regulations over the last year.
- 8.5 It continues to redirect resources to align more closely with the Council's priorities and in doing so relies upon the achievement of savings through the delivery of efficiencies and higher levels of income from revised fees and charges as agreed last year. Individual service plans provide action plans which are designed to ensure that efficiencies are delivered.
- 8.6 The service plans that support these options will be presented to Corporate Business Scrutiny Committee on 24 February.
- 9.0 Balances and Reserves
- 9.1 Any increases or decreases in the level of reserves or balances are taken into account within the budget process and during the financial year as part of normal expenditure and income. Any final adjustments will be dealt with as part of the closure of accounts process.
- 9.2 A General Fund balance of around £3m is a prudent level expected for an authority of the size of East Herts. This is projected to stand at £3.29 at 31st March 2009 and there are therefore opportunities to fund extraordinary or "one-off" revenue items whilst continuing to retain a prudent General Fund Balance.
- 9.3 The following summary is based on the Estimates presented to date:

	Actual 1 Apr 08	Estimate 31 Mar 09	Estimate 31 Mar 10
	£000	£000	£000
General Fund - Unallocated	**3,286	3,286	3,286
General Reserve	2,583	2,137	*1,953

* Financial Model assumes a further use of £150k in 2010/11.

**excludes 568k accumulated surplus in respect of the Council's Building Control Account

The General Reserve was partly earmarked for Capital Expenditure but the current programme is anticipated to be substantially financed from the Council's Capital Receipts.

- 9.4 It is proposed to use £184,000 from the General Reserve to support the Council Tax in 2009/10 and £150,000 in 2010/11. The Financial Model currently assumes no further contributions in the medium term.

Other Reserves

- 9.5 Last year it was acknowledged that investment in service improvement would be required in order to realise the necessary efficiencies shown in the medium term financial plan. To assist this, a Service Improvement Reserve was established as a means of financing "one-off" initiatives that will deliver efficiencies or service improvements in the medium term. A sum of £1m was set aside for this purpose at the end of 2007/08. Commitments against this Reserve in the medium term total £349k in respect of the Programme Director post (£327k) and Efficiency Advisor (£22k).
- 9.6 Details of other earmarked Reserves currently held by the Council are set out below:

	Actual 1 Apr 08	Estimate 31 Mar 09	Estimate 31 Mar 10
	£000's	£000's	£000's
Interest equalisation reserve	1,178	2,078	778
Insurance	71	36	36
Local Development Framework	NIL	105	155
Stansted G2, Green Belt Review			
Emergency Planning	37	37	37

VAT (Partial Exemption)	145	145	145
House Condition Survey	NIL	15	NIL
Council Elections	NIL	25	50
Service Improvement Reserve	1,000	907	799
Alternative Recycling Collection	NIL	128	NIL
Leisure utilities/ pensions	NIL	NIL	60
Total Other Reserves	2,431	3,476	2,060

- 9.8 The Insurance Reserve is being maintained in order to meet the cost of any risk management initiatives that are anticipated may be proposed through the operational risk management group. The Reserve can also be used to fund uninsured loss claims under delegated authority.
- 9.9 It is intended that £150k is budgeted for (in either the service or Reserve contribution) in each of the next 4 year's in order to fund the cost of the Council's Local Development Framework, Stansted G2, and Green Belt Review.
- 9.10 The Emergency Plan Reserve will continue to provide a small Fund in order to meet any costs arising from the Council's statutory responsibilities for this service.
- 9.11 It is suggested that the VAT (Partial Exemption) Reserve is also retained until such time as any VAT implications that could arise from the future Long Term Leisure Strategy have been determined.
- 9.12 In line with previous decisions two further Reserves are being created to "smooth" the costs of additional requirements in future years for House Condition Survey and Council Elections.
- 9.13 The Service Improvement Reserve is described under paragraph 9.5 above.
- 9.14 Overall the above proposals (which are reflected in the Table above) will see a decrease in earmarked Reserves to £2.06m by 31 March 2010. The financial model indicates a further reduction to £1.73m by March 2013.

10.0 Council Tax Position

- 10.1 The Medium Term Financial Plan sets out the budget requirement for 2009/10 and the following three years. It assumes an increase in the Council Tax of 3.8% in each of the four years.

	2008/09 Current	2009/10	2010/11	2011/12	2012/13
	£	£	£	£	£
Council Tax At Band D	150.30	156.01	161.94	168.09	174.48

10.2 Any amendments to the proposals set out in the reports would affect the level of Council Tax and the percentage increase. An increase/decrease of £10,000 is equivalent to 0.12% or £0.17 On the 2009/10 Band D Council Tax.

10.3 The Government has indicated that it expects to see Council Tax increases which are substantially less than 5% in the medium term.

11.0 Consultation

11.1 During September and October 2008, the Council undertook a series of consultations to seek the views of key audiences on budgetary issues.

11.2.1 The objectives of the exercise were to:

- Get a steer from the public on what we should, and shouldn't be, spending money on as a council
- Gain an understanding of which service areas should be prioritised over others
- Consider areas which would be acceptable to increase charges for services
- Convey how difficult it is to make the budget balance.

11.2.3 Previously East Herts Council engaged with the public around the budget through a workshop and a survey with members of our Residents' Panel and four focus groups with local businesses.

11.2.4 This year the programme of consultation was reviewed and it was decided that the following consultation activities would be undertaken;

- Two focus groups with groups that have access issues and may therefore be affected if certain proposals were agreed, (The first focus group was conducted with representatives of the disabled community in East Herts, and the second was

held with the elderly at the Apton Roads Meals on Wheels club).

- A workshop with members of our Residents' Panel and
- Two focus groups with local businesses which were carried out in Hertford and Bishop's Stortford.

11.3 The consultation activity was carried out between September and October 2008. All groups were asked to discuss the following:

11.3.1 Community Meals Service – (This asked for participants views on East Herts Council relinquishing the responsibility for providing community meals to Herts County Council)

Groups were largely in favour of opting into the county contract. All groups wanted to ensure that any price rises would be staggered. People felt that it was important that those who least could afford it were financially supported; One group felt that the council subsidy should continue to ensure this.

Groups were keen for quality to be maintained or improved.

11.3.2 Alternative Toilet Provision – (This asked for participants views on the closure of select public toilets with the option for toilet access to be provided by local businesses)

All groups were happy to see this option explored.

People were keen that there should be a choice of locations and adequate signage.

Concerns were raised over how this would affect people with carers.

11.3.3 Changes to the way we pay for things – (This asked for participants views on a variety of payment options and whether certain options should involve incentives for example council tax payment over a ten month period for new customers and phasing out the option the option to pay at the Post Office)

A variety of views were expressed on this subject.

All groups were keen that the people that were most likely to be penalised were those that could least afford it.

However all groups felt new/alternative/cheaper solutions should be found by the council for those people without bank accounts.

11.3.4 Fighting to protect East Herts – (This asked for participants views on East Herts Council providing monetary support to campaigns such as the prevention of extension to Stansted Airport and the challenge to the East of England Plan)

This subject provided the most differing responses.

There was a general feeling that if the council didn't do this, who would?

All groups acknowledged that the investment didn't guarantee success.

This was thought to be a local issue by both focus groups and not specifically an access issue.

11.3.5 Town Centre Enhancements – (This asked for participants views on how they would like their town centres to be improved)

All groups wanted to see more information boards, maps, signage in town centres.

The Access focus groups and the business focus group were keen to see increased convenient parking.

11.3.6 Credit Crunch response – (This asked for participants views on whether the council should do more to help those in need and if so how)

All groups were keen that the council didn't 'jump in' and offer direct financial support to families at risk in the current economic climate.

There was a general feeling it was 'too early' to get involved and groups felt there were better ways to use the money.

The council should continue and expand the existing more traditional ways we help people.

General support that we work more in partnership with housing associations to provide affordable housing.

The access focus groups were especially keen that options for help do need to be explored.

12.0 Legal Implications

12.1 Decisions should be made in accordance with the Council's Constitution.

13.0 Financial Implications

13.1 The report is concerned with finance and the financial implications arising from the financial planning process.

13.2 The Council has a duty to set a revenue budget for the year 2009/10 that is both balanced, i.e., the estimated funding of the

budget is adequate to finance estimated expenditure, and sustainable, i.e., the financing of recurring revenue expenditure is not dependent upon the use of reserves.

13.3 The budget for 2009/10 is robust, prudent and achievable and based on reliable data.

14.0 Human Resource Implications

14.1 Any implications from delivering the service options described in the budget are outlined in the service plans.

15.0 Risk Management Implications

15.1 For the Council to operate within its 2009/10 budget proposals it needs to both deliver proposed efficiencies and continue to increase its income from fees and charges. Failure to achieve these assumptions would require financing of any resulting deficit from general reserves.

15.2 The Capital Programme for the Medium Term assumes the generation of Capital Receipts of £4.1m from disposal of assets. Failure to achieve the forecast disposals would impact upon the revenue budget because of ongoing revenue costs of those assets.

15.3 There are specific areas that could have an effect on the Council's budget. These include changes in interest rates, the level of inflation, pay awards, and take up of concessionary fares and staff turnover.

15.4 Outside the direct control of the Council is any affect that the performance of the local government pension fund may have on the Council's budgets in future years.

Background Papers

Results of Citizen Panel Surveys

Results of Business Consultation

MTFP Working Papers

Service Estimates Working Papers

Fees and Charges Working Papers

Contact Member: Councillor Michael Tindale - Executive Member for Resources and Internal Support.

Contact Officers: Mike Collier – Acting Director of Internal Services, Ext 1401
Simon Chancellor Head of Financial Services Ext 2050

CORPORATE BUSINESS SCRUTINY – 11 November 2008

Members discussed the items relating to Corporate Business Scrutiny Committee and raised a number of issues on these. Members were assured new arrangements for the work of the Chairman's Secretary had been successfully piloted. The Director of Neighbourhood Services explained business re-engineering involved examining working processes to see how they could be streamlined. Fewer word processing staff were needed because of changing working arrangements. Electronic document management would lead to electronic records management which would take over from microfilming. A saving on floral displays would be made through new arrangements for these.

The Committee decided to inform the Executive that the service options with the exception of 24 CBS - Repairs and Maintenance, which it felt would lead to more serious problems for the buildings concerned in the future, should be agreed.

RESOLVED - that the Executive be informed that the Committee considers that the service options should be adopted, subject to the comments outlined above regarding 24 CBS - Repairs and Maintenance.

COMMUNITY SCRUTINY COMMITTEE, 21 OCTOBER 2008

348 2009-2010 SERVICE OPTIONS AND BEYOND

1 Comm. Community Alarm Service:

Agreed, however the costs and savings to be incurred in relation to the new contract were not an option, as the arrangement had been agreed by the Executive.

2 Comm. Reduction in various Community Safety and Licensing Budgets

Agreed, but the question was raised as to whether there were any other budgets where similar savings could be achieved?

3 Comm. Additional Income through training courses

Agreed, but the question was raised as to where people currently undertook training and was this need market tested?

4 Comm. Increased Income from CCTV

No consensus, the point was made that this would be viewed as a transfer of taxation ie locally to the Town Council.

5 Comm. Increase in licensing fees income

Concerns about taxi operators in the District, difficulties of operation in the current economic climate and the need to have a balanced approach rather than seeing this as an efficiency saving. Members requested this be reviewed and debated further.

It was reported that Corporate Business Scrutiny Committee did not wish the Council to subsidise these charges. The Government were urging people to be sensitive about payments and mortgages. Could these savings be achieved without causing undue hardship?

6 Comm. Increase in Housing Benefits Overpayments

7 Comm. Staff changes in Community Services - Net Savings

- Agreed.

8 Comm. Meals on Wheels

The Budget Workshop viewed this as logical. The Head of Community and Cultural Services commented that this was an option, not a proposal at this stage as a report on the future of community meals would be presented to Community Scrutiny Committee on 27 January 2009.

9 and 10 Comm. Savings from new leisure contract and capital investment

Clarification was sought and provided in response to a question on how the savings figures had been calculated. The Director of Customer and Community Services commented that because of the way the contract was structured, the Council would not bear any risks apart from the Utility Tariff. He outlined proposals for capital investment and the positive effect this would have on the Council's costs.

Growth Items:

Licensing of Houses in multiple occupation - Additional income generated

Additional Hours - food hygiene

National Indicator 187 - Fuel Poverty

Agreed.

Contributions to Countywide project, Big Lottery and Play Initiatives.

Contributions to countywide projects were supported in principle. Clarification was sought and provided in relation to how other Districts fit in with this initiative and whether there were other initiatives which could achieve growth.

Licence to Join East of England Customer Profiling Project

Following clarification of its role, this was supported as offering good value for money.

Loss of Income - Discount for purchasers of Pay and Display Smart Cards

Supported but there would be a need to ensure that the Smart Cards were widely accepted and available.

Increase in marketing of Castle Hall - Additional income generated

Concerns were expressed on the logic of spending vs income. Clarification of this was provided in that Castle Hall needed investment to achieve its potential and to increase audiences. At the present time, it was difficult to predict what income would be generated. ***(N.B. The net cost of marketing has now been included as a one-off special item for one-year only to allow for further evaluation (Appendix B2))***

Consultancy re Parking Re-tender (Special one-off growth item)

Agreed.

RESOLVED – that the Executive be informed of the Members' comments now detailed.

THE ENVIRONMENT SCRUTINY COMMITTEE
2 DECEMBER 2008

27 Env - Decommissioning of Ozone Monitoring (Env Health):

Clarification was given clarification that decommissioning would have no adverse impact on future requirements for ozone monitoring.

After being put to the meeting and a vote taken, the Committee supported the decommissioning. Councillor Mrs M H Goldspink abstained from voting.

28 Env - Concessionary Fares:

Agreed.

Env 29 - Alternative Public Toilet Provision

The Committee was advised that the approach being adopted by some Authorities, whereby the public were permitted to use facilities in local business premises could be considered in East Herts. A small annual fee would be paid from the Council to businesses to make facilities available for public use.

In response to a query, the Director reported alternative provisions would be put in place before any public conveniences were closed.

After being put to the meeting and a vote taken, the Committee supported Alternate Public Toilet Provision. Councillor Mrs M H Goldspink abstained from voting.

Env 30 - Close Riverside Public Convenience

Concern was expressed over the closure of the Riverside facility until alternative arrangements had been put in place. The Executive Member for Environment and Conservation commented that public facilities were available in a number of other locations in and around the town centre

The Director commented that Officers had viewed the public convenience at the Riverside as an overprovision.

The Committee supported this item being considered in conjunction with - Alternate Public Toilet Provision.

Env 31 to Env 34

The Director sought and received the Committee's approval to consider Env 31 to 34 collectively.

The Chairman highlighted a concern in respect of building control performance suffering due to a shortage of trained staff. Of particular concern was whether developers were meeting their obligation to adhere to approved plans.

The Director advised that Officers had recently reviewed the planning and building control service. Consultation had taken place with all relevant Officers and there was a confidence that service delivery was possible on the basis now detailed.

Env 35 – Concern was expressed concern in respect of the loss of a budget code which contributed to the upkeep of the historic heritage of the District. Members commented that further information would assist the Committee in making an informed judgement. The Director undertook to ensure that Members be given clarification by the Head of Planning and Building Control in respect of Env 35 - Historic Environmental Costs before the next Executive meeting.

The Committee supported Env 31 to Env 34 in principle. It was also agreed that Members be given further clarification by the Head of Planning and Building Control in respect of Env 35 - Historic Environmental Costs before the next Executive meeting.

Env 36 - Consultancy Budget for Planning Policy

Agreed.

Env 37 - Refuse Contract Extension

The Waste Services Manager commented that the current refuse contract was due to expire at the end of 2009. He advised that Officers were renegotiating the contract to link with the renewal of the street cleansing contract so economies of scale could be achieved by renewing both contracts together.

Agreed.

Env 38 - Countywide contract sale of paper for recycling

Agreed.

Env 39 - Cleansing and Refuse Contract

Agreed.

Env 40 - Replacement Bins

The Waste Services Manager advised that the £25 charge covered the cost of delivering a 240 litre black or brown bin. He commented that bins that were found and could be cleaned were reused.

In response to Members' comments, the Waste Services Manager advised that residents were encouraged to mark their bins.

Agreed.

Env 41 - Additional Income from recycling credits

The Waste Services Manager advised that recycling credits were based on an alternative financial model, whereby less waste was sent to landfill, which would result in rewards in the form of additional credits to Waste Collection Authorities (WCAs) from Hertfordshire County Council.

Agreed.

RESOLVED – that the Executive be informed of the Committee's comments now detailed.

Members received the report.

RESOLVED - that the report be received.

APPENDIX B11

Not e	Financial Model	2007/08 Act	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013
		£'000	£'000	£'000	£'000	£'000	£'000
	Net Cost of Services	17,778	18,981	20,987	21,626	22,265	22,948
	Interest Payments	702	702	676	662	662	662
	Interest & Investment Income	-5,133	-4,000	-2,200	-1,900	-2,400	-2,500
	Appropriations	-99	-15				
	Pensions Interest/Return on Assets	-420	-412	505	505	505	505
	Car Parking Fees & Charges			-150	-262	-411	-536
	Other fees & Charges			-76	-204	-336	-473
B1	Growth Items			717	1,020	1,136	1196
B2	Special Items			43	36	21	
B3	Efficiency Savings			-1,497	-2,348	-2,757	-2,741
B4	Management actions to mitigate increased pressures			-328	-517	-716	-1043
	One off Savings			-100	-270	-250	-20
	Revenue effects of capital			35	50	50	50
	Known Changes					98	126
	Inflation/Contingency	nil	nil	nil	nil	nil	nil
	RCCO/Internal Interest	36	26	26	26	26	26
	Net Expenditure	12,864	15,282	18,638	18,424	17,893	18,200
B5	Contribution to / from Earmarked Reserves	1,800	210	-116	84	111	249
	Contribution to/ from Interest Equalisation reserve			-1,300	-778		
	Use of General Reserve	594	-66	-184	-150		
	Movement on Pension Reserve	976	1,364	-21	-2	20	40
	Net Expenditure after reserves	16,234	16,789	17,017	17,578	18,024	18,489
	Formula Grant/NNDR	-7,947	-8,101	-8,141	-8,182	-8,223	-8,264
	Transfer (from)/to Collection Fund	-73	20	131			
	Demand on Collection Fund	8,214	8,710	9,007	9,396	9,801	10,225

<u>Not</u> <u>e</u>	<u>Financial Model</u>	2007/08 Act	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013
	Council Taxbase	57,122	57,952	57,734	58,023	58,313	58,604
	Council Tax at Band D	143.82	150.30	156.01	161.94	168.09	174.48
	Percentage Increase		4.50%	3.80%	3.80%	3.80%	3.80%

NOTE B1

Growth Identified as Part of 2008/09 Budget Process	2009/10 £	2010/11 £	2011/12 £	2012/13 £
NEIGHBOURHOOD SERVICES				
Community Safety				
Anticipated reduction on Safer Stronger Communities pooled grant	5,000	5,000	5,000	
CUSTOMER & COMMUNITY				
Customer & New Media				
Increase residents season tickets resulting in a drop in demand for them	2,000	8,000		
Maint / Monitoring of new Pay & Display machines in Stanstead Abbots & Buntingford	3,000			
Environment				
Refuse Service - Property Growth	53,000	53,000	53,000	
Provision for ending of Waste Performance Efficiency Grant	* 64,100			
Implementation of Alternate Bin Collection / Kerbside Plastics Collection (Part Year - year 1)				
- Provision of 2 additional recycling rounds (inc. vehicle provision)	* 115,500			
- Modification of existing kerbsider vehicles	* 11,500			
- Material handling	* 20,500			
- Loss of income from separated can sales	* 22,000			
Implementation of Alternate Bin Collection / Kerbside Plastics Collection (Part Year - year 2)				
- Provision of 2 additional recycling rounds (inc. vehicle provision)		115,500		
- Modification of existing kerbsider vehicles		11,500		
- Material handling		20,500		
- Loss of income from separated can sales		22,000		
Growth from capital programme		50,000	50,000	50,000
Total growth identified as part of 2008/09 process	296,600	285,500	108,000	50,000

Growth Identified as Part of 2009/10 Budget Process	2009/10 £	2010/11 £	2011/12 £	2012/13 £
NEIGHBOURHOOD SERVICES				
Health & Housing				
Licensing of HMO's	16,000	-3,000	-2,000	
Additional hrs - food hygiene	17,000			
NI187 - fuel poverty	6,000			
CUSTOMER & COMMUNITY				
Customer & New Media				
Loss of income - Discount smart costs	20,000	10,000	10,000	10,000
Licence to join East of Eng project	9,000			

Community & Cultural

Growth in Culture & Leisure

Herts Sports Partnership	6,000			
Subscription to HACO	500			
CYPPT	5,000			
Expanded pop luck	2,000			
Summer Playschemes	15,000			
LGIU Membership	7,000			

Total growth identified as part of 2009/10 process

103,500	7,000	8,000	10,000
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Growth - new items**NEIGHBOURHOOD SERVICES****Health & Housing**

Hostel - lower level of efficiency being achieved	25,000			
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CUSTOMER & COMMUNITY**Customer & New Media**

Car Parks - loss of income	67,600			
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Community & Cultural

CVS additional core funding	5,000			
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INTERNAL SERVICES**Business Support Services**

Internet Arrangements	20,000			
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Increase in IT Licence fees	130,300			
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IT efficiency saving not found	18,000			
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Democratic & Legal Services

Reduction in Land Charges Income	280,000			
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Graduate Trainee - reprofiled	5,000	10,000		
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Total growth - new items	550,900	10,000	0	0
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Total growth	951,000	302,500	116,000	60,000
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Total Growth Items built into estimates *	233,600	0	0	0
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Total Growth not built into estimates	717,400	302,500	116,000	60,000
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				1,195,900
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Cumulative Growth not built into estimates	717,400	1,019,900	1,135,900	0
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Note B2

Special Items Identified as Part of 2008/09 Budget Process	2009/10 £	2010/11 £	2011/12 £	2012/13 £
CUSTOMER & COMMUNITY				
Customer & New Media				
Process Review and Improvement Project Post *	36,300			
Community & Cultural				
Cont to development of Olympic programme	3,000	3,000	3,000	
CUSTOMER & COMMUNITY				
Environment				
Alternative Bin Collection Publicity & Promotion *	100,000			
Additional temporary staff - Recycling Advisors *	50,000			
Additional temporary staff - Call Handling *	64,000			
CHIEF EXECUTIVE				
Strategic Direction				
Pathfinder Director *	10,000			
Total special Items identified as part of 2008/09 process	263,300	3,000	3,000	0
Special Items Identified as Part of 2009/10 Budget Process				
CUSTOMER & COMMUNITY				
Customer & New Media				
Consultancy re parking retender			12,000	
CUSTOMER & COMMUNITY				
Community & Cultural				
Olympics countywide prep	1,000	1,000	1,000	
Match fund for Big Lottery Play	2,000	2,000		
Total special Items identified as part of 2009/10 process	3,000	3,000	13,000	0
Special Items - new items				
CUSTOMER & COMMUNITY				
Community & Cultural				
Credit Union	5,000	5,000	5,000	
Castle Hall Way Forward	32,000	25,000		
Total special Items - new items	37,000	30,000	5,000	0
Total Special Items	303,300	36,000	21,000	0
Total Special Items built into estimates *	260,300	0	0	0
Total Special Items not built into estimates	43,000	36,000	21,000	0

NOTE B3

Savings Identified as Part of 2008/09 Budget Process	2009/10 £	2010/11 £	2011/12 £	2012/13 £
NEIGHBOURHOOD SERVICES				
Community Safety				
Anticipated reduction on Safer Stronger Communities pooled grant (expenditure)	-5,000	-5,000	-5,000	
CUSTOMER & COMMUNITY				
Community & Cultural				
CAB reduction of grant	-50,000	-50,000		
Bus subsidies - reduction of budget	-75,000			
Economic Development 3% efficiency saving	-1,700	-1,700	-1,600	
Environment				
Relocation of street cleansing to Buntingford Depot	-2,000			
Reduce tree maintenance inspection programme	-5,000	-5,000		
Implementation of Alternate Weekly Collection / Kerbside Plastics Collection (Part Year - Year 1)				
- Reduce refuse service by 4 rounds *	-166,000			
- Additional income from material sales *	-42,500			
- Income from plastic sales *	-12,000			
Implementation of Alternate Weekly Collection / Kerbside Plastics Collection (Part Year - Year 2)				
- Reduce refuse service by 4 rounds		-166,000		
- Additional income from material sales		-42,500		
- Income from plastic sales		-12,000		
INTERNAL SERVICES				
Democratic & Legal Services				
East of England Regional Assembly Subscription	-6,000			
Financial Support Services				
Thele House interest gained *	-5,000	-25,000		
CHIEF EXECUTIVE				
Strategic Direction				
Round 1 savings *	-2,501			
Round 1 savings		-1,134	-1,570	
Total savings identified as part of 2008/09 process	-372,701	-308,334	-8,170	0
Savings Identified as Part of 2009/10 Budget Process	2009/10 £	2010/11 £	2011/12 £	2012/13 £
NEIGHBOURHOOD SERVICES				
Planning & Building Control				
Bldg Control Salaries	-55,000			
Bldg Control Misc Hired & Contracted	-6,000			
Dev Control deletion 0.5 FTE	-15,000			
Dev Control pre application and other fees	-10,000			
Dev Control pre application and other fees *	-9,000			
Historic Env Costs	-20,000			
Consultancy budget for Planning Policy	-45,000			
2 Building Control posts vacant for 3 years	-80,370			
Development Control - Planning Officer post	-32,280			
Development Control post	-7,500			

Health & Housing

Decommissioning of Ozone Monitoring	-2,000			
Community Alarm Service		-16,000		
Env Health post reduce hours from 37 to 30	-6,700			

Community Safety

Reduction in Licensing base budget	-1,000			
Reduction in Emergency Planning Equipment	-3,000			
Reduction in Community Safety initiatives	-1,000			
Reduction in Community Safety base budgets	-1,000			
Additional income through training courses	-5,000			
Increased income from CCTV	-27,000			
Increase in licensing fees income	-15,000			
Business re-engineering process		-41,000	-54,000	

CUSTOMER & COMMUNITY**Community & Cultural**

Concessionary Fares	-200,000			
Staff Changes - net saving	-40,000			
MOW – reprofiled	0	-67,000	-42,000	-41,000
Savings from new leisure contract	-202,000	-203,000	-93,000	57,000
Saving from capital investment	0	0	-200,000	0
Community & Cultural post reduce hours from 37 to 18	-21,760			
Leisure post	-6,370			
Balance from Head of Leisure post	-7,700			

Environment

Refuse Contract Extension		-110,000		
County wide contract sale of paper	-90,000			
Cleansing & Refuse contract	-40,000			
Alternative Provision of Public Conveniences	-32,000	-53,000		
Close Riverside Public Conveniences	-8,000			
Replacement Bins		-50,000		
Additional income from recycling credits – re-profiled	-60,000			
Env.Services post vacant since August 2004	-20,430			
Env Services 0.75FTE	-19,480			

Customer & New Media

Co location Parking & Customer services			-12,000	
External Customer Services - later working hours	-11,640			

INTERNAL SERVICES**People & Organisational Development**

Recruitment Services	-24,000			
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Democratic & Legal Services

Deletion of post CG007	-2,800			
Democratic Services books budget	-300			
Land Charges postage	-1,700			
Legal childcare fees	-100			
Legal contracted property services	-5,100			
Electoral registration	-1,500			
Reduction post CG021	-4,500			

Business Support Services

Cease floral display Causeway	-1,300			
Reduce professional fees	-2,000			
Cease floral display Wallfields	-1,000			
Word Processing working arrangements	-16,000			
In-sourcing printing – Withdrawn	# -20,000			
Repairs & Maint.	-27,000			

In-sourcing m/film		-10,000		
Central Purchasing post reduce hours from 14.75 to 11.25	-2,020			
Facilities Management post reduce hours from 37 to 32	-4,060			
Delete vacant Microfilming post	-10,410			
Revenues & Benefits				
Reduction in recovery costs	-12,000			
Reduction in Postages	-12,000			
Increase in Hsg Benefits overpayments detected	-80,000			
Financial Support Services				
Commercial/ investment property rent reviews	-15,000			
Reduction of staff costs arising from payroll/ HR integration.		-4,500		
Reduction Staff levels.		-17,000		
CHIEF EXECUTIVE				
Strategic Direction				
Removal of post EX002	-21,000			
Cut base budget - Public consultation *	-3,000			
Total savings identified as part of 2009/10 process	-1,372,520	-567,000	-401,000	16,000
Savings - new items	2009/10	2010/11	2011/12	2012/13
	£	£	£	£
INTERNAL SERVICES				
Democratic & Legal Services				
Land Charges - reduction in fee payable to HCC	-28,000			
Total savings - new items	-28,000			
Total Savings	-1,773,221	-875,334	-409,170	16,000
Total Savings built into estimates	-256,001	-25,000	0	0
Total Savings withdrawn	-20,000	0	0	0
Total Savings to be built into estimates	-1,497,220	-850,334	-409,170	16,000
Cumulative savings to be built into estimates	-1,497,220	-2,347,554	-2,756,724	-2,740,724

NOTE B4

Management Action to Mitigate Increased Pressures

	2009/10	2010/11	2011/12	2012/13
	£000	£000	£000	£000
In Year Saving	-328	-189	-199	-327
Cumulative Management Action to Mitigate Increased Pressures	-328	-517	-716	-1,043
Net Costs of Services	20,987	21,626	22,265	22,948
In year Action required as % of Net Cost of Services	1.6%	0.9%	0.9%	1.4%

Contributions To / From (-) Reserves	2009/10 £	2010/11 £	2011/12 £	2012/13 £
Service Improvement Fund	-107,600	110,300	-37,700	
LDF / Stansted Public Examination / Green Belt Review	50,000	95,000	150,000	150,000
Housing Condition Survey	-15,000	14,000	14,000	14,000
Provision for Elections	25,000	25,000	-75,000	25,000
Alternate Refuse Collection	-128,000			
Leisure Contract Utilities Costs	60,000	60,000	60,000	60,000
Total contribution to / from (-) Reserves	-115,600	83,700	111,300	249,000

APPENDIX C11

Pay and Price Assumptions for Medium Term Financial Plan

Data Table	2008/ 09 %	2009/ 10 %	2010/ 11 %	2011/ 12 %	2012/ 13 %
Overall salary increase *	4.75%	4.75%	4.75%	4.75%	4.75%
General Inflation	2.50%	2.50%	2.50%	2.50%	2.50%
NNDR	2.50%	3.00%	2.50%	2.50%	2.50%
Fuel	2.50%	5.00%	5.00%	2.50%	2.50%
Contract Index - All Contracts	3.50%	2.50%	2.00%	2.00%	2.00%
Contract Index - Street Cleansing	3.50%	2.50%	2.00%	2.00%	2.00%
Contract Index - Refuse Only	3.50%	2.50%	2.50%	2.50%	2.50%
Contract Index - Parking	3.00%	2.00%	1.50%	1.50%	1.50%
Contract Index - Leisure	2.50%	2.00%	1.50%	1.50%	1.50%
Contract Index - Community Meals	3.50%	3.00%	3.00%	3.00%	3.00%
Formula Grant/NNDR Redistribution	1.00%	0.50%	0.50%	0.50%	0.50%
Tax Base Increase	0.50%	0.50%	0.50%	0.50%	0.50%
Income					
Increase for Fees & Charges	3.50%	3.50%	3.50%	3.50%	3.50%
Increase for car parks	5.00%	5.00%	5.00%	5.00%	5.00%

*Salary Increase based on an assumed 2.5% pay award, 0.75% for the cost of increments and 1.5% for the impact of the 5% local award.