

# Public Document Pack



Chairman and Members of the Local  
Joint Panel

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Joint Panel agenda

Fax:  
Our ref:  
Date: 12 January 2011

Dear Councillor

## **LOCAL JOINT PANEL - 19 JANUARY 2011**

Please find attached the following reports which were marked "to follow" on the agenda for the above meeting:

Medium Term Financial Plan - Staffing Implications (Pages 3 - 68)

Please bring these papers with you to the meeting next Wednesday

Yours faithfully

Lorraine Blackburn  
Committee Secretary  
Democratic Services  
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**MEETING** : LOCAL JOINT PANEL  
**VENUE** : WAYTEMORE ROOM, COUNCIL OFFICES, THE  
CAUSEWAY, BISHOP'S STORTFORD  
**DATE** : WEDNESDAY 19 JANUARY 2011  
**TIME** : 2.00 PM

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EAST HERTS COUNCIL

JOINT SCRUTINY COMMITTEE - 18 JANUARY 2011

EXECUTIVE - 8 FEBRUARY 2011

REPORT BY THE EXECUTIVE MEMBER FOR RESOURCES AND  
INTERNAL SUPPORT

CONSOLIDATED BUDGET REPORT: PROBABLE OUTTURN 2010/11:  
REVENUE BUDGET 2011/12: MEDIUM TERM FINANCIAL PLAN  
2011/12 TO 2014/15

WARD(S) AFFECTED: ALL

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**Purpose/Summary of Report**

This report recommends a revenue budget for 2011/12 in the context of

- the Council's priorities
- the medium term financial plan to 2014/15
- funding the capital programme (subject of a separate report)
- the anticipated revenue budget outturn for 2010/11
- the proposed Treasury Management Strategy for 2011/12 (subject of a separate report)
- the previously agreed council tax base for 2011/12
- no council tax increase for 2011/12
- proposals for reserves and balances

**RECOMMENDATION FOR DECISION BY JOINT SCRUTINY  
COMMITTEE: that**

(A)	<b>Joint Scrutiny Committee advises the Executive of its comments on the proposals set out in the report including any amendments to the budget which the Committee wish to be considered by the Executive; and</b>
(B)	<b>Joint Scrutiny Committee in particular considers the savings on which Council at its September 2010 meeting deferred a decision and which are:</b> <ul style="list-style-type: none"><li>• <b>Support for the Chairman £11K</b></li><li>• <b>Museums Service £6k</b></li></ul>

	<ul style="list-style-type: none"> <li>• <b>Sunday and Bank Holiday car parking £38k; and the proposal to freeze car park charges from April 2011.</b></li> </ul>
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<b>RECOMMENDATIONS FOR THE EXECUTIVE TO COUNCIL: that</b>	
<b>(A)</b>	<b>consideration be given to comments and proposals from Joint Scrutiny Committee and, in the light of that consideration, recommendations be made to the Council that :</b>
<b>(B)</b>	<b>1. The probable outturn for 2010/11 be approved;</b>
	<b>2. The revenue budget for 2011/12 be approved;</b>
	<b>3. The medium term financial plan to 2014/15 be approved ;and</b>
	<b>4. There to be no increase in council tax for 2011/12</b>

## 1.0 Background

1.1 This time last year the Council set its budget to prepare for constraint in public spending but with much uncertainty about the scale of that constraint. Following the election the incoming government signalled its intention to address the public sector deficit sooner than the outgoing government had planned with the announcement in June of spending cuts taking effect in 2010/11. The Council's expected revenue grants were reduced by £241k.

1.2 The Council responded to the changed position in September when it reviewed its savings proposals for 2011/12 set out in the MTFP but which remained subject to confirmation. With limited exceptions Council confirmed those savings and authorised officers to implement them at the earliest feasible opportunity.

1.3 The outcome of the Comprehensive Spending Review announced in October confirmed the scale and pace of the rebalancing of public spending. Spending restraint rather than increases in taxes underpinned a plan to achieve a sustainable position over four years. The plans included a 28% reduction in grants to local government over four years. The Local Government Association has calculated that job losses will total up to 140,000 nationally. The Secretary of State has said that reserves should be called on to offset the first year impact of this reduction.

- 1.4 On 13 December the government announced the Revenue Support Grant settlement. The settlement saw cuts more front loaded than the MTFP allowed for and the MTFP has been adjusted as a consequence.
- 1.5 The newly created Office of Budget Responsibility has issued two reports. A key feature of those reports which has informed the Council's budget planning is the expectation that interest rates will remain lower for longer to help off set the impact on the economy of less demand from government and from households facing real term reductions in disposable income. Between its June report and its November report the OBR further reduced its interest rate forecasts by around 0.5% and this has been factored into the MTFP.
- 1.6 The plans set out in the CSR and the OBR's forecasts are based on assumptions about the performance of the UK economy over the next four years. The UK is not immune from the international economy and the volatility of financial markets which means that the future course of the UK economy remains uncertain. Financial markets have put pressure on the Euro zone with weaker members seeing their cost of borrowing increase at a time they are imposing austerity measures to rebalance their finances. The UK has offered additional bilateral support to Ireland as a key trading partner. If doubts over sovereign debt create further turbulence in the markets this may cause the government to revisit its spending plans.
- 1.7 In July the Council refreshed the financial strategy setting out the principles and objectives for its financial planning including a policy on reserves and the MTFP is in keeping with that strategy.
- 1.8 The Council has retendered its refuse and street cleansing service and the new contract to commence April 2011 will reduce costs by £1.469m per year. The cost reduction gives scope to review spending and council tax plans.
- 1.9 The MTFP approved last year assumed a 2.5% increase in council tax from April 2011 and this was retained in the updated July Plan. The government has set out its plans to pay a grant equal to the income from a 2.5% increase in council tax to Councils agreeing to freeze their tax. As a consequence the budget proposes no increase in council tax for 2011/12.

## 2.0 Report

### **Opening balances 1 April 2010**

- 2.1 The budget for 2010/11 was set in February 2010 with an expectation that 31 March 2010 would see a balance on the general reserve of £2,090k. The final accounts recorded a balance of £2,770k i.e. some £680k higher than expected largely as a result of improved waste recycling income.
- 2.2 The unallocated general fund balance was £3,854k inclusive of the £454k building control surplus. Earmarked reserves compared as follows:

Reserve	Expected Balance 31.3.10 £000	Actual Balance 31.3.10 £000
Interest Equalisation	904	1185
Insurance Fund	9	10
Emergency Planning	37	37
VAT partial exemption	145	145
Service Improvement	797	795
LDF/Green belt	363	363
Housing condition survey	23	23
Council election	50	50
LABGI	316	316
Leisure utilities/pensions	60	60
Restructure	33	33
Legal fees	31	31
Performance Reward Grant		217
Pension strain costs		158
Waste recycling		275
Total	2768	3698

Taken together the general and earmarked reserves at out turn put the Council in a significantly better position to meet the CSR challenges.

### **Projected outturn 2010/11**

- 2.3 The latest health check report at the time of drafting this report is the November report. This shows favourable variances of £2,088k

offset by adverse variances of £2,066k – a net positive variance of £82k.

- 2.4 Action in response to budget monitoring in the year to date has seen a projected overspending reduce from £881k in June – (when the major impact of reduced investment returns was assessed) to £82k under spending in November.
- 2.5 The later detailed review of the probable outturn undertaken as part of the preparation of the 2011/12 estimates has indicated a further improvement and reports a potential under spending of £266k by the end of the year. The detail in support of the probable outturn is set out elsewhere on the agenda and this shows spending on services of £17.733m against a budget of £18.889m – an under spending of £1156k. This net under spending on services is offset by a shortfall on investment income of £890k to produce the net £266k.
- 2.6 A report to the Audit Committee on 24 November reviewed how and when variances had been reported in each of the prior two years. This showed that positive income variances in particular tended to be reported later rather than sooner. In both years there had been significant positive shifts in the net variance reported at final outturn compared with what was reported at probable outturn. This pessimism bias in reporting has been addressed with budget managers and the figures reported here include subsequent adjustment of forecasts. However, for the purposes of planning, a further judgemental “correction” is proposed to the probable outturn figure. The adjustment is a further £200k favourable shift from these figures to outturn. This is substantially less than the shift in each of the last two years reflecting a degree of prudence and the expectation of earlier reporting this year of items contributing to the turn around in each of the last two years. For the purposes of the MTFP a net favourable variance of £466k for 2010/11 is built into the plan.
- 2.7 In assessing year end balances provision is made to earmark up to £400k of this under spend dependent on final outturn for deferred pension contribution costs and transitional staffing costs including costs arising from implementing budget savings.

## **Priorities (and the New Homes Bonus)**

- 2.8 The new government has made clear that all its policy objectives are subordinate to ensuring the sustainability of public finances. The coalition agreement states “The deficit reduction programme takes precedence over any of the other measures in this agreement...” This over riding objective requires all parts of the public sector to view their priorities in the same light.
- 2.9 The Council’s priorities against which spending proposals need to be measured have been simplified by bringing together “Pride in East Herts” and “Caring about what’s built (and) where” with the context revised to “This priority focuses on improving standards of the built neighbourhood and environmental management in our towns and villages.”
- 2.10 This priority is particularly relevant when the Council comes to consider how it will respond to the New Homes Bonus. With the proposed redirection of funding to areas building relatively high numbers of houses and away from those building relatively few houses the scheme will benefit those authorities which respond to the incentive and penalise those which do not by top slicing what would otherwise be available for formula grant.
- 2.11 As yet, the MTFP makes no provision either for income from this source or how that income might be applied. In simple terms for each band D equivalent house added to the council tax base the reward would be 6 years of the council tax generated using a national band D equivalent (about £1440 for 2011/12). A premium is payable for affordable housing at the rate of £350 per unit. In two tier areas the reward is split 80% district 20% county.
- 2.12 The scheme is ranked as “high risk” in the consideration of the robustness of estimates set out below. As yet there is no reasonable basis to predict the potential top slicing of RSG and how any top slicing would impact allocations to individual authorities but it is probable some authorities will lose more in RSG than they gain in New Homes Bonus. Essential Reference Paper B calculates an estimate of potential gross income of £557k in 2011/12 based on the consultation paper. The Council’s share at 80% equates to £446k.
- 2.13 With spending restraint likely to be with all Councils for some time the budget round has necessarily focussed again on where savings



can be made that have least impact on priorities. The overall priority has continued to be the prudent management of the Council's finances to avoid unplanned service reductions.

### **Financial Strategy**

- 2.14 Corporate Business Scrutiny Committee on 20 July considered a draft updated financial strategy 2011/12 to 2014/15 which was subsequently endorsed by the Executive. The strategy emphasises the need to specifically address uncertainty in the planning process. A policy with respect to reserves was approved.
- 2.15 To address uncertainty the planning process has developed savings options somewhat ahead of the sums needed to balance the MTFP based on central planning assumptions; planning contingencies have been built in for later years and the flexible use of reserves is proposed to address volatile and not readily controllable budgets. If necessary a September mid year review of future options will be repeated. The investment strategy has been amended to ensure a floor return for a proportion of investments.
- 2.16 The policy with regard to reserves establishes a band within which the general reserve is to be maintained. The proposals in this report ensure the general reserve will remain within these boundaries.

### **Revenue Support Grant Settlement**

- 2.17 The settlement was delayed until the 13 December some two weeks later than is normal and which perhaps reflects the difficulty that DCLG has had in devising a formula which avoids volatility with a switch of many specific grants each with their own basis of allocation into the general purposes formula grant.
- 2.18 Key features of the settlement are set out in the Local Government Association's commentary at Essential Reference Paper C. This was an unusually complex settlement with multiple floors set to cap grant reductions at higher levels for authorities whose income was more dependent on council tax.
- 2.19 The implications for the Council are set out in summary at Essential Reference Paper D. The announcement focussed on changes to "revenue spending power" which effectively is the reduction in budget needed to achieve a council tax freeze while accommodating a reduction in grant. The inclusion of parish

precept income as if spending power of the billing authority tended to understate the impact on billing authorities such as East Herts with significant parish precepts. On the governments measure this was a reduction of 4.8% corrected to exclude parishes the reduction is 5.8%. These budget reductions are a consequence of a reduction of grant of £1.2m equal to 16.6% in 2011/12.

2.20 The Council saw a loss of £490k of grant to contribute towards the floors on grant reductions elsewhere.

2.21 Revenue Support Grant income from the settlement compares to the projections in the July refresh as follows (adjusting for concessionary fares):

Year	Settlement £000	July MTFP £000**	Change £000
2011/12	6046	6916	-870
2012/13	5315	6487	-1172
2013/14	Not announced	6055	n/a
2014/15	Not announced	5622	n/a

\*\* These figures are after reduction for concessionary fares

2.22 The reduction in formula grant in cash terms is 26.7% over the two years announced and the reductions in total grants is 22.7% (see ERP D). In real terms allowing for inflation at 2.5% per year the loss of grant is therefore already in excess of the average of 28% reduction over 4 years announced at the time of the Comprehensive Spending Review. Given that the Council is a contributor to the floors on grant reductions we must now expect the grant loss over 4 years to be above average.

2.23 Revised projections are included for grant in years 3 and 4 based on the figure for year 2. A 3% reduction is made in each year to £5160k in 2013/14 and £5100k in 2014/15. Over the 4 years this equates to a 25% reduction in cash terms or 35% reduction in real terms.

## **Budget 2011/12 and MTFP**

2.24 Since the MTFP was presented to Scrutiny in August the major adjustments to offset the revised grant figures which do not involve any changes of policy (other than treasury management policy) are as follows:

- Refuse and Street cleansing service reflect annual savings of £1.469m on a like for like basis.
- The exclusion of concessionary fares costs £0.857m (transferred to the County) and consequential reduction in grant
- Revision to investment income projections to reflect the OBR's reduced forecast for rates offset by the impact of the enhanced returns from structured deposits.
- Increases in pension fund contributions are less than previously modelled reflecting the better than expected funding position at the March 2010 valuation. The improvement flows from the change from rpi to cpi in indexing pensions and the public sector pay freeze. Pension increases are deferred to 2014 based on the latest information from the actuary.
- Recycling income is now built in for the final two years of the MTFP
- Planning contingencies have been reduced as a consequence of moving to a 2011/12 base year and the refuse contract saving
- Provision is included to meet costs of change as the Council restructures of up to £600k over 2 years rather than meet these costs as unbudgeted calls on reserves. In finalising the estimates a proportion of this sum will be built into detailed estimates to meet known costs.
- Detailed calculation of payroll costs indicates that the cost of increments and local awards is £120k less than allowed for
- Further savings identified from the review of the 2009/10 outturn are now included.
- Council tax is now set not to increase from 1 April 2011 with the offsetting grant recorded as income.
- With the continuation of the homelessness grant for at least two more years the saving from the discontinuation of the rent deposit scheme has been deleted from the savings options. The MTFP assumes grant for all four years to fund this scheme

Essential reference Paper E shows how the funding gap identified in the August report has changed because of each of these adjustments.

2.25 There are further changes which reflect policy changes. These are as follows:

- The decision to include recycling of plastics in the refuse contract at a cost of £260k per year
- Not to implement savings deferred by the Council at its September meeting as follows:
  - Support for the Chairman £11K
  - Museums Service £6k
  - Sunday and Bank Holiday car parking £38k
- To freeze car parking charges for one year from 1 April 2011 and to absorb the VAT increase in these charges from 1 January 2011. In 2010/11 there is a forecast shortfall of car parking income of £160k (other than for deferral of proposals). The budget assumes continuation of that shortfall plus a further reduction below the MTFP update of a similar amount of £150k from the policy changes set out here.
- If possible, to avoid any need to introduce on street car parking at least during the period of this MTFP.
- The MTFP includes the revenue savings which would be made by purchase rather than rental of car park land at Apton Road and Baldock Street. This remains subject to approval of the capital programme.

2.26 The revised financial model for the MTFP is set out at Essential Reference Paper F.

2.27 The budget 2011/12 can be summarised as follows:

	£000	£000
Neighbourhood Services	3369	
Customer & Community Services	6379	
Internal Services	5911	
Chief Executive	670	
- capitalised salaries	-186	16,143

Investment income net of interest payable	-513
Pension costs not chargeable services (note 1)	1,424
Efficiency savings net of growth	-927
<b>Net Expenditure</b>	<b>16,127</b>
Pensions Reserve (note1)	-888
Cost of change provision	400
Contributions to/from reserves	-145
Collection Fund (Surplus)/deficit	31
Formula Grant	-6046
Grant to freeze council tax	-230
<b>Demand on Collection Fund</b>	<b>9249</b>
Band D tax base	58,123
Band D tax	£159.13

Note 1 The service estimate figures exclude capital charges (see separate report) which will be added prior to publication of detailed estimates. Costs to be added relate to pension strain costs and pension contributions to fund the deficit which is not included in current costs.

- 2.28 The MTFP savings identified at Essential Reference Paper F exceed the sum now required to balance the budget which results in a small £4k positive “balancing figure” on the MTFP summary page for 2011/12 but increasing in later years. Subject to any further changes this sum will be taken as an additional contingency provision in later years. The savings options were available for review, questioning and comment by members in preparation for Scrutiny on a member web site.
- 2.29 Comments from the Member web site are included as part of the consultation out come at Essential Reference Paper G. The consultation exercises recorded a variety of opinions but with acceptance by most respondents of some level of cut to most of the services consulted on. The Business Community (represented by the Federation of Small Businesses) preferred no cuts to Police Community Service Officers or to support for towns and encouraging business.
- 2.30 The “balancing figure” noted above can be alternatively applied to a combination of:

- not take up all savings options
- allowing further growth items
- transfer to reserves
- changing council tax assumptions

Application of this sum will be considered in the light of any recommendations from Scrutiny.

## **Council Tax**

- 2.31 The government has confirmed grant income to offset the loss of council tax income from not increasing council tax by 2.5% from 1 April 2011 will continue for at least the duration of the MTFP. Years beyond 2011 are based on a council tax increase of 2.5% each year.
- 2.32 A final determination of any surplus or deficit on the Collection Fund will be made in mid January. It is assumed there will be a nil contribution in the current year and the residual balance on the Fund at 31 March 2010 that was not taken into account when this year's budget was set will be applied in 2011/12. The implication for the Council is the further net contribution of £31k to the remaining deficit shown in the MTFP.

## **Reserves**

- 2.33 The proposals in this budget include no fresh proposals to call on reserves.
- 2.34 Movement on the General Reserve in 2010/11 is based on the judgementally adjusted probable outturn rather than the approved supplementary estimates. In summary this is as follows:

	£000
Balance 1 April 2010	2770
Add	
Planned contribution 2010/11 budget	159
Contribution from under spending – probable outturn	625
Judgemental further under spending	200
Year end Appropriations	-400
Balance 31 March 2011	3354

2.35 In setting the budget for 2010/11 and MTFP it was previously planned to draw on earmarked reserves and these intentions are retained. In addition there is a further call on the Interest Equalisation reserve to meet part of the current years reduced investment income.

2.36 The consequent (additions to) and withdrawal from reserves will result in year end balances as set out in the table below.

Reserve	Bal at 31/3/10 £000	Bal at 31/3/11 £000	Bal at 31/3/12 £000	Bal at 31/3/13 £000	Bal at 31/3/14 £000	Bal at 31/3/15 £000
Interest Equalisation	1185	0	17	44	159	72
Insurance Fund	10	10	10	10	10	10
Emergency Planning	36	36	36	36	36	36
VAT partial exemption	146	146	146	146	146	146
Service Improvement	795	692	645	645	645	645
LDF /Green belt	363	514	604	754	904	1054
Housing condition survey	23	37	51	65	79	93
Council Elections	50	75	0	25	50	75
LABGI	316	86	0	0	0	0
Leisure utilities/pensions	60	120	180	240	300	360
Restructure	33	33	33	33	33	33
Legal fees	31	21	21	21	21	21
Performance Reward Grant	217	0	0	0	0	0
Pension Strain costs	158	79	0	0	0	0
Waste recycling	275	275	275	275	275	275
Earmarking general reserve March 2011		400	400	400	400	400
Total	3698	2524	2418	2694	3058	3220

## **Robustness of estimates and adequacy of reserves**

- 2.37 Section 25 of The Local Government Finance Act 2003 requires the Section 151 Officer to report on the adequacy of reserves and robustness of the estimates. The balance of this section represents the judgement of the Section 151 Officer.
- 2.38 The proposals in this report retain adequate but not excessive levels of reserve. This judgement has regard to the Council's policy with regard to reserves, its record of containing spending within budget, it having identified saving options in excess of the sum needed to balance the MTFP and its prudent approach to risk management. Consideration has been given to potential calls on reserves to meet external "shocks" – from environmental, economic, and operational uninsured losses having regard to the Council's activities and scale of operations.
- 2.39 The Council has recently adopted a less risk adverse approach to its treasury activities in order to improve its investment performance and the Council retains very substantial investments in relation to its annual spend. It is prudent to retain above minimum levels of reserves in these circumstances.
- 2.40 The relative risks to budget assumptions are set out below together with a judgement of relative risk of actual experience differing from current assumptions. The potential direction of variance needs to be considered e.g. the risk to pay and inflation assumptions is on balance that current planning assumption may prove optimistic that a 3<sup>rd</sup> year of pay freeze can be delivered outturn where as council tax variance is on balance at net cost to the budget.

<b>Area of Risk</b>	<b>Factor</b>	<b>Comment and Mitigation</b>
Volatility of grant income	Medium/High (revised from High)	Although trend formula grant is certain for years 1 and 2 other grant income is subject to annual revisions. The outcome of the Local Government Resource Review is not likely to impact the period covered by the MTFP but years 3



		and 4 are not yet announced.
Localisation of council tax benefit and a 10% saving to be achieved.	High	Announced to take effect from 2013/14 but with no supporting detail announced.
New Homes Bonus	Medium/high	Income and expenditure are omitted from the MTFP pending clarification of this funding stream which is subject to consultation. The potential loss of formula grant by top slicing is a significant risk.
Discretionary Rate Relief	Low	No provision is made in the MTFP to respond to proposed freedoms to extend discretionary NNDR relief.
Income achievement	Medium	Allowance has been made for continuing impact of the recession. It is uncertain that economic recovery will be achieved at the pace expected in the pre budget report
Achieving savings	Medium/High (revised from medium)	Targets become increasingly challenging over the MTFP and public acceptability of some proposals may be difficult to achieve.
Interest rates	High	There are divergent views on the direction of short term rates reflecting different

		assumptions about the impact of markets concerns about sovereign debt and how the UK economy will respond to public sector spending cuts and increased taxes. The MTFP anticipates investment returns consistent with OBR forecasts.
Compliance with grant requirements	Low	Recent audits record a good performance
Vacancy saving	Low	The provision has been reduced to reflect current lower levels of turnover
Pay and inflation	Medium (revised from Low to medium)	A third year of pay restraint will be challenging for national employers if pay in the private sector accelerates as the economy recovers)
Pension costs	Low (revised from medium)	Pension contributions reflect the provisional outcome of the 2010 revaluation and so rates for the next 3 years are unlikely to be further revised. Changes to the scheme including increased employee contributions and potential capping of benefits may improve the funding position at the 2013 valuation.
Council tax increases	Medium (revised from High)	The acceptability of tax increases of 2.5% in years beyond

		<p>2011/12 at a time of declining rates of increase in the RPI is more likely to be accepted after a year of freeze.</p> <p>Savings options are available to deliver lower increases and a planning contingency can also be drawn on.</p>
Changing Council priorities	Low	<p>The Council has refined its key priorities and fine tuning rather than significant revision is likely. The outcome of the May 2011 election may cause priorities to be revisited</p>
C3W programme	Medium	<p>The scale of change is significant, and the roll out Business Process Improvement will be challenging of an organisation of the scale of the Council. The Council has in place sound programme and risk management processes with commitment from members and senior manages</p>

2.41 The estimates are considered sufficiently robust for the Council to set a budget and council tax for 2011/12.

### 3.0 Implications/Consultations

3.1 Information on any corporate issues and consultation associated with this report can be found within **Essential Reference Paper 'A'**.

#### Background Papers

Comprehensive Spending Review  
OBR reports June and November 2010  
RSG announcement 13 December 2010.

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## ESSENTIAL REFERENCE PAPER 'A'

Contribution to the Council's Corporate Priorities/ Objectives	<p>The budget and MTFP apply resources to achieve all the Council's priorities</p> <p><b>Promoting prosperity and well-being; providing access and opportunities</b> <i>Enhance the quality of life, health and wellbeing of individuals, families and communities, particularly those who are vulnerable.</i></p> <p><b>Fit for purpose, services fit for you</b> <i>Deliver customer focused services by maintaining and developing a well managed and publicly accountable organisation.</i></p> <p><b>Pride in East Herts</b> <i>Improve standards of the neighbourhood and environmental management in our towns and villages.</i></p> <p><b>Caring about what's built and where</b> <i>Care for and improve our natural and built environment.</i></p> <p><b>Shaping now, shaping the future</b> <i>Safeguard and enhance our unique mix of rural and urban communities, ensuring sustainable, economic and social opportunities including the continuation of effective development control and other measures.</i></p> <p><b>Leading the way, working together</b> <i>Deliver responsible community leadership that engages with our partners and the public.</i></p>
Consultation:	
Legal:	<p>The Council must set a lawful and balanced budget and subsequently set a council tax for 2010/11 within prescribed time frames.</p> <p>Members should have regard to the advice of the Section 151 but may take decisions at variance with this advice where there are reasonable grounds to do so.</p> <p>It is an offence for any Member with arrears of council tax outstanding for two months or more to attend any meeting of the Council or its committees at which a decision affecting the budget is made unless the Member</p>

	concerned declares at the outset of the meeting that s/he is in arrears and will not be voting on the decision for that reason.
Financial:	As set out in the report.
Human Resource:	Where savings options may cause redundancy the relevant HR policies will apply and those savings remain subject to the outcome of the application of those policies.
Risk Management:	Contingencies are included and the level of reserves forms part of the corporate approach to mitigation of risk.

**New Homes Bonus - illustration based on the consultation proposals**

**ESSENTIAL REFERENCE PAPER B**

Each year the council makes a return to the DCLG by way of a summary of the property valuations used to bill for council tax. This is by way of a snap shot of the position as at the second Monday in September with known adjustments to an early October date.

The return is on a form CTB (Council Tax Base) the primary purpose of which is to assess the relative resources available to council as an input to RSG allocations. The proposals for the New Homes Bonus will use part of the data returned to calculate the year on year increase in the number of band D properties.

A separate and later return will be used to calculate any increase in the number of affordable homes which will attract an enhancement.

**CTB 2009**

Band		A	B	C	D	E	F	G	H	total
gross	line 1	802	5713	14340	14351	10055	6869	5040	708	57878
various	line3	1	0	0	0	0	0	0	0	1
empty or	line 12	0	0	0	0	0	0	0	0	0
inelligble	line 14	0	0	0	0	0	0	0	0	0
properties	line 15	42	95	125	94	74	46	35	12	523
	Net	759	5618	14215	14257	9981	6823	5005	696	57354
	ratio	$\frac{6}{9}$	$\frac{7}{9}$	$\frac{8}{9}$	$\frac{9}{9}$	$\frac{11}{9}$	$\frac{13}{9}$	$\frac{15}{9}$	$\frac{18}{9}$	
	Band Equiv	506.00	4369.56	12635.56	14257.00	12199.00	9855.44	8341.67	1392.00	63556.22

**CTB 2010**

Band		A	B	C	D	E	F	G	H	total
gross	line 1	819	5742	14506	14443	10094	6890	5057	723	58274
various	line3	1	0	0	3	1	0	0	0	5
empty or	line 12	0	0	0	0	0	0	0	0	0
inelligble	line 14	0	0	0	0	0	0	0	0	0
properties	line 15	43	140	135	112	79	39	28	11	587
	Net	775	5602	14371	14328	10014	6851	5029	712	57682
	ratio	$\frac{6}{9}$	$\frac{7}{9}$	$\frac{8}{9}$	$\frac{9}{9}$	$\frac{11}{9}$	$\frac{13}{9}$	$\frac{15}{9}$	$\frac{18}{9}$	
	Band Equiv	516.67	4357.11	12774.22	14328.00	12239.33	9895.89	8381.67	1424.00	63916.89
	Change	10.67	-12.44	138.67	71.00	40.33	40.44	40.00	32.00	360.67

band D increase	number	361
national band D rate	£	1439
Bonus	£	518999
affordable housing enhancement	£	350
units	number	110 **
Bonus		38500
Total bonus		<u>557499</u>

\*\* this number will be published around October 2011 for 2010/11. The figure of 110 is illustrative only based on typical numbers over the last 10 years

	2011/12	2012/13	2013/14	2014/15
	£	£	£	£
Extrapolation	557000	1114000	1671000	2228000

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# Provisional Local Government Finance Settlement

## 14 December 2010

### Headlines

- A two-year settlement for 2011-12 and 2012-13. A second 2-year settlement is expected to follow, for which Government intend to adopt a new distributional system.
- Central government Formula Grant funding for councils (including Revenue Support Grant and pooled Business Rates, but excluding Police Grant and the Metropolitan Police Special Payment) falls by 12.1% in 2011-12 to £24.9bn.
- The total funding for local government, Aggregate External Finance (AEF), falls by 2.7% in 2011-12 when compared with the adjusted 2010-11 figure. This sum includes a 3% increase in ring-fenced and specific grants (mainly schools grant) and additional funding for PFI.
- A transitional grant of £85m for 2011-12, benefiting 37 authorities whose 'revenue spending power' (broadly grants plus council tax) would have otherwise have fallen by more than 8.9%, has been provided to help minimise reductions for authorities facing exceptional decreases in grant allocation.

- Damping will continue with floors as follows:

Social service authorities	-11.3% to -14.3%
Shire districts	-13.8% to -16.8%
Police authorities	-5.141%
Fire authorities	-9.5%

- The different damping figures for social services authorities and shire districts are based on a new banded system which means the most grant dependent authorities have the least reductions.
- An Early Intervention Grant of £2.214bn, a decrease of over 27% when compared with the grants paid to councils in 2010-11.
- Reform of the housing finance system, with detail contained in the Localism Bill.
- The detail of the settlement includes complex distributional changes in areas such as social care and concessionary fares funding.

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### Further Information:

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## LG Group key messages

- Local government has been handed one of the toughest settlements across the public sector. Although formula grant (excluding police grant) is being cut by 12.1 per cent, cost pressures in areas such as adult social care, children's protection, waste management, and flood defence will continue to mount. As a result, local government faces a total funding shortfall in the order of £6.5bn in the next two years.
- The new £85m transitional fund is welcome and it will help 37 authorities who would have seen sharp falls in their spending power. However, this still leaves substantially front-loaded cuts for councils.
- Now, more than ever, councils need to be freed to set fees and charges at a level that ensures that service users pay the right share of the costs of many services. This would lead to a fairer system than exists now, where taxpayers heavily subsidise many services because the fees set by Whitehall officials bear no relation to the actual costs of providing that service.
- Councils should be able to capitalise redundancy costs fully. The £200m allocation is less than 0.1% of the local authority asset base. Greater flexibility on capitalisation would allow councils to maximise their spending on frontline services. The flexibility would mean authorities can plan efficiency savings, rather than emergency cuts.
- The reform of housing finance to give financial independence for council landlords is a significant victory for LG Group lobbying, but we will press strongly to remove some remaining Whitehall apron strings, including the retention by the Treasury of 75% of receipts from right to buy sales.
- Although councils recognise that spending reductions are needed to tackle the deficit, they nevertheless face significant pressures over which they have limited control, including:
  - Demand for adult social care, which is expected to grow primarily due to demographic pressures of 4 per cent per annum. Increased care pressures will have to be managed alongside the totality of pressures facing local government budgets, given that almost all health funding has been rolled into formula grant.
  - Landfill tax, which will be rising by £8 per tonne each year. Unless the proceeds of the tax are returned to the sector, the ability of councils to invest further in waste management services will be limited.
  - New flood risk management duties, on which the LGA surveyed lead local flood authorities in August 2010. Respondents expect that their costs will be 33 per cent higher in 2011/12 than they were this year.
  - The cost of redundancies, which are expected to be significant as a result of the front loading of the cuts. We expect that up to 140,000 posts could be lost, which will generate considerable redundancy costs. If councils are not able to capitalise full redundancy costs, they will have to find funding from their revenue budgets, further reducing the pot of funding available for frontline services.
- Following requests from the sector for greater flexibilities, the Government has delivered its promise of ending the ring-fencing on a number of revenue grants.

## Settlement in detail

### Summary of external funding 2011-12

		2010-11	2010-11		
		Settlement original	Adjusted	2011-12	Change
	Total Aggregate External Finance	76,238	75,685	73,610	-2.7%
of which	of which Ring-fenced schools grants including pupil premium	36,154	36,375	38,093	4.7%
	Police Grant (incl. Met. Special Payment)	4,374	4,374	4,546	3.9%
	Total AEF less ring-fenced schools and police grants	35,710	34,936	30,971	-11.3%
	Other specific grants (excluding PFI)	9,974	6,612	6,075	-8.1%
	Net AEF (before post SR transfers)	25,736	28,471	25,014	-12.1%
	Post SR transfers		-147	-118	
	NET AEF	25,736	28,324	24,896	-12.1%
	NNDR Distributable Amount	21,500	21,500	19,000	-11.6%
	Total RSG	4,236	6,824	5,896	-13.6%
	RSG for specified bodies	45	45	33	-27.8%
equals	TOTAL RSG FOR RECEIVING AUTHORITIES	4,191	6,779	5,864	-13.5%
add back	NNDR Distributable Amount	21,500	21,500	19,000	-11.6%
plus	Police Grant (incl. Met. Special Payment)	4,374	4,374	4,546	3.9%
equals	FORMULA GRANT	30,065	32,653	29,410	-9.9%

### Formula grant

- As set out in the Spending Review, £3.4bn of specific grants in 2010/11 has gone into formula grant. Details can be found on the CLG website at <http://www.local.communities.gov.uk/finance/1112/grant.htm>
- Within 2011-12 formula grant, around £2bn of the £3.4bn is being distributed using the same distribution formula as used for the specific grant in 2010-11. The following are rolled into formula grant:
  - Local Transport Services (Road Safety and Rural Bus Services)
  - Supporting People
  - Housing Strategy for Older People
  - LSC Staff Transfer
  - HIV/AIDS Support Allocations
  - Preserved Rights
  - Animal Health and Welfare
  - Funding for civil contingency in London.
- Other transfers, such as concessionary fares, services for children in care and social services grants have been incorporated into the main formula grant.

### Damping arrangements

There will continue to be four separate groups of authorities: Education / social services authorities; districts, police authorities and fire and rescue authorities. However for education / social services authorities and shire districts there will be banded floors, depending on how dependent the authority is on formula grant. The following table sets out the floors for 2011-12 and 2012-13:

	Education/ Social Services	Shire Districts	Police	Fire
<b>2011-12</b>				
Floor				
Single floor			-5.141%	-9.5%
Band 1 - most dependent	-11.3%	-13.8%		
Band 2	-12.3%	-14.8%		
Band 3	-13.3%	-15.8%		
Band 4 - least dependent	-14.3%	-16.8%		
	Education/ Social Services	Shire Districts	Police	Fire
<b>2012-13</b>				
Floor				
Single floor			-6.703%	-3.4%
Band 1 - most dependent	-7.4%	-10.5%		
Band 2	-8.4%	-11.5%		
Band 3	-9.4%	-12.5%		
Band 4 - least dependent	-10.4%	-13.5%		

### Transitional Grant

- In addition to formula grant, the government will pay a transition grant of £85m to those authorities worst hit by the settlement. The transitional grant will be paid to 37 authorities in 2011-12.
- This will mean that no authority has a reduction in 'spending power' (defined as formula grant plus council tax plus some specific grants) of no more than -8.9%.
- The Government says that the average reduction in 'spending power' is 4.4% in 2011-12.

### Business rates

- The distributable amount of Business Rates will be £19bn, compared with £21.5bn in 2010-11.
- The national non-domestic rate multiplier will go up by 4.6% to 42.6p in the pound for small businesses and 43.3p in the pound for other businesses.

### Council tax

- The settlement confirms that there will be a grant of £650m to fund the implementation of a council tax freeze in 2011-12. There will be funding to support this amount in the four Spending Review years. However there will be no funding to support continuation of this freeze to 2012-13.

### Schools and Children's Services Funding (the Department for Education has issued a separate statement)

- The provisional increase for the expanded Dedicated Schools Grant is 3%, but this translates into flat cash per pupil increase, due to pupil number rises. There will be a minimum funding guarantee at school level of -1.5% (this excludes sixth form funding. A separate statement

is expected later this week). In addition there will be a pupil premium of £625m.

- £575.5m of funding to councils, mainly paid through area based grants in 2010-11 is ending.
- The Early Intervention Grant, a non-ring-fenced grant will replace all other non-ring-fenced DfE funding. It will be £2.214bn in 2011-12. DfE say that this is a decrease of 10.9%. However if the ending of the non-ring-fenced grants mentioned above is taken into account the decrease is nearly 28%. Although the Early Intervention Grant is non ring-fenced the statement does mention some streams within it. It will include provision for Sure Start, which was previously ring-fenced, and in 2011-12, will include £64m to prepare for extending free early education to disadvantaged two year olds by 2013. £198m has also been included for short breaks for disabled children.
- Grants for home to school transport and music are ending. The statement says that funding for these will be announced in due course but does not give and further details.
- £2.137 billion of schools capital for 2011-12 has been announced. This includes £800m for additional school places and £1.337 billion for capital maintenance. The Government says that the James Review will inform the allocation of capital from 2012-13.
- £148m in 2011-12 and £265m in 2012-13 is being removed from formula grant to pay for central education functions for academies.

#### *LG Group View*

- Although it will be tougher for schools than in recent years, schools are receiving a significantly better settlement than is being provided to local government for children's services.
- The schools capital allocation is significantly lower than the £15 billion over the course of the Spending Review period that the LG Group estimated was required to meet urgent needs for school places and immediate maintenance.
- The LG Group does not consider that there should have been a transfer of money for central education functions as there will not be a saving in central education costs from academies, and there could be losses of economies of scale.

#### Housing finance reform

- The government will give councils who are landlords financial independence from April 2012.
- There will be a one-off debt settlement in which the majority of councils will take on higher levels of debt; a minority will start with lower debt than currently.
- Across council landlords as a group, the net buyout cost will be £6.5bn.

#### *LG Group View*

- The deal is tough but reasonable, including, for example, an allowance for the cost of disabled adaptations.
- However, some very undesirable Whitehall control remains, including the retention of 75% of Right To Buy receipts by the Treasury, a power to re-open the deal down the line (contrary to the clean break

philosophy) and direct controls over councils' borrowing (when there is no evidence that it could not be managed responsibly under the prudential code.

- The LG Group will be lobbying on the Localism Bill to get these controls removed.

### Adult Personal Social Services

- The transfer of learning disability funding from health to social care is being achieved through the introduction of a specific grant called the Learning Disability and Health Reform grant. It will amount to £1.325 billion in 2011/12, rising slightly to £1.357 billion in 2012/13.
- All other funding related to adult social care has been rolled into formula grant, including Preserved Rights, Supporting People and the extra funding for personal social services announced in the Spending Review.

### *LG Group View*

- The amount that is being transferred to local authorities to support adults with learning disabilities is in the range that we were expecting, which is welcome since this is one of the fastest-growing pressures on local authority budgets.
- There is an additional £1bn for adult social care that will be included within Formula Grant. Without significant real terms increases in funding it is likely that there will be considerable pressure on councils' ability to maintain care services on the current eligibility criteria in the coming years.
- In the long term, the work of the Commission on Funding of Care and Support will be vital to putting in place a sustainable and affordable approach to managing adult social care needs as the current system is reaching breaking point.

### Policing and community safety

- The grant to police authorities has been announced for 2011/12, with indicative budgets for 2012/13 and 2014/15. Allocations have been damped in 2011/12 and 2012/13 to the level of the average reduction.
- Every police authority will see a cash reduction in core government funding of 5.1% in 2011/12 and 6.7% in 2012/13. A number of previously ring-fenced funds have been added in to core grant (e.g. Basic Command Unit funds, Crime Fighting Fund). Where specific grants are added in, the total cash reduction in core government to the funding to the police is 4% in 2011/12 and 5% in 2012/13.
- The Neighbourhood Policing Fund is retained for the first two years of the settlement period: £340m in 2011/12 and £338 in 2012/13. This funding will pass to Policing and Crime Commissioners from 2013/14. In London, the Metropolitan Police Authority will have autonomy over the funding from 2011/12, in recognition of the role the Mayor of London his Deputy already plays.
- Continuing work on value for money, procurement, collaboration between forces and the removal of bureaucracy and consideration of Tom Winsor's independent review of police remuneration and conditions will help forces to make savings.

## *LG Group View*

- Although these reductions will be challenging for the police, the fact that the Home Office allocations are not significantly frontloaded (as the funding for councils is) will help facilitate reductions.
- We welcome moves to simpler funding and the removal of ring-fenced funding streams, which have been rolled up in the core police grant. As an equal partner at the Community Safety Partnership table, councils and councillors have an important role when deciding priorities and allocating funding locally.
- The written statement makes no mention of community budgets in terms of continuing work. This is a missed opportunity and we urge BCU commanders to start discussions locally to see which funding can be pooled to drive improvements at the neighbourhood level.
- The presence of neighbourhood teams is important and continuing funding will ensure that the vital work of PCSOs can continue in our neighbourhoods. However, the allocation of this funding to Policing and Crime Commissioners from 2013/14 needs to come with clarity about the scrutiny powers of the Police and Crime Panels to ensure robust checks and balances are in place.
- The LG Group is glad that the government has delivered on the back loading of the reductions for fire and rescue authorities since this is important in long-term planning. However, reductions of nearly 6 per cent for some (e.g. West Midlands or Cleveland) in year one will still be challenging. Chairs and Fire Chiefs will do everything in their power to avoid hitting the frontline but tough choices will have to be made.

## Concessionary fares

- Revenue funding from Department for transport for local transport, including concessionary fares will reduce by 28% over the spending review period. All funding for concessionary fares will be in formula grant.
- Capital funding allocations for highways maintenance will reduce by 19% over the spending review period (and will be £164m less in 2014/15 than in 2010/11).
- Capital allocations for small transport schemes through the Integrated Transport Block will be cut from £450m in 2010/11 to £300m in 2011/12, and £320m in each of 2012/13 and 2013/14 with £450m allocated for 2014/15.
- Councils will be required to submit bids to access funding from the £560m Sustainable Transport Fund for transport projects that support economic growth and reduce carbon emissions.
- As previously announced the concessionary fares function will be transferred from districts to counties in two tier areas. There will be a new sub-block within the Environmental, Protective and Cultural Services Block of the Relative Needs Formula.
- The amount of special grant being put into Formula will be reduced by £20m from 2012/13.

## *LG Group View*

- The annex details which of the options in the formula grant consultation have been chosen. This is likely to produce significant winners and

losers.

- These reductions target local roads. Councils are already facing a backlog of unfunded road maintenance worth £9.5bn. These reductions in funding will lead to an increase in the backlog and a bigger requirement to invest in the long term.
- The Finance Settlement makes it even more essential that councils are given maximum flexibility over how funding is spent locally. For that reason, we are disappointed that councils will be required to bid for the new Sustainable Transport Fund.
- Problems with funding for concessionary fares are likely to continue as a result of the lack of transparency about whether funding matches the costs of the statutory duty.
- The LG Group will continue to argue that no council should be left out of pocket as a result of the transfer of funding from districts to counties. It is not clear how the savings will be delivered when the costs of the scheme are expected to raise due increase in bus operating costs. The LG Group's proposals for a single subsidy pot for bus subsidies would provide a simpler and cheaper way to administer the scheme.
- The LG Group will be working with affected authorities to assess the full impact of the changes to the concessionary fares scheme.

#### Flood defence

- There will be a new grant paid of £20.9m in 2011-12 and £36.1m in 2012-13 to reflect new responsibilities. There will be a transfer from formula grant of £21.5m in 2011-12 and £42m in 2012-13 to reflect savings on private sewers.

#### *LG Group View*

- The LG Group disputes that these savings are real and we are in discussions with Defra.



## Annex 1

### Formula changes

The following formula changes, consulted on in July 2010, have been implemented. The brackets refer to the exemplifications in the consultation.

- Revised low income adjustment for **social services for older people** (OPSS1)
- Updating data to reflect **police** workload (POL1), changing the treatment of bars within an element of the police relative needs formula (POL2) and rolling some grants into the main Police Grant (POL4)
- Updating the **fire** regression base (FIR1) and the fire risk index (FIR4)
- Removing day visitors in **Highway Maintenance** (HM1) but not in the **EPCS** (Environmental, Protective and Cultural Services) formula.
- A new formula for **flood defence** based on geographical information, but no changes to the coastal defence formula.
- No new supported **capital expenditure** – but in other respects the methodology remains the same
- New weights updating the labour shares within the **area cost adjustment** (ACA1)
- An increase of 10% in the **weight given to relative needs**; the weights will be relative needs 83%; relative resources -26.6%, central allocation 43.6%
- On **concessionary fares**; removing from the district block using a revised weighting within the EPCS and adjusting the baseline grant position based on net 2010-11 revenue expenditure (CONCF3). Concessionary Travel, including the amount paid as a Special Grant in 2010-11 will be added into the county level EPCS formula using a formula based on predicting past expenditure (CONCF8) using indicators to reflect density, deprivation and non car-ownership.
- On **data changes**; they are implementing the data changes affecting incapacity benefit and severe disablement (DATA1), children receiving tax credit (DATA2), using May data for student exemptions in council tax base projections (DATA3) and updating definitions of low achieving ethnic groups (DATA4).

## Annex 2 - Formula grant changes by class and region

Local Authority type	2010-11	2011-12	2012-13
	(%)	(%)	(%)
England	2.6%	-9.9%	-7.3%
London area	2.0%	-9.1%	-7.0%
Metropolitan areas	2.6%	-9.8%	-7.2%
Shire areas	3.0%	-10.4%	-7.5%
Isles of Scilly	2.8%	0.0%	0.0%
Inner London boroughs incl. City	1.6%	-11.2%	-7.4%
Outer London boroughs	2.1%	-11.3%	-7.9%
London boroughs	1.8%	-11.3%	-7.6%
GLA - all functions	2.3%	-4.9%	-5.9%
Metropolitan districts	2.5%	-11.3%	-7.6%
Metropolitan fire authorities	1.3%	-9.4%	-3.0%
Metropolitan police authorities	3.1%	-5.1%	-6.7%
Shire unitaries with fire	3.9%	-11.9%	-7.3%
Shire unitaries without fire	3.0%	-11.3%	-7.6%
Shire counties with fire	3.6%	-12.5%	-8.0%
Shire counties without fire	4.2%	-12.7%	-7.8%
Shire districts	1.4%	-15.0%	-10.8%
Combined fire authorities	2.0%	-4.7%	0.4%
Shire police authorities	2.8%	-5.1%	-6.7%
GO REGIONAL SUMMARY			
South West GOR	3.3%	-10.3%	-7.1%
South East GOR	2.2%	-10.8%	-8.1%
London GOR	2.0%	-9.1%	-7.0%
Eastern GOR	2.9%	-10.6%	-7.6%
East Midlands GOR	3.6%	-10.3%	-7.4%
West Midlands GOR	3.0%	-9.5%	-7.0%
Yorkshire and Humber GOR	2.9%	-10.1%	-7.2%
North East GOR	2.3%	-9.8%	-7.1%
North West GOR	2.7%	-10.0%	-7.3%
FLOOR DAMPING GROUPS			
Education Authorities	2.8%	-11.6%	-7.7%
Police Authorities	2.8%	-5.1%	-6.7%
Fire Authorities	1.4%	-5.8%	-0.7%
Shire Districts	1.4%	-15.0%	-10.8%

Summary of the Grant Settlement for East Herts

		Year 1 - 2011/12				Year 2 - 2012/13				The two year impact				2013/14	2014/15	Reduction from 2010/11
		2010/11	2011/12	Change	Change	2011/12	2012/13	Change	Change	2010/11	2013/14	Change	Change	£m	£m	%
		£m	£m	£m	%	£m	£m	£m	%	£m	£m	£m	%			
Council tax	A	12.710	12.710			12.710	12.710			12.710	12.710					
of which parish precepts	B	3.514	3.514			3.514	3.514			3.514	3.514					
		9.196	9.196	0	0	9.196	9.196	0	0	9.196	9.196	0	0			
Benefit admin grant		0.772	0.725	-0.047	-6.1	0.725	0.678 **	-0.047	-6.5	0.772	0.678	-0.094	-12.16	0.6500	0.6500	15.8
Home less grant		0.031	0.050	0.019	61.0	0.050	0.031	-0.019	-37.9	0.031	0.031	0.000	0.0	0.0310	0.0310	0.00
council tax freeze grant		0	0.230			0.230	0.230			0.000	0.230			0.2300	0.2300	
specific grants		0.803	1.005	0.202	25.2	1.005	0.939	-0.066	-6.6	0.803	0.939	0.136	17.0	0.9110	0.9110	
Formula grant		7.253	6.046	-1.207	-16.6	5.995	5.315	-0.679	-11.3	7.253	5.315	-1.937	-26.7	5.1600	5.1000	29.7
total grants	C	8.056	7.050	-1.005	-12.5	7.000	6.255	-0.745	-10.6	8.056	6.255	-1.801	-22.4	6.0710	6.0110	25.4
spending power ex parishes	B+C	17.252	16.246	-1.005	-5.8	16.196	15.451	-0.745	-4.6	17.252	15.451	-1.801	-10.4			
parish precepts	A+C	3.514	3.514			3.514	3.514			3.514	3.514					
		20.766	19.761	-1.005	-4.8	19.710	18.965	-0.745	-3.8	20.766	18.965	-1.801	-8.67			

\*\* Benefit admin grant 2012/13 not announced - figure here for illustration only

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**Changes to the MTFP balancing figure**

**ESSENTIAL REFERENCE PAPER E**

2011/12 2012/13 2013/14 2014/15

**Savings required July report**

**-1224 -1619 -2035 -2218**

Reduction in formula grant -870 -1172 -895 -522

Changes from review of 2009/10 out turn

Revenues and benefits	-24	-24	-24	-24
Public consultation	1	-10	6	15
Customer services	2	2	2	2
Advertising income	-6	-6	-6	-6
Community Toilets scheme	-40	-40	-40	-40
Jackson square rent	0	0	-8	-16
smart cards	10	20	20	20
PA hours	6	6	6	6

-51 -52 -44 -43

Reduction in waste and street cleaning costs 1565 1565 1565 1565

plastics recycling -238 -260 -260 -260

amend use of reserves -216

Cost of change provision -400 -200

Revenues joint team 37 37 37 37

Regrading 3 5 5 5

CE salary savings 36 36 36 36

Markets -6 -6 -6 -28

Web hosting -2 -2 -2 -2

salary estimates 120 122 140 161

savings options 1128 1515 1542 1855

interest revision 5 -66 -300 -531

council tax base 6 6 6 6

balance council tax increase to 2.5% -6 -13 -25

Benefits ICT licences	-40	-40	-40	-40
Pensions provision : defer increases	182	273	364	271
Recycling income: extend to MTFP period			350	500
Planning contingency	74	25	112	27
other detailed budget changes	-105	78	-92	-92
<b>Balancing figure December</b>	<u>4</u>	<u>239</u>	<u>470</u>	<u>702</u>

**GENERAL FUND - MEDIUM TERM FINANCIAL PLAN**

**SUMMARY Model for Scrutiny - Executive**

	<b>2009/10 Actual</b>	<b>2010/11</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Net Cost of Services</b>	<b>18,444</b>	<b>18,889</b>	<b>16,143</b>	<b>16,702</b>	<b>17,581</b>	<b>18,535</b>
Interest Payments	675	662	662	662	662	662
Interest & Investment Income	-2,481	-1,650	-1,175	-1,422	-1,620	-1,947
Pensions Interest/Return on Assets	1,562	505	1,424	1,424	1,424	1,424
Fees & Charges			-22	-131	-243	-357
Growth Items			75	100	169	222
Special Items			123	25		
Efficiency Savings			-1,167	-2,139	-2,660	-2,915
Contribution of vacancies						
<b>Balancing Figure</b>			<b>4</b>	<b>239</b>	<b>470</b>	<b>702</b>
One off Savings				-15	-6	-15
Known Changes			34	-154	-463	-514
Planning Contingency				169	245	330
RCCO/Internal Interest	29	26	26	26	26	26
<b>Net Expenditure</b>	<b>18,229</b>	<b>18,432</b>	<b>16,127</b>	<b>15,486</b>	<b>15,585</b>	<b>16,153</b>
Contribution to / from Earmarked Reserves	614	33	-124	249	249	249
Contribution to/ from Interest Equalisation reserve	-1,019	-778	17	27	115	-72
Cost of change Contingency			400	200		
Use of General Reserve	233	-41	-38		145	
Movement on Pension Reserve	-835	-34	-888	-888	-888	-888
<b>Net Expenditure after reserves</b>	<b>17,222</b>	<b>17,612</b>	<b>15,494</b>	<b>15,074</b>	<b>15,206</b>	<b>15,442</b>
Formula Grant/NNDR	-8,141	-8,182	-6,046	-5,315	-5,160	-5,100
Council Tax Freeze Grant			-230	-230	-230	-230
Local Area Agreement Grant	-217	-250				
Area Based Grant	-23					
Transfer (from)/to Collection Fund	131	16	31			
<b>Demand on Collection Fund</b>	<b>8,972</b>	<b>9,196</b>	<b>9,249</b>	<b>9,529</b>	<b>9,816</b>	<b>10,112</b>
Council Taxbase	57,734	57,791	58,123	58,414	58,706	58,999
<b>Council Tax at Band D</b>	<b>155.41</b>	<b>159.13</b>	<b>159.13</b>	<b>163.11</b>	<b>167.19</b>	<b>171.37</b>

**Percentage Increase**

2.40%    0.00%    2.50%    2.50%    2.50%





## OTHER KNOWN REDUCTIONS AND INCREASES

	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000
Causeway deal		-74	-74	-74
increase in pension costs				92
Jackson Square Contract - Rent	75	83	91	99
Income Shortfall 2009/10 reducing effect	-50	-100	-150	-150
Changes to Terms and Conditions			-267	-440
New Refuse, Recycling & Street Cleansing Contract		-100	-100	-100
Joint Mgt team for Revenues and Benefits with Stevenage	-37	-37	-37	-37
Post regraded in Revenues & Benefits		-2	-2	-2
Markets - marketing & maintenance	6	6	6	28
Annual Licence fee - Benefits System	40	40	40	40
Additional plastic recycling - full year effect		22	22	22
Homelessness grant continuation (reduction in income from 11/12)		19	19	19
Hertford Theatre Hydro Income		-11	-11	-11
<b>Total</b>	<b>34</b>	<b>(154)</b>	<b>(463)</b>	<b>(514)</b>

## Pay and Price Assumptions for Medium Term Financial Plan

Data Table	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Overall salary increase (Inclusive of everything)*	4.75%	4.75%	0.65%	1.70%	1.45%	2.80%	3.15%
Members Allowances		0.00%	0.00%	2.68%	2.61%	1.80%	2.40%
Inflation	2.50%	2.50%	2.00%	2.10%	2.30%	2.60%	2.70%
NNDR	2.50%	3.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Fuel	2.50%	5.00%	5.00%	2.50%	2.50%	2.50%	2.50%
Contract Index - All Contracts	3.50%	2.50%	2.00%	2.70%	2.70%	2.70%	2.70%
Contract Index - Street Cleansing	3.50%	2.50%	2.00%	2.70%	2.70%	2.70%	2.70%
Contract Index - Refuse Only	3.50%	2.50%	2.50%	3.20%	3.20%	3.20%	3.20%
Contract Index - Parking	3.00%	2.00%	1.50%	2.20%	2.20%	2.20%	2.20%
Contract Index - Leisure	2.50%	2.00%	1.50%	2.20%	2.20%	2.20%	2.20%
Contract Index - Community Meals	3.50%	3.00%	3.00%	3.70%	3.70%	3.70%	3.70%
Formula Grant/NNDR Redistribution	1.00%	0.50%	0.50%	-5.00%	-5.00%	-5.00%	-5.00%
Tax Base Increase	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
<b>Income</b>							
Increase for Fees & Charges	3.50%	3.50%	3.50%	2.50%	2.50%	2.50%	2.50%
Increase for car parks	5.00%	5.00%	5.00%	2.50%	2.50%	2.50%	2.50%
Interest on investment	5.30%	2.75%	2.46%	1.81%	2.30%	2.70%	3.30%
1. Street cleansing / Grounds Maintenance - April RPI applied in April							
2. Refuse & Recycling - April AEI (public sector) applied in August							
3. Parking - April RPIx applied in January							
4. Community Meals - April RPI applied in April (contract ends July '09)							
5. Leisure - January RPIx applied in January							
*Salary Increase							
Pay award original budget **	2.50	2.25	0.00	0.20	0.20	1.80	2.4
Pay allowance - increments and local award	2.25	2.25	0.65	1.50	1.25	1.00	0.75
	<b>4.75</b>	<b>4.50</b>	<b>0.65</b>	<b>1.70</b>	<b>1.45</b>	<b>2.80</b>	<b>3.15</b>
** Pay award actuals and now reflected in future plans	2.75	1.00					

**Savings**

2011/12	2012/13	2013/14	2014/15
£	£	£	£

**Recommendations to Council****CUSTOMER & COMMUNITY****Community & Cultural**

Reduce funding for museum services HCC and partnership funding

**Customer & New Media**

Cancel free parking days at Christmas

Ware Amwell End - Revision of rent payable by Hertford regional College for student car park spaces

-1,000

Grange Paddocks Project

Elm Road income

-7,500

Postponing of Sunday Charging - income until 2011/12

**INTERNAL SERVICES****Democratic & Legal Services**

Reduce support for Chairman

**Total recommendations to Council**

-8,500

0

0

0

**Other savings****CUSTOMER & COMMUNITY****Community & Cultural**

C&amp;C - MOW

-45,761

-15,269

Leisure Savings

-86,000

39,000

118,000

Review minor grants

-12,500

Castle Hall - new business plan (subject to approval)

-83,085

-57,671

-45,000

**Environment**

Do not replace Area Environment Inspector &amp; delete lease van after 12 month contract expires

-30,000

Delete Business Support Assistant Part Time Post FTE Grade 3 - 18.5 hours)

-12,175

Delete Business Support Assistant Part Time Post FTE Grade 3 - 22.5 hours)

-12,922

Reduce Recycling advertising and promotion budget

-31,300

**Customer & New Media**

Ware Amwell End - Revision of rent payable by Hertford regional College for student car park spaces

-1,000

-1,000

Introduce On Street Charging

Grange Paddocks Project

Elm Road income

-10,000

-10,000

Rye St/Grange Paddocks income

-50,000

-50,000

Link Road resulting from redesignation as short stay

-50,000

Northgate End resulting from redesignation as short stay

-56,000

Grange Paddocks Project - Resident permit income		-2,500	-2,500		
<b>NEIGHBOURHOOD SERVICES</b>					
<b>Planning &amp; Building Control</b>					
Cessation or very minimal provision of remaining discretionary elements of service		-71,305	-71,305		
<b>CHIEF EXECUTIVE</b>					
<b>Strategic Direction &amp; Corporate Support Team</b>					
Restructuring within Strategic Direction		-16,041	-16,041		
<b>INTERNAL SERVICES</b>					
<b>Democratic &amp; Legal Services</b>					
Land Charges - staffing reductions		-4,000	-23,000		
<b>People &amp; Organisational Services</b>					
Reduction in corporate training budget pro rata to staff reduction			-6,000		
<b>Financial Support Services</b>					
Phased reduction in hours of estates staffing		-16,000	-15,000	-15,000	
<b>Business Support Services</b>					
Staffing efficiencies on completion of C3W programme		-56,090			
<b>Revenues &amp; Benefits</b>					
Invest to save option		-64,000	-64,000		
<b>Total other savings</b>	<b>0</b>	<b>-604,679</b>	<b>-398,786</b>	<b>58,000</b>	
<b>Review of 09/10 outturn</b>					
Community Safety - reduction in supplies & services	-5,000				
<b>Total review of 09/10 outturn</b>	<b>-5,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>2011/12 budget round additional savings</b>					
<b>CHIEF EXECUTIVE</b>					
<b>Strategic Direction &amp; Corporate Support Team</b>					
Public Consultation Budget reduction to base	-14,000				
Deletion of Graduate Trainee post	-15,000				
Reduction of Supplies & Services	-1,000				
Reduce performance and communications activity	-85,000				

**INTERNAL SERVICES**

Reduce and consolidate management resources	-75,000			
<b>Human Resources</b>				
Reduce HR support	-20,000	-60,000		
<b>Business Support Services</b>				
Internal Audit efficiencies from partnership working	-15,000	-30,000		
Restructuring within facilities services	-70,000	-50,000		
Reduce ICT contract payment	-30,000			
Restate property budgets		-13,000		
<b>Revenues &amp; Benefits</b>				
Further shared service savings	-36,000			
Discretionary Rate Relief		-30,000		
Reductions in supplies & services - printing	-11,000			
Increase in recoverable overpayments of Housing Benefits	-100,000			
<b>Financial Support Services</b>				
Review of Financial Support Services				-40,000
<b>Democratic &amp; Legal Support Services</b>				
Efficiency measures for electoral canvass				-13,000
Restructuring of Democratic & Legal Services		-4,000	-23,000	
<b>NEIGHBOURHOOD SERVICES</b>				
<b>Planning &amp; Building Control</b>				
Building control fees		-50,000	-50,000	-50,000
Development Control BPI led savings				-22,000
DC miscellaneous costs		-10,000	-10,000	
Planning administration				-68,000
LDF funding		-10,000	-100,000	
Planning policy resources			-12,000	
<b>Health &amp; Housing</b>				
Restructuring the services delivered by Licensing, Community Safety and Environmental Health leading to a reduction in resources	-100,000			-106,000
Cease funding Hsg Improvement Agency core & associated services				
- cease Hsg Advice		-5,000		
- cease Handyperson service		-16,000		
- cease funding HIA core and associated services		-33,000		
Reduce hours of Hsg Dev Officer and increase fees	-13,000			
Scale back rent support scheme				
Reduction in housing resources	-54,000			
<b>Community Safety</b>				
Set taxi licence fees to recover full costs	-13,000	-13,000	-14,000	-14,000

Taxi marshals - withdrawal of funding	-5,000			
Cease contribution to PCSO's	-46,000			
<b>CUSTOMER &amp; COMMUNITY Environment</b>				
Reduce ancillary admin spend for Environmental Services	-3,000			
Reduce ancillary admin spend for Community & Cultural	-4,000			
Additional Income from sale of recycleables	-200,000			
Reduce total staff support across Environmental Services	-20,000			
Review / reduce level of environmental coordination and advice	-25,000	-25,000		
increase charges for bulky waste collection service	-10,000			
Join the Consortium contract for the provision of textile banks	-30,000			
<b>Community &amp; Cultural</b>				
Reduce and consolidate senior management resource	-60,000			
Rationalise and consolidate the range of community and culture activities and projects undertaken	-41,000	-41,000		
Review the Hertford Theatre management structure	-7,000	-15,000		
Reduce total spend on Community & Culture, grants, subscriptions & discretionary commissioning by approx 5%	-20,000			
<b>Customer Services &amp; New Media</b>				
Reduce / consolidate ongoing web support	-15,000			
<b>Corporate costs</b>				
Reduce corporate management	-15,000	-50,000		
<b>Deletion of existing savings options in the MTFP replaced by items above</b>				
Planning Service		87,000	87,000	
Strategic Direction				
	<b>-1,153,000</b>	<b>-368,000</b>	<b>-122,000</b>	<b>-313,000</b>
<b>Total Savings</b>	<b>-1,166,500</b>	<b>-972,679</b>	<b>-520,786</b>	<b>-255,000</b>
<b>Cumulative Total Savings</b>	<b>-1,166,500</b>	<b>-2,139,179</b>	<b>-2,659,965</b>	<b>-2,914,965</b>

<b>One Off Savings</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>INTERNAL SERVICES</b>				
<b>Financial Support Services</b>				
Rural Development Project Income Stream		-5,000		
Total	<b>0</b>	<b>-5,000</b>	<b>0</b>	<b>0</b>
<b>Review of 09/10 outturn</b>				
<b>CHIEF EXECUTIVE</b>				
<b>Strategic Direction</b>				
Public Consultation & Research		-9,700	-5,700	-14,700
Total	<b>0</b>	<b>-9,700</b>	<b>-5,700</b>	<b>-14,700</b>
<b>Total one off savings</b>	<b>0</b>	<b>-14,700</b>	<b>-5,700</b>	<b>-14,700</b>

Special Items	2011/12 £	2012/13 £	2013/14 £	
<b>CUSTOMER &amp; COMMUNITY</b>				
Community & Cultural				
LSP	60,000			
<b>Customer &amp; New Media</b>				
Consultancy re parking retender	12,000			
Grange Paddocks Project -	6,300	0	0	
Grange Paddocks Project - Resident permit	20,000	0	0	
<b>Total</b>	<b>98,300</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Review of 09/10 outturn</b>				
Bldg Control - Supplements	9,000	9,000	0	0
Dev Plans - Supplements	6,500	6,500	0	0
Dev Control - Supplements	9,000	9,000	0	0
<b>Total</b>	<b>24,500</b>	<b>24,500</b>	<b>0</b>	<b>0</b>
<b>Total SIs</b>	<b>122,800</b>	<b>24,500</b>	<b>0</b>	<b>0</b>



## Growth

	2011/12	2012/13	2013/14	2014/15
	£	£	£	£
<b>CUSTOMER &amp; COMMUNITY</b>				
<b>Customer &amp; New Media</b>				
On Street Charging - Maintenance and Monitoring of Pay and Display Machines				
Sunday & Bank Holiday charging				
Grange Paddocks Project - Maintenance of pay and display machines			43,600	
Hartham Lane car park extension - Maintenance and monitoring of pay and display machines	250			
<b>Environment</b>				
Refuse Service - Property Growth				53,000
Growth from capital programme	25,000	25,000	25,000	
Total	<b>25,250</b>	<b>25,000</b>	<b>68,600</b>	<b>53,000</b>
<b>Review of 09/10 outturn</b>				
Dev Control - Appeals & Consultancy	50,000	0	0	0
Total	<b>50,000</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Growth</b>	<b>75,250</b>	<b>25,000</b>	<b>68,600</b>	<b>53,000</b>
<b>Cumulative Total Growth</b>	<b>75,250</b>	<b>100,250</b>	<b>168,850</b>	<b>221,850</b>

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## East Herts Council Budget Consultation 2010

East Herts Council is committed to effective consultation when setting each year's budget. The consultation activity with regard to setting the 2011/12 budget is detailed below. 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 where higher savings could be made
- Convey how difficult it is to make the budget balance.

### Project outline and implementation

East Herts Council engaged with the public, businesses and Councillors around the budget through a series of consultation exercises;

- An online budget simulator (Delib) was placed on our website and promoted through various channels e.g. website, press releases, as well as a direct mailout to 1500 members of our Citizens Panel. It was available to all members of the public. A short video setting the scene was also available. At the time of writing the report the simulator is still open to the public.
- The Delib simulator was sent out to business contacts.
- Four focus groups were held 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 (Hertford Action on Disability), and the second was held with the elderly at a Circle Anglia Sheltered Housing Scheme. The third focus group was held with the East Herts Ethnic Minority Forum. The final focus group was held at a sheltered housing scheme in Watton at Stone. We were unable due to timings to hold a meeting with Bishop's Stortford Action on Disability.
- A separate exercise was held with all Councillors. This was an online consultation which made available online all the budget options. Councillors were able to comment on each option in a web forum.

The consultation activity was carried out between November and December 2010. All groups (excluding the Councillors forum) were asked to discuss the following:

- Police Community Support Officers
- Community Grants and Funding
- Public Consultation/ Public meetings and Council meetings
- Public toilets
- Homeless help
- Support for museums, the arts and other cultural activities in East Herts.

## Online Budget Simulator

The online budget simulator was open from 22 November and closed on 17 December.

We were limited as to the level of promotion we could undertake due to the pre election period from 7 October 2010 to 23 December 2010 which restricted local government publicity.

Articles did appear in the local press over the period 11 November 2010 to 16 December 2010. Coverage included articles in the Hertfordshire Mercury, the Hertfordshire Observer and the Bishop's Stortford Scene.

In total 173 responses were received. We had a good range of responses covering all major areas and age groups. The highest response rate was from Hertford at 27% (46). There were 38 (22%) responses from Bishop's Stortford. Our other towns made up 16% of the responses, Ware had 14, Buntingford 11 and Sawbridgeworth 4. 11% of respondents were from our rural areas and 23% did not state a location. A breakdown of responses by area can be seen below:

Area	Total responses
Bishop's Stortford	21.6% (38)
Hertford	26.2% (46)
Sawbridgeworth	2.3% (4)
Ware	8% (14)
Buntingford	6.3% (11)
Rural areas	10.8% (19)
Blanks	22.8% (40)

The majority, at 81% (140), of respondents classified themselves as White British. 4% (8) classified themselves as White Other. 0.6% (1) classified themselves as White Irish. 13.2% (23) did not state their ethnic category. This suggests the response rate from ethnic groups other than 'White British' is higher than the current known breakdown of the district.

The majority of respondents were male, 55% (95). 56 females responded, 32%. 2 (1.1%) respondents did not wish to say their gender and 20 (12%) left the section blank.

At 25% (44) the majority of respondents were aged between the 55- 64 age group. The lowest number of respondents were from the 18-24 age group.

Age	Total responses
18-24	1.14% (2)
25 – 34	8% (14)
35 -44	10.3% (18)

45 – 54	19.4% (34)
55-64	25.1% (44)
65+	22.2% (39)
Rather not say	1.14% (2)
Blanks	11.4% (20)

### Police Community Support Officers

#### **Three out of four respondents favoured making cuts to this spending area.**

78% (135) agreed that spending could be reduced compared to 22% (38) who wished to maintain spending in this area. However the level of reduction varied – the highest preference at 28% (49) was to see spending in this area reduced by 100%.

This was followed by 9.8% (17) supporting a 10% reduction, 9.24% (16) supporting a 50% reduction, 8.7% (15) supporting a 20% reduction, 5.8% (10) supporting a 30% reduction, 4.04% (7) supporting a 60% and a 70% reduction, 3.5% (6) supporting an 80% reduction, 2.9% (5) supporting a 40% reduction and 1.7% (3) supporting a 90% reduction.

There was no significant area difference between those who wished to maintain the spending and those who agreed to a 100% reduction.

There was no significant gender difference between those who wished to maintain the spending and those who agreed to a 100% reduction. However the number of males that agreed to the 100% reduction was nearly double the number that wished to retain the spending.

Those aged 55+ were twice as likely to support a 100% reduction in this area than support a 100% retention.

### Community Grants and Funding – Sports

#### **Nine out of 10 respondents favoured making cuts to this spending area.**

92% (160) agreed that spending could be reduced compared with 7.5% (13) who wished to maintain spending in this area. However the level of reduction varied – the highest preference at 22.5% (39) was to see spending in this area reduced by 100%.

This was followed by 16% (28) supporting a 50% reduction, 12.7% (22) supporting a 10% reduction, 10.4% (18) supporting a 20% reduction. 6.4% (11) supporting a 70% and 80% reduction, 5.8% (10) supporting a 60%

reduction, 4.6% (8) supporting a 40% and a 90% reduction, and 2.9% (5) supporting a 30% reduction.

There were no significant gender differences with the majority of both males and females opting to reduce the spending in this area by 50 or more percent.

Respondents in the West of the district were more likely to support a 100% reduction in this area.

Those aged 55 and above were ten times more likely to reduce the funding by 100% rather than retain it by 100%.

#### Community Grants and Funding – Supporting our towns and encouraging businesses.

**Eight out of 10 respondents favoured making cuts to this spending area. There was no clear majority indicating a particular preference.**

The percentage of people that wanted to retain 100% of spending at 16.2% (28) was the same as those that wished to cut it by 100%. 13% (23) of respondents wished to reduce spending by 50%.

This was followed by 11% (19) supporting a 60% reduction, 8.7% (15) supporting a 20% reduction, 7.5% (13) supporting a 70% reduction, 6.9% (12) supporting a 30% reduction, 6.3% (11) supporting a 40% and an 80% reduction, 5.8% (10) supporting a 10% reduction and 1.7% (3) supporting a 90% reduction.

There were no significant gender, age or area based differences.

#### Community Grants and Funding – Funding for the Arts

**Nine out of 10 respondents favoured making cuts in this area.**

92.5% (160) agreed that spending could be reduced compared with 7.5% (13) who wished to maintain spending in this area. However the level of reduction varied – the highest preference at 28.9% (50) was to see spending in this area reduced by 100%.

This was followed by 12.7% (22) supporting an 80% reduction, 9.8% (17) supporting a 50% reduction, 8.7% (15) supporting an 10% reduction, 6.9% (12) supporting a 70% reduction, 5.2% (9) supporting a 20% 30% 60% and 90% reduction and 4.6% (8) supporting a 40% reduction.

There was no significant gender difference; however the number of males that wished to reduce the spending by 100% (29) is significantly higher than those who wished to retain 100% of spending (2).

There were no significant age or area based differences.

## Community Grants and Funding – Community Revenue Grants

### **Nine out of 10 respondents favoured making cuts in this area.**

90.2% (156) who agreed that spending could be reduced compared with 9.8% (17) who wished to maintain spending in this area.. However the level of reduction varied – the highest preference at 26% (45) was to see spending in this area reduced by 100%.

This was followed by 12.7% (22) supporting a 50% reduction, 10.4% (18) supporting a 10% reduction, 8.0% (14) supporting an 30% reduction, 6.3 (11) supporting a 40% and an 80% reduction, 5.8% (10) supporting a 60% reduction, 5.2% (9) supporting a 20% and a 70% reduction and 4% (7) supporting a 90% reduction.

There were no significant gender, age or area based differences.

## Community Grants and Funding – Museums

### **Nine out of 10 respondents favoured making cuts in this area.**

90.2% (156) agreed that spending could be reduced compared with 9.8% (17) who wished to maintain spending in this area. However the level of reduction varied – the highest preference at 24.2% (42) was to see spending in this area reduced by 100%.

This was followed by 10.4% (18) supporting a 10%, 50% and 60% reduction, 7.5% (13) supporting an 80% reduction, 6.9% (12) supporting a 20% reduction, 6.3% (11) supporting a 30% reduction, 5.8 (10) supporting a 90% and a 70% reduction and 2.3% (4) supporting a 40% reduction.

There were no significant age or area based differences. The number of males that would support a 100% reduction is more than treble the number that wished to maintain 100% of spending in this area.

## Community Grants and Funding – Festive Parties

### **Nine out of 10 respondents favoured making cuts in this area.**

89% (154) agreed that spending could be reduced compared with 11% (19) who wished to maintain spending in this area.. However the level of reduction varied – the highest preference at 43% (74) was to see spending in this area reduced by 100%.

This was followed by 10.4% (18) supporting an 80% reduction, 8% (14) supporting a 90% reduction, 6.9% (12) supporting a 10% reduction, 4.6% (8) supporting a 50% reduction, 4% (7) supporting a 60% reduction, 3.5% (6) supporting a 20% and a 70% reduction, 2.9% (5) supporting a 30% reduction and 2.3% (4) supporting a 40% reduction.

There were no significant gender or area based differences. Those ages 55+ were significantly more likely to support a 100% reduction in this area rather than to retain 100% of spending.

#### Community Grants and Funding – Engagement with children and young people

##### **Eight out of 10 respondents favoured making cuts in this area.**

83.8% (145) agreed that spending could be reduced compared with 16.2% (28) who wished to maintain spending in this area.. However the level of reduction varied – the highest preference at 22% (38) was to see spending in this area reduced by 100%.

This was followed by 11% (19) supporting a 10% reduction, 10.4% (18) supporting a 50% reduction, 8.7% (15) supporting a 60% reduction, 7.5% (13) supporting a 30% and a 70% reduction, 4.6% (8) supporting a 20% 40% and an 80% reduction and 2.9% (5) supporting a 90% reduction.

There were no significant area, gender or age based differences.

#### Public Consultation

##### **Nine out of 10 respondents favoured making cuts to this spending area.**

91.3% (158) agreed that spending could be reduced compared with 8.7% (15) who wished to maintain spending in this area.. However the level of reduction varied – the highest preference at 22.5% (39) was to see spending in this area reduced by 100%.

This was followed by 14% (24) supporting a 50% reduction, 11% (19) supporting a 70% reduction, 9.2% (16) supporting an 80% reduction, 8.1% (14) supporting a 60% reduction, 7.5% (13) supporting a 90% reduction, 5.2 (9) supported a 20% reduction and 4.6% (8) supported a 10%, 30% and 40% reduction.

There was no significant gender difference between those who wished to maintain the spending and those who agreed to a 100% reduction. However the number of males that agreed to the 100% reduction at 22 was significantly higher than the number that wished to retain the spending at 2.

Those based in the east of the district were more likely to support a 100% reduction in this area than those in the west.

#### Council meetings

##### **Nine out of 10 respondents favoured making cuts to this spending area.**

91.3% (158) agreed that spending could be reduced, compared with 8.7% (15) who wished to maintain spending in this area.. However the level of



reduction varied – the highest preference at 28.3% (49) was to see spending in this area reduced by 100%.

This was followed by 11% (19) supporting a 60% reduction, 10.4% (18) supporting an 80% reduction, 8.7% (15) supporting a 70% reduction, 6.9% (12) supporting a 40% reduction, 6.4% (11) supporting a 30% and a 50% reduction, 5.2% (9) supporting a 90% reduction, 4.6% (8) supporting a 10% reduction and 3.5% (6) supporting a 20% reduction.

There was no significant gender difference between those who wished to maintain the spending and those who agreed to a 100% reduction. However the number of males that agreed to the 100% reduction at 22 was significantly higher than the number that wished to retain the spending at 2.

There were no significant age or area based differences.

### Public meetings

#### **Nine out of 10 respondents favoured making cuts in this area.**

93.1% (161) agreed that spending could be reduced compared with 6.9% (12) who wished to maintain spending in this area.. However the level of reduction varied – the highest preference at 32.4% (56) was to see spending in this area reduced by 100%.

This was followed by 11% (19) supporting an 80% reduction, 8.7% (15) supporting a 70% reduction, 8.1% (14) supporting a 50% reduction, 6.9 (12) supporting a 60% reduction, 5.8 (10) supporting a 90% reduction, 5.2% (9) supporting a 10% 30% and 40% reduction and 4.6% (8) supporting a 20% reduction.

There was no significant gender difference between those who wished to maintain the spending and those who agreed to a 100% reduction. However the number of males that agreed to the 100% reduction at 32 was significantly higher than the number that wished to retain the spending at 3.

There were no significant age or area based differences.

### Public toilets

#### **Eight out of 10 respondents favoured making cuts in this area.**

81% (140) agreed that spending could be reduced compared with 19% (33) who wished to maintain spending in this area.. However the level of reduction varied – the highest preference at 20% (35) was to see spending in this area reduced by 100%.

This was followed by 9.7% (17) supporting a 10% reduction, 8.6% (15) supporting a 70% reduction, 8% (14) supporting a 50% and 60% reduction, 7.4% (13) supporting a 20% reduction, 6.3% (11) supporting an 80%

reduction, 5.7% (10) supporting a 40% reduction, 3.4% (6) supporting a 90% reduction and 2.9% (5) supporting a 30% reduction.

Those based in the West of the district were more likely to support a 100% reduction than those in the East. There were no gender differences. Those aged 65+ were significantly more likely to support retaining 100% of spending in this area.

### Homeless help

#### **Seven out of 10 respondents favoured making cuts in this area.**

77.2% (133) agreed that spending could be reduced compared with 22.8% (40) who wished to maintain spending in this area.. The highest preference was to retain 100% of spending in this area. However the level of reduction varied.

Out of the 77.2% that favoured making cuts, the highest preference 15.4 (27) was for a 50% reduction. This was followed by 14.8% (26) supporting a 100% reduction, 10.3% (18) supporting a 10% reduction, 7.4% (13) supporting a 60% reduction, 6.3% (11) supporting a 70% reduction, 5.1 (9) supporting a 30% and 40% reduction, 4% (7) supporting an 80% and 90% reduction and 3.4 (6) supporting a 20% reduction.

There were no significant age, area or gender based differences.

### Support for museums, the arts and other cultural activities in East Herts

#### **Nine out of 10 respondents favoured making cuts in this area.**

93.7% (162) who agreed that spending could be reduced compared with 6.3% (11) who wished to maintain spending in this area.. However the level of reduction varied – the highest preference at 25.1% (44) was to see spending in this area reduced by 100%.

This was followed by 13.1% (23) supporting an 80% reduction, 11.4 (20) supporting a 60% reduction, 9.7% (17) supporting a 10% reduction, 8% (14) supporting a 50% reduction, 6.8% (12) supporting a 90% reduction, 6.3% (11) supporting a 70% reduction, 5.1 (9) supporting a 20% reduction, 4% (7) supporting a 30% reduction and 2.9 (5) supporting a 40% reduction.

There was no significant gender difference between those who wished to maintain the spending and those who agreed to a 100% reduction. However the number of males that agreed to the 100% reduction at 22 was significantly higher than the number that wished to retain the spending at 3.

There were no significant area based differences however respondents based in the East were significantly more likely to support a 100% reduction than to retain the spending at 100%.

There were no significant age based differences.

The proposals, ranked by highest preference for identifying savings is:

1. Support for museums, the arts and other cultural activities
2. Public meetings
3. Funding for the Arts/ funding for sports activities
4. Public consultation/ Council meetings
5. Funding for museums/ community revenue grants
6. Funding for Christmas parties
7. Engagement with children and young people
8. Public toilets
9. Police Community Support Officers
10. Homeless help
11. Support for our towns and encouraging businesses.

Other areas that were mentioned:

Areas suggested by respondents where savings could potentially be made include:

- Councillors allowances
- Reduce senior management numbers/ salaries

### Business Consultation

The link to the online budget simulator was sent out to East Herts Council business contacts (approx 7 different organisations which represent a large number of people) with an introductory email which asked them to identify on the simulator if they were responding on behalf of a business.

The Federation of Small Businesses provided a response:

- Police Community Support Officers – Retain 100% of spending.
- Support for our towns and encouraging businesses – Retain 100% of spending.
- Homeless help – Reduce spending by 50%
- Engagement with children and young people – Reduce spending by 70%.
- Funding for museums – Reduce spending by 80%
- Public consultation – Reduce spending by 90%.
- Council meetings – Reduce spending by 90%.
- Public toilets – Reduce spending by 90%
- Support for museums, the arts and other cultural activities – Reduce spending by 100%.
- Public meetings – Reduce spending by 100%
- Funding for the Arts – Reduce spending by 100%.

- Funding for sports activities – Reduce spending by 100%.
- Community revenue grants – Reduce spending by 100%.
- Funding for festive party grants – Reduce spending by 100%

## Focus Groups

### **East Herts Minority Ethnic Forum**

Two officers attended the East Herts Ethnic Minority Forum to discuss the options. However the group is a new group and the turnout was low. This coupled with the short amount of time available on the agenda meant that officers could only present the options to the group and promote the use of the online budget simulator.

The chair of the meeting agreed to send out an email to the local contacts, approximately 150, explaining the online exercise and its importance to help promote the use of the tool.

Despite the response rate from ethnic minority groups being high compared to the district position, the response rate was still too small to analyse separately, therefore it is also important to refer to the overall findings.

### **Circle Anglia Sheltered Housing Scheme – Much Hadham**

Four officers attended a meeting specifically set up to discuss the budget proposals at a sheltered housing scheme. The officers talked through the options and then noted the comments received for each proposal. In total there were approximately 25 participants.

### Police Community Support Officers

- The group commented that they had not seen the current PCSOs and therefore questioned the value of retaining one.
- They felt that it was important to have in place sufficient community safety initiatives and therefore suggested that the funding could be ring fenced to this.

### Community Grants and Funding

- The group felt it was important to retain spending on sports and the arts.
- They agreed that as the funding for the Christmas parties was only £1 per head that this would not achieve a lot and therefore this is an area where saving could be made.

### Public Consultation/ Public meetings and Council meetings

- The group agreed that there were other ways the Council could communicate with residents without the need for public meetings.
- They recognised the value in consulting with the public however the group was open to cheaper alternatives.

### Public toilets

- The group had mixed opinions on the need to retain public toilets. There was an agreement that the spending equated to a lot of money however they felt that it was still important to have some sort of toilet provision. They were keen that the Council continues to look for cheaper alternatives.

#### Homeless help

- Whilst the group saw this as an important pot of money they agreed that there should be an agree repayment time and a minimal interest rate applied.

#### Support for museums, the arts and other cultural activities in East Herts

- The group agreed that East Herts should look to step back from projects which were well established and where volunteer could run them instead.

#### Other areas that were mentioned:

- The group raised concerns over cuts to the Supporting People monies that provide assistance to individuals at their scheme. These were passed to the appropriate service.

### **Circle Anglia Sheltered Housing Scheme – Watton at Stone**

Three officers attended a meeting specifically set up to discuss the budget proposals at a sheltered housing scheme. The officers talked through the options and then noted the comments received for each proposal. In total there were approximately 10 participants.

#### Police Community Support Officers

- The group agreed that Hertfordshire should make more use of specials
- The group felt that retaining one officer (or 2 part time equivalents) would mean that they were too thinly spread to make any impact.
- They did not believe that retaining the PCSOs would be value for money

#### Community Grants and Funding

- The group would support temporary cuts for the arts and museums.
- They agreed that it is more important to support businesses in Hertford
- Arts events could make more use of school halls to keep costs down
- They felt there was a need to support sports activities, especially with current obesity issues
- The recurring theme throughout the focus group was to keep grants for the “living” – ie people that are helped as individuals directly by support.

#### Public Consultation/ Public meetings and Council meetings

- The group stated that the council should look to do as much consultation in house as possible rather than paying for consultants to do it.
- The group felt that evening council meetings aren't accessible due to lack of public transport. For example buses in Watton stop at 7pm. Day time meetings would be easier for people to get to.

- The group agreed that public meetings are not a very cost effective method for getting the council message across.

#### Public toilets

- The group agreed that the Council should keep the toilets open until there is a partnership agreement.
- They also felt that there was a need to have disabled toilets too.

#### Homeless help

- The group were keen to retain spending in this area as it directly helps people. They would prefer to see spending here than in the arts.

#### Support for museums, the arts and other cultural activities in East Herts

- The group felt that there was a lot of spending in this area and that where possible the Council should look for more external funding.

#### Other areas that were mentioned:

- Support for the elderly who do not live in supported residential housing.

### **Hertford Action on Disability**

Two officers met with representatives of the Hertford Action on Disability Group. The budget options were presented and then using the online consultation tool the participants fed back their opinions.

#### Police Community Support Officers

- The group wished to retain spending in this area.

#### Community Grants and Funding

- The group wished to retain spending in this area.

#### Public Consultation/ Public meetings and Council meetings

- The group agreed on a 100% reduction in public meetings and council meetings and a 50% reduction in public consultation spending.

#### Public toilets

- The group were most passionate about this area and wished to retain spending.

#### Homeless help

- The group wished to retain spending in this area.

#### Support for museums, the arts and other cultural activities in East Herts

- The group agreed a 100% reduction in spending in this area.

#### Other areas that were mentioned:

- The group raised concerns over highways maintenance which were passed to Hertfordshire County Council. They also had concerns that spending should be maintained for public parks and open spaces.

### **Councillors Forum**

The forum was available to Members between 01 November and 26 November 2010. It contained all the 2011 budget proposals which were grouped under 14 service categories. The forum was promoted through the Members Information Bulletin and via email. Support was on hand should it

have been requested to help Members engage with the new scrutiny process. The Liberal Democrat Group replied collectively therefore the comments below may represent the views of an individual Councillor or a group.

Listed below are the responses provided for each budget option.

### **Revenues and Benefits**

#### **Further shared service savings**

- Four questions were raised asking for more information on the implications for staffing and an explanation on how savings will be achieved. A response was issued by the Head of Service.

#### **Discretionary rate relief**

- One comment did not support the proposal.

#### **Reduction in supplies and services – printing**

- One question was raised asking for a breakdown of the £13,000 and the Head of Service responded.

#### **Increase in recoverable over payment of housing benefits**

- One comment indicated that the proposal was too speculative to be realistic. It also queried how the £100,000 was arrived at for 2012. A response was issued by the Head of Service.

### **Strategic Direction**

#### **Reduction in Public Consultation budget base**

- Two comments supported the proposal that the expenditure on public consultation could be reduced without impacting negatively on the intelligence gained.

#### **Deletion of Graduate Trainee Post**

- One comment supported the proposal.

#### **Reduction in Supplies and Services codes within the Chief Executive and Corporate Support Team**

- One comment supported the proposal.

#### **Reduction in Performance and Communications activities - service savings**

- One comment 'regrettably' agreed with the proposal.

### **Customer Services and New Media**

#### **Reduce/consolidate ongoing web support**

- One comment supported the proposal.

### **Community and Cultural Services**

Reduce ancillary admin spend for Community and Culture

- There was one request for clarity. A response was issued by the Head of Service.

Reduction of total spend on community and culture, grants, subscriptions and discretionary commissioning by approx 5%

- Two comments expressed reluctance to cut more and instead wished to protect spending on the arts.

Reduce and consolidate senior management resource

- One comment agreed with the proposal.

Review the Hertford Theatre management structure with effect from June 2011

- One comment agreed with the proposal.

Rationalise and consolidate the range of community and culture activities and projects undertaken

- One comment stated "given that 39k has been already allocated and in view of "Big Government" proposals which will impact on the voluntary sector, to reduce further would be inappropriate at this time".

**Environmental Services**

Additional income from the sale of recyclables and from recycling credits

- One comment agreed with the proposal.

Review/reduce level of environmental co-ordination and advice

- One comment agreed with the proposal subject to it not affecting the service.

Reduce ancillary admin spend for environmental services

- One comment indicated that they found it difficult to comment as the savings to be made were not quantified. A response was issued by the Head of Service.

Increase Charges for Bulky Waste Collection Service Proposal

- A request for comparison cost figures was answered by the Head of Service.

Reduce total staff support across Environmental Services

- One comment agreed with the proposal.

Join consortium contract for the provision of textile banks Proposal

- One comment agreed with the proposal.
- One comment strongly disagreed with the proposal. A response was issued by the Head of Service.



## **Housing Options and Housing Strategy & Development**

### **Reduction in Housing Resources Proposal**

- One comment did not support the proposal as they could foresee this being an area which would require additional resources.

### **Reduction of Hours of Housing Development Officer and increase fees Proposal**

- One comment supported the proposal.

### **Cease funding Home Improvement Agency core and associated services Proposal**

- One comment stated it was the wrong time to tackle this.

### **Scale Back Rent Deposit Scheme Proposal**

- One comment stated they cannot support this proposal due to the “likely impact of central government changes”.

## **Planning and Building Control**

### **Building Control Fees Proposal**

- One comment stated they felt it was difficult to comment as they did not have details of current fees and the percentage rise over inflation figures.

### **Development Control BPI Led Savings Proposal**

- One comment stated that it was too early to comment on 2015 given no change in the period 2011 – 14 was proposed.

### **Development Control Misc Costs Proposal**

- One comment stated that given such costs are market dependent and likely to increase above inflation, they could not see how these figures were achievable in 2013 and 2014.
- One generic comment stated “Not sure where to put this but...the vital importance to the character of our District is the conservation and care of the historic built environment and any reduction in resource in this area must be resisted”.

### **LDF Funding Proposal**

- One comment supported the proposal.

### **Planning Administration Proposal**

- One comment stated that it was too early to forecast, given the affects suggested on the service in 2011 to 2014.

### **Planning Policy Resources Proposal**

- One comment stated that they cannot disagree with the proposal.

## **Community Safety, Environmental Health, Licensing and Emergency Planning**

### **PCSOs - Cease Council Contribution Proposal**

- There was one comment which was responded to by the Head of Service.

### **Restructure the services delivered by Licensing and Community Safety & Environmental Health leading to a reduction in resource Proposal**

- No comments received.

### **Set taxi licence fees to recover full costs Proposal**

- No comments received.

### **Taxi Marshals - withdrawal of funding for service Proposal**

- One comment received indicating concern with the proposal.

## **People and Organisational Services**

### **Reduce HR support**

- Two comments supported this proposal.

## **Business Support Services**

### **Internal Audit efficiencies from partnership working – Proposal**

- One comment supported the proposal.

### **Reduce ICT contract payments**

- One comment supported the proposal.

## **Democratic and Legal Support Services**

### **Efficiency measures for electoral canvass**

- There was one comment stating that 2015 is too early given no change in earlier years.

### **Land Charges - Revised Working Arrangements – Proposal**

- There was one comment stating that due to the uncertainty of legislative proposals it was too early to forecast savings or otherwise in future years.

## **Financial Support Services**

### **Review of Financial Support Services**

- There was one comment stating that it was too early to forecast given no change proposed in previous years. The Head of Service provided extra information.

## **Executive**

### **Reduce Corporate Management**

- One comment supported the proposal.

## **Internal Services**

### **Reduce and consolidate management resources**

- One comment supported the proposal.

## **Conclusion**

As stated as part of the review of the 2009 budget consultation exercise it was important that we held events in the west of the district which this year we achieved by consulting with Hertford based groups as well as those in Bishops Stortford.

The Councillors forum received a number of comments but usage was less than hoped for. Technically the forum worked well and all Heads of Services went in regularly to check whether any queries had been raised with regards to specific queries. There was ample promotion of the forum so if it is to be used again Councillors may need more training to ensure they feel comfortable using an online system.

The East Herts Ethnic Minority Forum had been established, however it is felt that more work needs to be done to develop this into an effective consultation group.

The online budget simulator was a successful introduction to our budget consultation process. Although we would have liked to have had more responses we still managed to increase our engagement by 150%. Concerns over certain age groups being left out by conducting an online exercise were unfounded as the breakdown of respondents shows that the majority were in the two older age groups.

The spring edition of Link will report on how the consultation findings helped to set the budget.

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