East Herts Council Report

Council

Date of meeting: 1 March 2022

Report by: Councillor Geoffrey Williamson, Deputy Leader & Executive Member for Financial Sustainability

Report title: Budget 2022/23 and Medium Term Financial Plan 2022/23 – 2026/27

Ward(s) affected: All

Summary –

The report sets out proposals on the following:

- the Medium Term Financial Plan 2022/23 – 2026/27
- the 2022/23 – 2026/27 Capital Programme
- the 2022/23 schedule of charges

All decisions and recommendations will be considered within the national context of continued financial uncertainty arising from the pandemic, the lack of a multiple year Comprehensive Spending Review and risks for local government, particularly the impact of Local Council Tax Support on the Council Tax base. Going forward questions remain over the total funding for local government and how this will be shared between authorities including the Fairer Funding review and the review of Business Rates as a tax and its potential replacement.

RECOMMENDATIONS FOR COUNCIL:

- **a)** That the East Herts share of the Council Tax for a Band D property in 2022/23 be set at £184.09, an increase of £5, the maximum permitted within the Council Tax Referendum principles;
- **b)** The Budget 2022/23 and the Medium Term Financial Plan 2022 – 2027 as shown In Appendix A is approved;
- **c)** The savings plans summarised in Appendix B are approved for implementation and that Council require that compensating savings, delivered to the same timescales, have to be put in place and reported to the next Council meeting should the Executive decide that any savings proposals should not proceed, or are reduced by 10% or more;
- **d)** The capital programme set out in Appendix C is approved; and
- **e)** The schedule of charges for 2021/22 set out in Appendix G, with an average increase of 5%, is approved.

1.0 Proposal(s)

1.1 The report sets out proposals for East Herts Council's budget and element of the Council Tax for 2022/23 and a five year Medium term Financial Plan (MTFP) which members of Audit and Governance Committee scrutinised and Executive recommend to Council.

2.0 Background

2.1 The council has undergone significant change over recent years, facing pressures linked to the UK economic and wider global downturns and more recently Brexit uncertainty and Covid19.

2.2 The budget is built around the corporate priorities, which are **S**ustainability, **E**nabling our communities, **E**conomic growth, and **D**igital by design. This underpins the organisation's direction of travel.

2.3 .1 The Executive approved the following guidance for the 2022/23 budget and Medium Term Financial plan, on 28 September 2021:

- Council Tax increase of £5
- contract inflation up to 4%
- no inflation in other goods and services budgets
- provision for the national pay award will be up to 3%

The MTFP has been updated for these, this can be found at appendix A

2.4 A report including a revised MTFP was taken to Audit and Governance Committee and the Executive in September 2021, which detailed the changing financial position since the MTFP approved by members in March 2021. The cumulative effect of the changes to planning assumptions was an improvement on the Councils financial position of £0.375m. Despite this improvement this still left savings to be identified of £0.967m in 2022/23 rising to £1.901m in 2026/27.

2.5 During October and November 2021 the Leadership Team considered a range of options to reduce the net cost of services. A total of £239k was removed from the budget for items which did not affect front line services such as reducing staff travel budgets by 25% and removing vacant posts that had not been recruited to. Further potential savings have been considered by Leadership Team and are shown in Appendix B for member scrutiny and approval. These savings are in addition to the three year savings plan which was agreed at Council in March 2021 and which will be implemented alongside the additional proposed savings. Members should also note that the budget and MTFP also contains savings projections from the transforming East Herts Programme. A summary of the savings proposed are shown in the table below

	2022/23	2023/24	2024/25	2025/26	2026/27
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Three Year Savings Plan	(1,801)	(2,987)	(2,987)	(2,987)	(2,987)
Leadership Team budget reductions	(238)	(254)	(277)	(277)	(277)
New savings proposals for approval	**(481)**	**(780)**	**(790)**	**(790)**	**(790)**
Transforming East Herts Programme	(100)	(900)	(1,000)	(1,000)	(1,000)
Total	**(2,620)**	**(4,921)**	**(5,054)**	**(5,054)**	**(5,054)**

2.6 Members will note that these are significant reductions in net cost (representing a 33% reduction in the net cost of services) The Transforming East Herts Programme will now need to move from the discovery to the implementation phase and start to deliver substantial savings from modern ways of working which will require investment in technology to deliver end to end digital services.

2.7 The office accommodation requirement moving forward will be for less space than the current Wallfields campus provides. Officers are awaiting figures from the County Council for the cost of co-location at County Hall and officers will need to evaluate what works would be required at Wallfields to modernise the building to be able to rent out space. The running costs of Wallfields are relatively low and far below commercial letting rates for the equivalent space. However the building is in need of works and adaption for climate change and future pandemics (notably the lack of a ventilation system) and once this work has been completed a decision can be taken as to whether East Herts remains at Wallfields.

2.8 Officers are investigating a number of potential shared services opportunities with neighbouring authorities as part of the Transforming East Herts Programme which include potential expanded shared outsourced contracts, new and expanded shared service provision and also the potential appetite of neighbours for a shared management team.

2.9 Members will appreciate that officers will increasingly be internally focused on delivering the Transforming East Herts Programme during 2022/23 and the minimum savings target of £1 million will need to be delivered as a key part of balancing the council's budget over the medium term.

2.10 The 2022/23 provisional Local Government Finance settlement was issued by the Department for Levelling Up, Housing and Communities (DLUHC) on 16th December 2021. This was a one year settlement in order that changes to the local government finance system can be introduced for the 2023/24 draft settlement. The Secretary of State announced an average 4% increase in core spending power for local government and made available a one off Services Grant to cushion the impact of COVID 19 worth £822 million. The proposed referendum limit for Council Tax is 2% or £5, whichever is the higher, for shire districts. Despite consulting on changes to New Homes Bonus the secretary of state surprised local government by making a one off payment based on the old methodology. Lower tier support grant was paid again and over 50% of the amount allocated to East Herts is effectively floor protection to ensure that the Council is not worse off in cash terms. The draft settlement was better than expected but still results in East Herts core spending power rising by only 0.03%. Members will recall that core spending power includes resources raised through Council Tax and that, even after the £5 proposed increase, the council's cash resources have effectively been frozen.

2.11 As DLUHC update the data and methodology for allocating government funding it is highly likely that East Herts will see reductions in resources for the medium term. Much will depend on how DLUHC design the system to protect losers, presumably through a floor protection mechanism which limits reductions. The MTFP is constructed on the council being worse off each year of the MTFP by around £50k per annum after floor protection. There is a risk that this assumption is optimistic and that the floor could be set much lower, especially as resources will be redirected to less affluent areas in order to deliver levelling up. As a result there are new net cost reductions to be met in future years of £1.7 million by 2025/26. The council has to date, been able to deliver net cost reductions without any significant reduction in the service offer to residents and minimising redundancies. However, this will become increasingly difficult to achieve in the context of further on-going reductions in government funding. Members will be faced with hard decisions in the coming years. The council has insufficient reserves to bridge the current projected funding gap and using reserves to put off difficult decisions results in higher savings requirements in later years.

2.12 The report was considered by Audit & Governance Committee at its meeting on 25 January 2022. Comments and recommended actions are shown at Appendix H.

2.13 The report contains the following sections and Appendices:

Report Sections	
3.0	Budget Components
4.0	Net cost of services
5.0	Corporate budgets
6.0	Contributions to/from reserves
7.0	External funding
8.0	Council Tax
9.0	2022/23 Revenue budget
10.0	Consultation
11.0	Capital
12.0	Prudential Code
13.0	2022/23 schedule of fees and charges

Appendices	
A	Medium Term Financial Plan (MTFP)
B	Savings Proposals
C	Capital Programme
D	Reserves
E	Residents' Survey
F	Equalities Impact Assessment
G	Schedule of Charges for 2022/23
H	Comments from Audit & Governance Committee
I	Report of the section 151 Officer under Section 25 Local Government Act 2003

3.0 Budget Components

The council's revenue budget consists of five major building blocks as follows:

3.1 Net Cost of Services: these are the direct costs incurred by the council in delivering services, less any specific income generated. Any use of reserves to fund these services is included in the contributions to and from reserves.

3.2 Corporate budgets: these are the costs incurred and income received by the council that are not service specific, for example pension fund deficit contributions, interest income and payments.

3.3 Contributions to and from reserves: this represents funding within the revenue budget from earmarked reserves which has been allocated to fund specific purposes and funding received that is to be transferred into reserves. The impact of the use of reserves is a reduction on the total income demand on council taxpayers. Reserves are a finite source of funding and their use should represent value for money.

3.4 External Funding: these income budgets are general and non-service specific income sources. They include funding from Central Government and Non Domestic Rates income.

3.5 Council Tax: this income is also a general and non-service specific source of income.

4.0 Net Cost of Services

4.1 The proposed net cost of services for 2022/23 is £16.179 million. All budgets, with the exception of salaries, major contracts and business rate costs, have been capped at 2021/22 levels.

4.2 Salary inflation of 3% has been included in the net cost of services. Budgets for contracts have been increased by 4% for outsourced contracts such as refuse and grounds maintenance. These both reflect current increases in inflation which will result in higher contract indexation.

4.3 The table below shows the net cost of services broken down by service area:

Table1: Net Cost of Services

2021/22 £'000		2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
401	Chief Executive & PA's	378	349	359	370	381
1,386	Communications, Strategy & Policy	1,416	1,450	1,484	1,520	1,556
578	Human Resources & Org Development	534	546	531	542	553
2,653	Strategic Finance & Property	2,933	3,435	3,679	3,930	4,186
1,426	Legal & Democratic Services	1,484	1,507	1,546	1,587	1,629
2,571	Housing and Health	2,398	2,417	2,483	2,554	2,627
238	Capital Expenditure Charged to a Revenue Account	238	238	238	238	238
1,202	Planning & Building Control	1,954	2,014	2,076	2,139	2,204
3,058	Operations	2,282	2,082	1,604	1,616	1,695
709	Shared Revenues & Benefits Service	931	975	1,021	1,067	1,115
2,151	IT Shared service	2,213	2,313	2,313	2,313	2,313
-	Transforming East Herts savings	(100)	(900)	(1,000)	(1,000)	(1,000)
-	Savings proposals	(481)	(780)	(790)	(790)	(792)
-	Contract renewals cost pressures	-	50	100	550	50
16,374	**Net Cost of Services**	**16,179**	**15,693**	**15,643**	**16,635**	**16,754**

5.0 Corporate budgets

5.1 The proposed income and expenditure budgets shown in table 2 cannot be directly attributed to specific services and relate to the authority as a whole.

Table 2: Corporate budgets

Corporate Budgets

2021/22 £'000		2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
-	Fees & Charges Annual Review	(50)	(100)	(150)	(200)	(250)
-	Minimum Revenue Provision	20	943	1,636	2,240	2,286
-	Interest Payable on Loans	459	757	1,067	1,223	1,231
(750)	Investment Income	(750)	(750)	(750)	(750)	(750)
734	Pension Fund Deficit Contribution	754	800	800	800	800
-	Savings to be identified	-	(393)	(874)	(1,880)	(1,880)
(16)	**Total corporate budgets**	**433**	**1,257**	**1,729**	**1,433**	**1,437**

5.2 Fees and charges are being reviewed in line with the Council’s Fees and Charges policy agreed at Full Council in December 2021. This sets out that the Council’s fees and charges should normally fully recover the cost of providing the service. The income included is the estimated value of the increases to fees and charges. Further work to ensure that charges recover cost will be undertaken during the course of the year.

5.3 The capital programme will be largely funded by external borrowing going forward. Borrowing impacts the revenue account through the requirement to pay interest and also by the requirement to set aside Minimum Revenue Provision (MRP) to meet the repayment of the principal amount of loans. Generally loans are repayable over 30 years so for every £1 million borrowed, the revenue account is charged £33,334 a year as well as the interest at the rate set for the life of the loan by the Public Works Loans Board (PWLB). The new format of the capital programme will enable Members to connect the programme and it’s financing explicitly to the impact on the revenue budget.

5.4 Investment income includes interest received from the Councils investment in Millstream and in the property funds that the Council holds.

5.5 The Hertfordshire Local Government Pension Fund assets are approximately 114% of the fund liabilities. It is anticipated that with the triennial actuarial reviews of the local government pension scheme in 2023/24 and 2026/27 additional contributions for past service deficit payments may be required from the Council but these have been substantially reduced to reflect the 114% funding in the scheme. Under the LGPS Regulations contribution holidays are no longer permitted as experience of contribution holidays in the 1980s were the root cause of the substantial fund deficits that occurred following asset volatility in the markets. The intention going forward is that local government will continue to make contributions and that excess assets will provide a cushion from market volatility and prevent the return of large contribution increases to ensure that the fund meets its liabilities over the 3 year actuarial valuation period.

6.0 Contributions to/from reserves

6.1 The budget process invariably includes items that are not annually re-occurring and that require finance from the council's reserves. The proposed reserves contributions are summarised in the table below and include new movements for the irrecoverable losses in the collection fund grant. See Appendix D for more detail.

Table 3: Reserve contributions

Reserves

2021/22		2022/23	2023/24	2024/25	2025/26	2026/27
£'000		£'000	£'000	£'000	£'000	£'000
3,369	Contributions to Earmaked Reserves	438	190	190	190	35
(769)	Contributions from Earmarked Reserves	(1,555)	(1,585)	-	-	-
-	Planned Use of General Fund Balance	-	-	-	(265)	205
299	New Homes Bonus Cont to Reserve	1,383	-	-	-	-
2,898	**Total reserves**	**265**	**(1,395)**	**190**	**(75)**	**240**

6.2 The reserves are an important part of the budget setting process, there are minimum levels of reserves which the section 151 officer sets out in his statutory report on the adequacy of reserves.   Authorities are also expected to maintain a level of Earmarked Reserves to fund one-off projects and initiatives. The emphasis for this Medium Term Financial Plan is to protect a healthy minimum reserves position that provides sufficient cover for unforeseen events and provides resources to deliver the transformation programme at the fastest possible speed. Another key element of reserves is to provide cash flow for the council, particularly in early April and January to March when the council has less cash available. Earmarked Reserves are shown in Appendix D.

6.3 Contributions from reserves relate to the Business rate deficit and the NNDR compensation grant, in line with accounting regulations.

6.4 As announced in the provisional 2022/23 Local Government Finance Settlement the Council will receive New Homes Bonus in 2022/23, it is not anticipated that this will continue beyond 2022/23. It is proposed that the total New Homes Bonus grant is transferred to reserves to protect the Councils financial position and for use in implementing transformation plans. The section 151 officer advises that the whole of the one off New Homes Bonus grant is taken to earmarked reserves to provide an important cash liquidity cushion. At present the council will need to temporarily borrow for cash flow purposes in order to pay staff, Members and suppliers. It would be imprudent to anticipate income for future years when there are no proposals from government to model any potential awards, so no income has been assumed for New Homes Bonus allocations going forward.

7.0 Sources of External Funding

7.1 The 2022/23 Provisional Local Government Finance Settlement was published on 16th December 2021, this provides details of provisional grant allocations and baseline figures within the Business Rate Retention scheme. Full details can be found on the DLUHC website. The table below shows the forecast funding.

Table 4: Funding

2021/22 £'000	Funding	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
(150)	Capital Salaries	(150)	(150)	(150)	(150)	(150)
(2,721)	NDR	(3,616)	(5,000)	(4,950)	(4,900)	(4,850)
(4,666)	Section 31 Grants	(1,900)	-	-	-	-
2,455	(Surplus)/Deficit on Collection Fund	2,386	1,585	-	-	-
(874)	Government Grant	(689)	-	-	-	-
(2,244)	New Homes Bonus	(1,383)	-	-	-	-
(8,200)	**Total Funding**	**(5,352)**	**(3,565)**	**(5,100)**	**(5,050)**	**(5,000)**

7.2 The Collection Fund is made up of two elements – Council Tax and Business Rates. Each one of these taxes can make a surplus or deficit for the year and those surpluses deficits are shared between East Herts and Principal Preceptors for Council Tax and the County Council and government for business rates. The deficit shown relates Business Rates.

7.3 Final business rates figures will not be available until the end of January once the council has completed the NNDR1 return to DLUHC. Once that is completed we will have definitive business rates and section 31 grant figures which at this stage are best estimates from officers. Members should be aware that there is a risk that the Business Rates do not yield the funding level assumed in the budget and MTFP.

7.4 In 2022/23 East Herts will be part of the Hertfordshire business rates pool. The benefits of being in the Pool is that the use of the provisions built up, when released, will result in additional rates income being retained in Hertfordshire, benefitting both the district and county council and also providing resources to the Hertfordshire Growth Board. Being outside the Pool has allowed the council to build strong provisions and some councils currently in the Pool will leave in order that they can build up provisions which they did not have the flexibility to do whilst delivering the growth amounts for retention in Hertforshire. Pool membership is for a year and then the make-up of the Pool (should Pooling be permitted once the settlement mechanism is changed) will be reviewed. The council would be releasing provisions anyway to manage the carried forward collection fund deficit and being in the Pool ensures we can retain a greater element of the increased rates income than would be possible outside the Pool.

7.5 In line with the assumptions in the MTFP and the government's consultation on changing the formula to allocate News Homes Bonus there was no expectation for receipt of New Homes Bonus. The 2022/23 provisional Finance Settlement announced a strictly one-off payment of New Homes Bonus of £1.38m for East Herts. This will be paid with the last legacy amount for 2019/20 plus the allocation for 2022/23. The 2020/21 and 2021/22 'in year' allocations did not have future years legacy payments included. Members should note that the 2022/23 new award is a single year payment only and there will be no legacy amount payable in the future. There is no guarantee that New Homes bonus will be received in future years and therefore is not included in the MTFP.

8.0 Council Tax:

8.1 The Provisional 2022/23 Finance settlement published in December 2021, confirmed that district councils will be allowed to apply the higher of the referendum limit of 2% or £5.

8.2 In setting the council's proposed budget, the maximum of £5 has been used in all years of the MTFP, giving a band D equivalent Council Tax of £184.09 for 2022/23. This maximum increase was guidance approved by the Executive in September 2021. The £5 amount represents a 2.8% increase which is below the rate of inflation of 5.1% for the year to November 2021.

9.0 Revenue Budget 2022/23

9.1 The council is required to set a balanced budget each year. The Local Government Finance Act 1992 (as amended by the Localism Act 2011) requires the council to estimate revenue expenditure and income for the forthcoming year from all sources, together with government grant and contributions from reserves, in order to determine a basic Council Tax Requirement. The proposed budget for 2022/23 is shown below:

Table 5: 2022/23 Revenue budget

	2022/23
	£'000
Net Cost of Services	**16,179**
Total corporate budgets	**433**
Total reserves	**265**
Funding	
Capital Salaries	(150)
Non Domestic Rates	(3,616)
Section 31 Grants	(1,900)
(Surplus)/Deficit on Collection Fund	2,386
Government Grant	(689)
New Homes Bonus	(1,383)
Total Funding	**(5,035)**
Demand on Collection Fund	**11,526**

10.0 Consultation

10.1 No consultation has taken place with the public on the overall budget proposals. Individual savings proposals which have a significant impact will be subject to consultation exercises on their implementation.

10.2 The Council has repeated the same resident's survey about council services as last year. Further detail is given in Appendix E

11.0 Capital Programme

11.1 During October and November 2021 re-phasing of the capital programme has been undertaken to reflect the slippage from 2020/21 and changes to programming in 2021/22. The five year Capital programme from 2022/23 can be found in Appendix C and continues to deliver the substantial capital ambitions of the council with major investments in leisure, culture, and the revitalisation of Bishop's Stortford.

11.2 Going forward, the capital programme will need to be financed predominately by borrowing with resulting revenue costs in terms of interest and Minimum Revenue Provision (MRP). MRP is a statutory requirement to ensure that the council sets aside revenue to repay the loan principal and Council will be requested to approve the MRP Policy as part of the Capital Strategy. It is proposed that MRP will be on the asset life method which has several advantages. Firstly, MRP is not payable whilst the asset is under construction which can take two to three years. Once the asset is brought into use the asset life must be set and once set it is fixed and cannot be changed. MRP then becomes payable only in the first full year the asset is in service. Asset lives have to have regard to the statutory guidance and are set by the s.151 officer. We will usually phase loan repayments to utilise the MRP accrued and to create borrowing headroom. Generally the useful asset life will be 30 years for buildings. Whilst this might, on the face of it, seem too short for a building, the various components of the building are likely to need substantial replacement after 30 years (windows, wiring, plumbing, roof, fixtures and fittings and so on.). When undergoing major refurbishment, the building is often stripped back to the core structural elements therefore a useful life of 30 years covering loan debt structured to be paid down over 30 years is a prudent method. The 30 year life is strongly mandated in government guidance on MRP and any attempts to use longer asset lives will involve long and protracted discussion with the external auditor and DLUHC.

11.3 Members will also note that Revenue Expenditure Funded as Capital Under Statute (REFCUS) is now charged to the revenue account. Borrowing is not a suitable financing method for REFCUS because it results in no asset for the council. Home Improvement Grants are now offered as loans secured against the equity in the property going forward and the loan and interest only becoming due on the sale of the property. The funds returned represent capital receipts and over the next five years the council should start to see this funding starting to return to the council where it can be reused to offer further home improvement loans reducing the revenue costs in the budget.

12.0 Prudential Code implications

12.1 The council is required under the Local Government Act 2003 to 'have regard' to the requirements of the CIPFA Prudential Code which requires that certain performance indicators and limits known as Prudential Indicators are calculated.

12.2 The Prudential Indicators must be approved by Council before the beginning of each financial year. Their purpose is to help the council ensure that its capital investment plans are affordable, prudent and sustainable.

12.3 In the opinion of the Head of Strategic Finance and Property the capital programme being proposed in this budget report is affordable, prudent and sustainable. However, it should be noted that the Minimum Revenue Provision Policy, is subject to validation with the Council's external auditor. The policy contains a proposed treatment of historic set aside capital receipts which can only be utilised for repaying borrowing. The Policy utilises receipts to repay borrowing but there is a risk that if the external auditor does not agree with the treatment of the historic set aside receipts that the council will need to revisit the capital programme and its financing

13 2022/23 Revenue schedule of fees and charges

13.1 Fees and charges have been increased by a minimum of 5% and some have been increased in line with the Council's fees and charges policy approved at Council on 15th December 2021. Further work will be undertaken during the year to ensure that charges are fully recovering costs. A detailed Fees and Charges Schedule is shown in Appendix G.

14. Reason(s)

14.1 The council is required to set a balanced budget in advance of the beginning of each financial year in accordance with the provision of the Local Government Finance Act 1992.

15. Options

15.1 The budget process has required further savings options to be developed and the number of options available that do not affect the service offer have now dwindled and Leadership Team have presented the only viable options deliverable for the next financial year. Work continues on savings for the Transforming East Herts Programme and the minimum £1 million saving targeted from modernising the way the council works

16 Risks

16.1 The council's Medium Term Financial Plan is a complex model subject to many factors and the forecasts are, by necessity, subject to continuous review and refinement to reflect the latest information as it emerges.

16.2 The budget report considers emerging risks to the funding the council receives and issues are set out in the appropriate parts of the report.

16.3 Section 25 of the Local Government Act 2003 requires the Statutory s151 Officer (Head of Strategic Finance and Property) to give advice to Council on the level of reserves held and the robustness of the budgets of the budgets at the time Council makes its decision on the budget proposals

16.4 COVID-19 – remains a risk to the council's income and operational costs. The Omicron variant appears to be much milder than the Delta variant but there remains a risk that a further mutation can occur which is more deadly and would probably result in a full lockdown. Once COVID has made the transition from pandemic to endemic disease there remains the acknowledged risk that a new pandemic may emerge, particularly as animals are displaced from remote habitats as a result of climate change.

16.5 Climate change continues to present a risk to the council's operations and consideration will need to be given to achieving net zero targets by 2030 alongside adaption of buildings and working practices, e.g. refuse and recycling rounds may need rethinking to respond to extreme weather events.

17.0 Implications/Consultations

17.1 An on-line residents' survey was conducted to inform Members of the current levels of satisfaction with the services provided by East Herts Council. The full results are included in Appendix F. A summary of the results is detailed in the paragraphs below.

17.2 Number of respondents this year was significantly lower than last year: 207 responses, 174 of which were fully completed. This compares to 853 and 696 respectively last year

17.3 % of those satisfied or very satisfied with the way we run things has decreased from just under 55% last year to just under 35% this year

17.4 Awareness of the East Hert's element of council tax has increased from 32% last year to just under 40% this year. However at the same time those satisfied or very satisfied that East Herts provides value for money has decreased from just over 45% last year to just under 33% this year. Free text comments are varied. Some relate to potholes/ pavements and highways led Covid changes to town centres (HCC functions). A number of comments also point out that not knowing exactly what the district council does makes it hard to determine whether value for money is provided. There is a strong theme around street cleanliness and litter. Only 7 of the 70 comments mentioned green waste charging.

17.5 Waste and recycling services had satisfied or very satisfied ratings of over 85% last year. This has dropped to a little under 62% this year. Looking at the comments in the free text this does not appear to be driven by the introduction of the green waste charge. Only 6 of 130 comments mention this whereas many more refer to overall street cleanliness and litter bin emptying (likely to have been influenced by lockdown behaviours). Given this is still the most popular service there are also a number of positive and supportive comments about the service, specifically waste collection

17.6 Satisfaction for Parks and open spaces has also decreased from just over 71% satisfied or very satisfied to just over 55%. However, dissatisfaction has only increased marginally whereas the % of people who answered “neutral” or “don’t know” has increased from 17% to 27%. There are very few comments about parks so we are unsure what is driving this trend, other than some comments linking anti-social behaviour to parks

17.7 Satisfaction with leisure services has stayed broadly similar to last year (Just over 36% satisfied or very satisfied last year compared to just over 35% this year). To some extent this is surprising given the council’s £30m investment in Grange Paddocks however it is only likely to be residents in the North and East of the district who are likely to be aware of the new facility. There some comments related to delays with the Hartham Leisure project.

17.8 Responses to satisfaction with business support, housing and homelessness support and anti-social behaviour remain broadly similar to last year with most respondents saying “neutral” or “don’t know”. As specialist services that relatively few residents interact this is to be expected

17.9 Satisfaction with planning services has dropped slightly from 18% last year, to 13.5% this year. However the % of people responding “neutral” or “don’t know” has increased from almost 46% last year to almost 58% this year. Dissatisfaction has also marginally decreased. This year’s survey asked a pre question on planning about whether the respondent has had any direct dealing with the planning department and this may be responsible for the changes which is likely to have driven this change (43% said they hadn’t). It is a possible that those respondent’s who have had no interaction have gone on to answer don’t know or neutral. There are several comments regarding planning in the free text, mostly negative and mostly drawing on individual examples of where residents have not been happy with a planning decision or their interaction with planning. Equally there are comments related to housing growth and the pressure on local infrastructure which could have come from those same individuals who answered don’t know or neutral.

17.10 Satisfaction with parking services has decreased from just over 32% last year to just under 25% this year. However dissatisfaction has also decreased (from 38% last year to 29% this year) and the % of those answering “neutral” and “don’t know” has gone up from 30% last year to over 46% this year. As with planning we asked a screening question to see who regularly used a council car park or lives in an RPZ (65% said they don’t). This may have influenced the increase in don’t know or neutral answers and the reduced levels of dissatisfaction. There are lots of references to parking in the free text section. This is mostly a mixture of residents who want more enforcement of parking violations and/ or whom have not been happy at being ticketed (indicating even if the respondent is does not use a council car park or live in an RPZ they may have still have reported dissatisfaction).

Community Safety

The budget underpins delivery of the council's policies and priorities in relation to community safety.

Data Protection

The costs of monitoring and complying with Data Protection regulations are included in the base budget. There are no resources set aside to meet any possible fines and these would have to be funded from reserves.

Equalities

The council has a number of statutory duties under the Equality Act 2010. These includes the requirements on the council to have due regard to the need to eliminate discrimination and harassment, to advance equality of opportunity, to foster good relations and to remove or minimise disadvantages suffered by persons who share protected characteristics.

In setting the budget, decisions on some matters may be particularly relevant to the discharge of this duty and an equalities impact assessment will be undertaken at the implementation phase to assess and ensure compliance with this duty.

Environmental Sustainability

The budget underpins policies and priorities in relation to the environmental and sustainability areas e.g. it provides staffing and capital investment resources.

Financial

All financial implications are included in the report.

Health and Safety

The council's budget provides resources to discharge its health and safety duties in relation to staff as employer and to the public as service users.

Human Resources

The budget will provide a provision for a pay award of up to 3% but the actual award is subject to national NJC negotiations. Progression up the incremental scale has been included in the base budget salary costings.

Human Rights

No

Legal

The Council is required to set a balanced budget each year. The Local Government Finance Act 1992 (as amended by the Localism Act 2011) requires the Council to estimate revenue expenditure and income for the forthcoming year from all sources, together with government grant and contributions from reserves, in order to determine a basic Council Tax Requirement.

Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the estimates and adequacy of reserves to the Council when it is considering the budget.

Section 114 of the Local Government Finance Act 1988 requires the Chief Finance Officer to report to the full Council if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year. The issuing of a Section 114 report requires the Full Council to meet within 21 days to consider the report and during that period the Council is prohibited from entering into new agreements involving the incurring of expenditure.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

Budget 2022/23 and Medium Term Financial Plan 2022 -2025 Preparation - Executive – 28th September 2021

Appendices	
A	Medium Term Financial Plan (MTFP)
B	Savings Proposals
C	Capital Programme
D	Reserves
E	Residents' Survey
F	Equalities Impact Assessment
G	Schedule of Charges for 2022/23
H	Comments from Audit & Governance Committee
I	Report of the section 151 Officer under Section 25 Local Government Act 2003

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