

**HERTFORDSHIRE COUNTY COUNCIL
CABINET
MONDAY, 15 OCTOBER 2001 AT 10.00 AM**

**EXECUTIVE COMMITTEE
MONDAY, 15 OCTOBER 2001 AT 2.15 PM**

Agenda Item No
Other Part 1 Item

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UPDATE ON THE 2002/03 BUDGET PROCESS

Report of the Finance Director

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Executive Member: David Beatty

1. Purpose of the Report

- 1.1 To request Members to consider whether any changes are needed to the budget consultation process in the light of the information in this report about potential SSA levels and projected Council Tax increases.

2 Summary and Conclusions

- 2.1 This report outlines an update on the 2002/03 Budget Process, including an evaluation of the likely Council Tax increase.
- 2.2 Owing to the urgency of this matter it has not been possible to put the matter to a meeting of the Resources, Prosperity, Partnership and Consultation Select Committee. Comments have been invited from the Select Committee Spokesman. Any comments received will be reported to the Cabinet.

3 Medium Term Financial Forecast

- 3.1 Cabinet on 23 July 2001 considered the report of the Finance Director and Assistant Chief Executive entitled 'Best Value Performance Plan and the Medium Term Financial Forecast: 2002/03 - 2005/06'. It agreed a process of consultation on the 2002/03 budget to be carried out in October 2001.
- 3.2 The information attached in Appendix 1 shows that after allowing for the items outlined in 3.2 (i to v) below, the current projections are for a Council Tax increase of about 10%:
- i the resources estimates included are based on the SSA increases announced in the July 2000 Comprehensive Spending Review, after adjusting for changes in functions, giving a forecast SSA for 2002/03 of around £847 million, an increase of 5%;

- ii the passporting of the increase in the Education SSA to Education which would allow Education to accommodate pressures and growth of around £12.3 million;
- iii the various non education pressures of around £9 million currently identified, net of social services grants;
- iv non pay inflation at 2.4% and pay inflation at 3.0% per annum; and
- v the significant efficiency savings of £6.5 million identified over the summer period.

3.3 However, considerable uncertainty still remains concerning the final SSA figures. In the light of the size of the Council Tax projections and the uncertainty regarding SSA, which is subject to Government finalisation, Members are asked to agree the process and timing for public consultation.