

**HERTFORDSHIRE COUNTY COUNCIL  
CABINET  
Monday 27 January 2003 at 2.00 p.m.**

**COUNTY COUNCIL PROPOSED RESOURCE BUDGET 2003/04 TO 2006/07**

**Addendum Report to Item 9**

Report of the Finance Director

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**1. Purpose of the report**

- 1.1 To inform the Cabinet of the recommendations and comments from each of the Scrutiny Committees and update it on additional information and budget related issues which have arisen since the Cabinet met on 19 December 2002.

**2. Scrutiny Committee Recommendations**

- 2.1 During January Scrutiny Committees have considered the Cabinet's proposals on the revenue budget and the Capital Programme. The recommendations and comments made by each Scrutiny Committee are detailed in Appendices 1A to 1E.

**3. Summary**

- 3.1 The revenue budget proposed by December Cabinet would result in a council tax increase of 15.7%. For every £3 million of service improvements council tax will increase by a further 1%.
- 3.2 Within the proposed 2003/04 capital programme £400,000 of unallocated resources are available. The impact of this needs to be considered by Cabinet, along with the £1.6 million of resources released in the county funded programme as a result of the government grant which is being made available towards the closure of Norton school.

**4. Additional Information – Revenue**

**4.1 Uncertainties**

The December Cabinet Report highlighted the following main uncertainties:

- the final FSS
- pay awards for teachers and firefighters

- the council taxbase and collection fund surplus
- registration of in house hostels
- contracts and litigation
- charging for delayed discharges
- fairer access to care
- standards fund

No additional information has become available on any of these issues since the December Cabinet meeting. The impact of these issues on the revenue budget will be considered when the final position on all of the uncertainties is known. This will be reported to the County Council in February, together with an analysis of risks.

## **4.2 Inflation**

Since the December Cabinet report an 11% increase has been announced in the cash limit for Magistrates Courts. This will increase the County Council's share of their funding by £100,000 above the inflation already allowed for.

## **4.3 Annual Provisions**

In recent years the entire budget for annual provisions has been included within the revenue budget for monitoring purposes, although part of the spend on annual provisions (£3.3 million) is funded from capital resources. This has required amendments to be made to the presentation of the budget figures for the council tax leaflet and various government returns.

In order to simplify this process it is proposed that in the final presentation of the 2003/04 revenue budget figures to the February County Council meeting the element of annual provisions funded from capital be removed from the revenue budget. This would be a presentational change only and has no impact on the expenditure of any service.

## **5. Education Budget**

- 5.1 The cost of the balance of risks insurance relating to schools has increased by 50% in 2002/03. The current expectation is that the cost will increase by a further 30% in 2003/04. Together this will increase insurance costs by £618,000. In the December Cabinet report allowance for this had been made within the central inflation figure and this now needs to be shown in the CSF budget and will be reflected in this way in the figures presented to the February County Council meeting.
- 5.2 There is a new requirement in this year's budget cycle to consider and approve a draft schools budget prior to 31 January 2003, and to notify the Secretary of State for Education of that proposed level of budget.
- 5.3 In addition, the DfES have notified the Authority of a target schools budget figure for 2003/04. If the Authority elects to set a lower schools budget then the Secretary of State possesses a reserve power to intervene and redetermine the schools budget.

5.4 The proposed schools budget figure below reflects the draft CSF budget considered by the CSF Scrutiny Committee, 22 January 2003:

2003/04	Proposed Schools Budget (*1)	£532.958m
2003/04	Target Schools Budget (*2)	£531.121m

#### Notes

(\*1) Both the proposed schools budget and the target schools budget include provisional LSC allocations of £51.670 million. This is the treatment we have been instructed to follow by the DfES, although we are currently not able to validate this figure. The proposed schools budget also includes the £618,000 inflation relating to the balance of risks insurance referred to in paragraph 5.1 but does not include the element of the £2.0 million growth proposal discussed by CSF Scrutiny Committee for implementing the CSF behavioural strategy which would relate to schools.

(\*2) The target schools budget has been revised and is now as instructed by the DfES on 17 January 2003.

## 6. Summary of changes

6.1 The impact of the changes set out above in paragraphs 4.2, 4.3 and 5.1 on the 2003/04 revenue budget proposed by December Cabinet is set out in the below table:

	<b>Proposed Budget – December Cabinet £m</b>	<b>Inflation £m</b>	<b>Annual Provisions £m</b>	<b>Proposed Budget after adjustments £m</b>
Adult Care Services	173.837		(0.559)	173.278
Children, Schools & Families	671.912	0.618	(0.129)	672.401
Community Information	19.639		(0.335)	19.304
Corporate Services	11.769		(0.937)	10.832
Environment Protection	94.432		(1.116)	93.316
<i>Fire &amp; Rescue</i>	33.338		(0.191)	33.147
<i>Coroners</i>	0.808			0.808
<i>Emergency Planning</i>	0.276			0.276
<i>Registration</i>	0.734		(0.014)	0.720
<i>Trading Standards</i>	2.458		(0.019)	2.439
Total Protection	37.614		(0.224)	37.390
Central Items	44.225	(0.518)		43.707
Asset Management				
Revenue Account	(102.021)			(102.021)
	<b>951.407</b>	<b>0.100</b>	<b>(3.300)</b>	<b>948.207</b>

## **7. Future Years**

- 7.1 Updated resource and expenditure projections for future years will be included in the report to County Council on February 13.

## **8. Capital**

- 8.1 A summary of the capital programme proposed by December Cabinet and updated for information in paragraphs 2.3 and 2.4 of the main report is attached at Appendix 2.

## **9. Conclusion**

- 9.1 Cabinet needs to:
- a) Consider the proposed revenue budget after taking account of the adjustments detailed in this report.
  - b) Consider the options for growth.
  - c) Consider the allocation of the £2 million of available capital resources.
  - d) Agree the Proposed Schools Budget for notification to the DfES.

## ADULT CARE SERVICES

### Comments:

The Committee welcomed (i) the increase in resources for Adult Care Services which this Committee has long desired and (ii) the move closer to the Formula Spending Share (FSS) but note that our spend is still below the standard.

### Recommendations to Cabinet

- (a) Whilst welcoming the flexibility the Comprehensive Performance Assessment (CPA) excellent rating gives the County Council on ring-fenced grants, the Committee wish to strongly urge the Cabinet to ensure that these monies are allocated in their entirety to meet Adult Care Services objectives and targets.
- (b) The Committee supports the allocation of £3m growth reflecting the issues raised in the Social Services Inspectorate's report and, in particular welcome the £1m to be included into preventative care to promote independence and help elderly people live in their own homes for which proposals will be reported at a later date.
- (c) Capital Budget

The Committee noted the Capital Budget and recorded concern about the importance of securing funding for Jubilee and Marsh Lane Resource Centres as these are crucial to the implementation of the Physical and Sensory Disability Best Value Review.

**COMMUNITY INFORMATION AND PROTECTION**

Recommendations to Cabinet

The Committee wished to make the following comments to Cabinet regarding the process of budget scrutiny:

- (a) That the Committee felt unable to scrutinise effectively the outcome of the budget decision when they had not been provided with details of those options that had been considered but later rejected.
- (b) That the Committee unanimously agreed that scrutiny could be more helpful and effective if the Committee had been involved at an earlier stage of the budget setting process.
- (c) That the Committee support the growth item for hand held fireground radios as a service improvement and health and safety requirement.

## ENVIRONMENT

### Recommendations to Cabinet

- (a) The Committee broadly welcomed the overall budget, but made a number of significant comments.
- (b) The Committee welcomed the significant increase in resources for road and footway improvements.
- (c) The Committee welcomed the extra resources for street lighting that will enable the Environment Department to begin to address the problems of the aging lighting infrastructure.
- (d) The Committee in general supported the split of the LTP allocation. However some Members expressed concern that there was a pressing need for improvements to secure better bus services – including the provision of information, and urged the Executive Member to continue to explore every possible option on this front.
- (e) Concern was expressed that the Executive Member and Director should continue to rigorously pursue efficiency savings in all areas of the department. The particular example of contractor working practices was highlighted.
- (f) The Committee asked the Director to keep under review the resources required to input into Local Plans and noted that a BVR was underway to consider staff resources following enactment of the new Planning Bill.
- (g) The Committee expressed concern over the demands on the Council caused by climatic change – in particular flood alleviation.
- (h) The Committee recognised the work that has been done through the Waste Strategy. However the Committee felt that action on a national level to limit packaging is required to address this issue and urged the Director and Executive Member (and indeed all of us) to continue to press for change at every opportunity.

## CHILDREN SCHOOLS AND FAMILIES

### Conclusions:

- 1) Members were pleased to see that the budget reflected the outcome of scrutiny work by the Committee and Topic Groups on behaviour and achievement.
- 2) Specific questions were asked on the budget.
- 3) Members expressed concern for the current and future funding position.

### Response to Cabinet:

The recommendations of the Resources Panel on 15 January 2003 [set out below] were unanimously agreed by the Committee:

CSF RESOURCES CABINET PANEL  
15 JANUARY 2003

## EDUCATION FUNDING SETTLEMENT ISSUES AND HCC/SCHOOLS BUDGETS 2003/04

The Panel

1. reiterates its grave concerns that
  - (a) the 5.1% cash increase in EFSS exceeds inflation, pay and pension costs, demography and unavoidable pressures by a mere £2.3m
  - (b) the cost to Hertfordshire education of the Standards Funds Grants cut by the government amounts to £9.3m
  - (c) that no resources are available within the settlement towards the additional cost of £5m to develop the provision of three-year old nursery provision from its current level in readiness for this new statutory requirement in 2004
2. supports the proposals by the Cabinet (while regretting the additional burden passed to local council taxpayers)
  - (a) to mitigate the worse effects of the government's net cut in Standards Fund grants by raising an additional £5.9m in 2003/04 from council tax
  - (b) to raise from council tax an additional £2m per annum to fund the new strategy for behaviour and achievement
  - (c) to raise from council tax an additional £0.5m per annum to support families with vulnerable children
3. notes with alarm the prospect of substantial real-terms cuts in education funding from 2004/05 given that
  - (a) resources for current activities are predicted to decline by £25.6m comprising
    - £9.6m through the government's removal of 'damping' for authorities with poor settlements in 2003/04

- a further £5.1m from additional government cuts in Standards Funds
  - £5m that will have to be diverted from current spending to fund the statutory extension of three year-old nursery provision, and
  - £5.9m should the Council feel unable to continue the mitigation of the government's 2003/04 Standards Fund cuts
- (b) even if Hertfordshire receives the average increase in EFSS in 2004/05 its resources will increase by £29m, leaving a cash increase of just £3.4m (0.6%), totally inadequate to fund inflation, pay costs, demography and pressures
4. Invites the Cabinet to agree to a substantial lobbying campaign over the coming months to seek changes in the government's funding regime aimed to remove this threat to Hertfordshire's education and to invite all groups on the Council, all Hertfordshire MPs, schools, teacher associations, Early Years organisations, governors and parents to support such a campaign.

**RESOURCES, PROSPERITY, PARTNERSHIP AND CONSULTATION SCRUTINY COMMITTEE**

**Agenda Item 6 CORPORATE SERVICES PROPOSED RESOURCE BUDGET 2003/04 – 2006/07**

**Conclusion:**

The Committee requested a more detailed report on the Rural Mobile Neighbourhood Warden Teams to come to a future meeting of this Scrutiny Committee, including plans to achieve wider coverage across the County in the future.

**Response to Cabinet:**

- 1) The Committee welcomed all of the proposals for all the schemes for additional spending.
- 2) Concerning the Rural Mobile Neighbourhood Warden Teams, the Committee were supportive of this scheme but expressed their concern that it be developed in detail before implementation.

**Agenda Item 7 COUNTY COUNCIL PROPOSED RESOURCE BUDGET 2003/04**

**Response to Cabinet:**

- 1) Whilst recognising the uncertainty of the overall budget position, the Committee asked the Cabinet to reconsider the contingency sum in the light of various grants and possible underspend.
- 2) The Committee asked the Cabinet to note its comments from the earlier discussion [item 3] urging rigorous pursuit of cashable efficiency savings (these comments are included below).

**Agenda Item 6 SCRUTINY OF 2002/03 BEST VALUE PERFORMANCE PLAN PROMISE: TO GIVE THE PUBLIC VALUE FOR MONEY BY GETTING MORE COST EFFICIENT EVERY YEAR**

**Conclusions:**

- 1) The Committee expressed concern at the shift over recent years from cashable to non-cashable savings.

- 2) The Committee welcomed the planned efficiencies programme and encouraged the Executive Member to take it forward, and:
- ensure that there was a member overview of this programme.
  - report the plan programme to the next meeting of the Resources, Prosperity, Partnership and Consultation Scrutiny Committee in March; also the efficiencies plan for next year.
  - ensure there was a definition of efficiency which addressed the better use of resources, not incidental savings and ensured that efficiencies were not simply increasing staff workload.