

COUNTY COUNCIL PROPOSED RESOURCE BUDGET 2004/05 TO 2007/08

Addendum Report

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 15 December 2003.

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 Scrutiny Committees are detailed in Appendix 1.

3. Summary

- 3.1 The revenue budget proposed by December Cabinet would result in a council tax increase of 6.7%.

4. Additional Information – Revenue

4.1 Uncertainties

The December Cabinet Report highlighted the following uncertainties:

- the final FSS
- the council taxbase and collection fund surplus
- capping criteria
- impact of the transfer in funding for the Environment Agency on HCC's budget

- standards fund
- schools minimum guarantee

Nick Raynsford has written to authorities believed to be planning council tax increases above 5% for 2004 warning them that local taxpayers would find it hard to understand how such an increase could be justified. The letter also states the Government's expectation for council tax increases in low single figures in 2004/05 and that the Government will look very closely at final budgets and council tax rises for next year and will not hesitate to use their capping powers if necessary.

Clarification has now been received on the devolved and centrally retained components of the Standards Fund. The Schools Forum has been consulted and the division of the funding has been agreed. This has no impact on the overall budget.

No additional information has become available on any other 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 Cabinet and County Council in February.

4.2 Fire Service Modernisation – Transitional Funding

The ODPM have announced details of the transitional funding for the Fire and Rescue Service pay and modernisation deal. Hertfordshire's indicative allocation is £536,000. This funding is not additional money but a change in the profile of Fire funding over the 2002 Comprehensive Spending Review period to help with the upfront costs of modernisation and will be recouped from the Fire Formula Spending Share in 2005/06.

The Council's proposed budget includes provision for the Fire pay award as known. However, the impact of the November 2003 tranche of the pay award alone over and above the Council's standard provision for pay inflation is significantly greater than the transitional grant.

As elements of the Government's agenda for modernisation have been made clearer, the workload and requirements have provided a better indication of the costs needed to meet them.

Those identified include the following items:

- £25,000 as our likely contribution towards the establishment of the Regional Management Board
- £21,000 in relation to the Audit Commission fees for undertaking the verification the pay and modernisation deal
- £150,000 for staff costs in relation to undertaking the Integrated Risk Management Plan (IRMP) and developing the Integrated Personal Development System (IPDS) projects which are clearly linked to the modernisation agenda. It is anticipated that the IPDS will be for one year only. The IRMP costs may continue beyond one year depending

on the effectiveness of the ODPM software provided to support the service.

It is anticipated that the work will ultimately provide savings in excess of the investment required.

None of the above items have been included in the current budget proposals and Cabinet will need to consider whether they are funded from the transitional grant or absorbed within the existing service budget.

4.3 Waste Recycling Grant

DEFRA have announced a one-off targeted grant for Recycling in 2004/05. Hertfordshire County Council's allocation is £186,000. The grant is not ringfenced but the intention of the grant is to reduce spending pressures in the waste area in 2004/05 and to ensure authorities meet Statutory Performance Standards for recycling and composting in 2005/06.

One of the most significant contributions that the County Council makes to waste recycling is through the Household Waste Recycling Centres (HWRCs). Hitchin is one of the few major settlements across the County that does not have a site locally. The nearest sites are at Stevenage and Luton. Whilst it would not be possible to purchase and develop a suitable site for £186,000, such a sum would be a contribution towards the necessary funding. Once opened, a new site would enable more waste to be separated and recycled in accordance with the County Council's Waste Strategy and the statutory performance targets.

Alternatively, the money could be used to bring forward the necessary work to investigate alternative methods of disposal when the current contracts for landfill expire and/or to purchase additional/replacement compactors and bailers for use at HWRCs which help to reduce the costs of transporting waste.

Cabinet need to consider the use of this grant.

5. Capital Update

- 5.1 Since the December Cabinet meeting, the Government has announced the Education Capital settlement for Hertfordshire. The following table summarises this in respect of the authority's externally funded programme.

	2004/05 £ million
Modernisation	
- All Schools need	16.073
- Primary	6.765
New Pupil Places – formulaic	5.258
Prior Basic Need Approvals	3.966
Schools Access Initiative	1.828
Seed Challenge	1.234
Devolved Formula Capital	14.103
Total	49.227

Note: with the exception of SEED challenge grant the above do not include any funding for VA Schools.

5.2 Other capital grants announced by the DfES for Hertfordshire are as follows:

Teaching Environments for the future	0.500
Youth Service Unit Grant for SEN Disabilities Act	0.136
LSC Grant for Adult & Community Learning – Minor Works	0.070
LSC Grant for Adult & Community Learning – DDA/SEND	0.236
New Childcare Places Grant from DfES Sure Start Unit	0.684
Children’s Centres Grant from DfES Sure Start Unit	0.337
Total	1.963

5.3 This provides £19 million more resources than expected when the Capital Programme was proposed in December. To the extent that schemes currently in the CSF programme meet the criteria for these grants there may be scope to reconsider the financing of the proposed programme and capital investment priorities and/or financing options.

5.4 An announcement is expected in early February 2004 as to whether we have been prioritised for Building Schools for the Future (BSF) funding in 2005/06. Details of successful Targeted Capital Projects are also expected to be announced at end of January or early February.

5.5 The Government announced the LTP on 18 December 2003. The total award came in at £40.262m, which is some £1.833m below the level that was set out in the December report to Cabinet. This is due to the fact that the proposals for Croxley Rail Link and works needed on the current A10 once the Wadesmill bypass has been opened have not been supported by the government.

- 5.6 In addition, a Personal Social Services Capital Grant for Improving Information Management of £381,000 has been announced by the DoH for Hertfordshire for 2004/05.
- 5.7 The impact of all of the above would increase the CSF 2004/05 externally funded programme from the estimate of £32.251 million to £51.342 million, decrease the Environment 2004/05 externally funded programme from £44.145 million to £42.312 million and increase the ACS 2004/05 externally funded programme from £709,000 to £938,000. Revised sheets updating the externally funded capital programme for Adult Care Services, Children, Schools and Families and Environment are attached at Appendix 2.
- 5.8 A summary of the capital programme proposed by December Cabinet and updated for information in paragraphs 5.1 to 5.6 is attached at Appendix 3. This also includes £18,000 annual provisions for the Registration Service which were omitted from the table in the December Cabinet report in error.

6. Conclusion

- 6.1 Cabinet needs to:
- a) consider the feedback from Scrutiny Committees
 - b) Consider the use of the £0.536 million transitional funding for the fire pay and modernisation deal and the one-off recycling grant of £0.186 million in 2004/05.
 - c) Consider the capital programme in light of the additional resources announced for Education.
 - d) Reconsider the proposed budget in light of the new information contained in this report.

ADULT CARE AND HEALTH SCRUTINY COMMITTEE - 15 JANUARY 2004

Conclusions

- (a) The Committee was very appreciative of the input from the partner organisations and felt that their contributions had underlined the importance of regular feedback.
- (b) Having heard the presentations, the Committee agreed that the following positive aspects within the proposed budget had been highlighted:
- (i) it was a carefully planned budget;
 - (ii) there was a serious approach to prevention and recognition of developments of the services such as 24/7 care;
 - (iii) identified budget for the involvement of users and carers; and
 - (iv) a willingness to work in partnership to develop services and lobby for a better deal from the Government.
- (c) The Committee requested that the Director of Adult Care Services take into account the following five main issues when considering the detailed allocation of the budget:
- (i) **Equity of services across the County** - particularly social contact services for BEM and for some users with specific needs or who fell between services.
 - (ii) **Quality of care** - in own homes, particularly equipment, maintenance and the length of visits.
 - (iii) **Standards** - taking into account NSF and harmonising standards for residential care. Recognition that standards such as CRB checks cost money.
 - (iv) **Innovation** – new and better forms of care were not necessarily cheaper, e.g. 24/7 care and people with challenging behaviour in the community.
 - (v) **Staffing** – there were particular problems in rural areas of the County where home care staff needed cars and were not paid for travel time.
- (d) In addition, the Committee noted the following issues that had been raised:
- Each of the partner organisations mentioned problems with recruitment and retention, this was an issue that the budget alone could not solve;
 - the continual increase in demand was a long term and intractable problem;

- there were continuing difficulties with the CSC as a point of access for people with care needs;
 - in some instances, processes were getting in the way of service provision;
 - operational issues – the Council was always keen to hear about such issues and learn from experience; and
 - adoption of a proactive approach to the issue of fines for delayed discharges.
- (e) The Committee agreed to establish a short life topic group in order to consider the detailed allocation of the budget. The principles raised by the partner organisations would be taken forward and used a framework for analysis.

COMMUNITY SERVICES SCRUTINY COMMITTEE - 13 JANUARY 2004

Conclusions

The Committee:

1. Urged the speedy completion of the lease arrangements for the Gatehouse to improve the registrar service in St Albans.
2. Welcomed the inclusion in the proposals of a bid for capital funding for HALS' accommodation development.
3. Urged speed on the completion of the relocation of St Albans and Watford Fire Stations in order to avoid spiralling costs.
4. Supported the increase in the budget for Police Community Support Officers (PCSOs) and urged careful consideration of the most effective disposition of these around the county. The Committee wished to stress that PCSOs were not substitutes for Police Officers.
5. Welcomed the pilot of Sunday opening for libraries.
6. Expressed concern about the adequacy of transitional funding available for the reform and modernisation of the Fire and Rescue Service.

ENVIRONMENT SCRUTINY COMMITTEE - 20 JANUARY 2004

Conclusions

The Committee:

1. Noted the proposed resource budget and welcomed the efficiency savings that the department had made.
2. Noted in particular that on a like-for-like basis, there is a £2m reduction in the maintenance budget from 2003/04. It was further noted that this is partially offset by the department's non-contractual efficiency savings from the Integrated Works Programme, which mean that the same amount of work can be done for £1m less. The Committee requested a briefing note detailing the effect of this budget on road maintenance.
3. Expressed disappointment that the Local Transport Plan (LTP) allocation meant that HCC is unable to progress some much needed schemes. Arising from this issue, the Committee wished to note their frustration about the delays to schemes in North Herts caused by difficulties experienced with the rail authorities. It was recommended that the Executive Member write to the rail authorities and raise the issue through the LGA to seek to progress the schemes.
4. Commended the work of the Transport Panel in carefully evaluating all the relevant factors in order to ensure a rational and effective allocation of LTP funds.
5. Raised concern about the following future budget pressures:
 - (a) The continuing rise in waste volumes and the consequent demands on the budget, in particular the balance between investment and income. The Committee asked the Director of Environment to produce a briefing note explaining the technicalities of waste finances.
 - (b) The continuing demands of new legislation, which are not always funded by central government e.g. the Road and Streetworks Act.
 - (c) The commercial pressures on bus routes, which resulted in a continued need to support some services.
6. Noted the following suggestions from the Labour group, that:
 - (a) The assumed figures for the growth of domestic waste volumes could be revised downward.
 - (b) Aldenham County Park requires capital investment to reach its target of breaking even.
 - (c) There should be consideration of investment and initiatives to increase bus ridership.

CHILDREN SCHOOLS & FAMILIES SCRUTINY C'TTEE - 21 JANUARY 2004

To be circulated separately.

RESOURCES SCRUTINY COMMITTEE - 22 JANUARY 2004

To be circulated separately.

**PROPOSED CAPITAL PROGRAMME 2004/05 – 2006/07
ADULT CARE SERVICES**

Scheme	Total Scheme Cost £'000	2004/05	2005/06	2006/07	Later Years
		£'000	£'000	£'000	£'000
General Programme Schemes					
Marsh Lane Resource Centre, Ware – Re provision	1,945	750	1,110	85	
Jubilee Day Centre, St Albans – Re provision	1,923	250	1,573	100	
E- Government in ACS	1,100	505	125		
Gypsy sites (see also external funding)	236	236			
Total General Programme	5,204	1,741	2,808	185	
Self-financing Schemes ¹					
Dacorum Project (inc. Berkhamsted Day Centre)	900	866			
Balmoral Day Centre – Watford	2,000	1,500			
Jupiter Drive, H Hempstead	1,500		1,500		
3 Little Bushey Lane	2,800			2,800	
Total Self Fin. Programme	7,200	2,366	1,500	2,800	
Externally Funded Schemes ²					
Gypsy Sites (see also general funded schemes)	709	709			
DoH Grant - Improving Information Management	229	229			
Total External Programme	938	938			
Annual Provisions	786	786	786	786	786
Total Programme	14,128	5,831	5,094	3,771	786

Note

¹ A Cabinet report will be required to agree the principles and management arrangements of these schemes.

² The externally funded schemes have been revised to include a DoH Capital Grant.

**PROPOSED CAPITAL PROGRAMME 2004/05 – 2006/07
CHILDREN, SCHOOLS AND FAMILIES**

Scheme	Total Scheme Cost £'000	2004/05 £'000	2005/06 £'000	2006/07 £'000	Later Years £'000
Externally Funded Schemes ^{1,2}					
Standards Fund Grants:					
NDS Devolved Formula	14,103	14,103			
NDS Seed Challenge	1,234	1,234			
Modernisation [all schools need]	24,813	16,073	8,740		
Modernisation [Primary]	13,121	6,765	6,356		
Teaching Environments for the Future	500	500			
Other Grants:					
Youth Service Unit Grant for SEN Disabilities Act	136	136			
LSC Grant for Adult and Community Learning - Minor Works	70	70			
LSC Grant for Adult and Community Learning - DDA/SEND	236	236			
New Childcare Places Grant from DfES Sure Start Unit	684	684			
Childrens Centres Grant from DfES Sure Start Unit	337	337			
DoH Grant - Improving Information Management	152	152			
Earmarked Basic Credit Approvals:					
Schools Access Initiative	3,681	1,828	1,853		
Basic Need (new pupil places funding) 2004/05 Approvals	5,258	5,258			
Basic Need (new pupil places funding) 2005/06 Approvals	10,517		10,517		
Basic Need and Expansion of Popular Schools 2003/04 Approvals	2,099	1,330	518		

APPENDIX 2 (continued)

PROPOSED CAPITAL PROGRAMME 2004/05 – 2006/07
CHILDREN, SCHOOLS AND FAMILIES

Scheme	Total Scheme Cost £'000	2004/05 £'000	2005/06 £'000	2006/07 £'000	Later Years £'000
Cont'd					
Basic Need 2002/03 Approvals:					
Stevenage Secondaries	1,633	653			
Buntingford and Puckeridge Secondaries	774	310			
St Albans Secondaries	2,045	818			
Harpenden Secondaries	261	104			
Tring Secondaries	1,876	751			
Specialist schools capital (arts or sports) ³	Not known	Not known			
Total External Programme	83,530	51,342	27,984		
Annual Provisions	8,085	8,085	8,085	8,085	8,085
Total Programme	158,535	78,534	49,871	10,295	11,485

¹ All figures shown above apart from 2002/03 Basic Need Approvals have been revised in light of the Capital Funding Announcement received after the December Cabinet Report was written.

² With the exception of Seed Challenge Grant the figures shown above do not include funding for Voluntary Aided (VA) Schools. VA Allocations will be announced in February and will be paid directly to schools.

³ A number of schools are expected to submit bids for specialist school capital funding and each successful school will receive a maximum of £100,000.

APPENDIX 2 (continued)

PROPOSED CAPITAL PROGRAMME 2004/05 – 2006/07
ENVIRONMENT

Scheme	Total Scheme Cost £'000	2004/05 £'000	2005/06 £'000	2006/07 £'000	Later Years £'000
Externally Funded Schemes					
<u>Major Schemes:</u>					
Baldock Bypass	44,021	18,650	22,073	3,298	
Croxley Rail Link - LTP ¹					
<u>Other Schemes:</u> ^{2 3}					
A10 Post Bypass – LTP ¹					
Urban Plans - LTP	1,755	900	855		
Urban Plans - Other	50	20	30		
West Herts Area Plan - LTP	1,235	550	685		
West Herts Area Plan - Other	170	70	100		
SW Herts Area Plan - LTP	1,400	700	700		
SW Herts Area Plan - Other	1,875	1,125	750		
Mid Herts Area Plan - LTP	2,730	1,205	1,525		
Mid Herts Area Plan - Other	780	435	345		
Eastern Herts Area Plan - LTP	980	500	480		
Eastern Herts Area Plan - Other	300	150	150		
Lea Valley Area Plan - LTP	2,665	1,370	1,295		
Northern Herts Area Plan - LTP	2,850	1,700	1,150		
Rural Transport	1,800	900	900		
County Cycling Programme - LTP	1,655	905	750		
County Cycling Programme - Other	500	250	250		
Local Education Access Route Network (LEARN) - LTP	1,215	575	640		
Bridge Assessment & Strengthening	1,975	975	1,000		
Bridge Parapet Strengthening	600	300	300		
Structural Maintenance - Principal Roads	6,397	2,347	4,050		
Structural Maintenance - Non-Principal Roads	8,815	5,640	3,175		
Countywide Passenger Facilities	230	100	130		
Countywide Passenger Information	670	290	380		
Countywide Interchange Schemes	730	320	410		
Countywide Bus Priority Measures	770	350	420		
Alternative Fuels Technology	45	20	25		

**PROPOSED CAPITAL PROGRAMME 2004/05 – 2006/07
ENVIRONMENT**

Scheme	Total Scheme Cost £'000	2004/05 £'000	2005/06 £'000	2006/07 £'000	Later Years £'000
Externally Funded Schemes (cont'd)					
Accessible Vehicles & Infrastructure	700	300	400		
Smart Card ticketing	275	125	150		
Safety Engineering programme	3,245	1,540	1,705		
Total External Programme	90,433	42,312	44,823	3,298	
Annual Provisions	1,463	1,463	1,463	1,463	1,463
Total Programme	118,281	50,297	52,818	11,611	7,513

¹ The Croxley Rail Link and A10 Post Bypass schemes have not been funded in 2004/05. Officers will be having discussions with the Regional Office to determine possible funding in future years.

² The allocations listed under 'Other Schemes' are indicative only at this stage. The Environment Scrutiny Committee and Transport Panel will analyse the 2004/05 LTP settlement and the Director of Environment will include a recommended allocation across the constituent parts in his report to Cabinet on the integrated Works Programme due on 21 March 2004.

³ Includes £2.050 million funded from third party contributions.

APPENDIX 3

PROPOSED CAPITAL PROGRAMME 2004/05 – 2006/07
SUMMARY (UPDATED FOR LATEST INFORMATION)

	2004/05	2005/06	2006/07	Later Years
	£'000	£'000	£'000	£'000
<u>General Programme</u>				
Adult Care Services	1,741	2,808	185	
Children, Schools & Families	7,665	7,371	2,210	3,400
Community Services				
Libraries, HALS, Arts & Trading Standards	895	950	250	
Fire & Rescue	1,168	350	135	
Sub Total	2,063	1,300	385	
Environment	6,522	6,532	6,850	6,050
Corporate Services	2,624	861	500	
	20,615	18,872	10,130	9,450
<u>Self Financing Programme</u>				
Adult Care Services	2,366	1,500	2,800	
Children, Schools & Families	11,442	6,431		
Community Services – Fire & Rescue	5,200			
	19,008	7,931	2,800	
<u>Externally Funded Programme</u>				
Adult Care Services	938			
Children, Schools & Families	51,342	27,984		
Environment	42,312	44,823	3,298	
	94,592	72,807	3,298	
<u>Annual Provisions</u>				
Adult Care Services	786	786	786	786
Children, Schools & Families	8,085	8,085	8,085	8,085
Community Services				
Libraries, HALS, Arts & Trading Standards	430	430	430	430
Fire & Rescue	412	412	412	412
Registration	18	18	18	18
Sub Total	860	860	860	860
Environment	1,463	1,463	1,463	1,463
Corporate Services	770	770	770	770
Information Technology	368	368	368	368
	12,332	12,332	12,332	12,332
<u>Total Capital Programme</u>				
Adult Care Services	5,831	5,094	3,771	786
Children, Schools & Families	78,534	49,871	10,295	11,485
Community Services				
Libraries, HALS, Arts & Trading Standards	1,325	1,380	680	430
Fire & Rescue	6,780	762	547	412
Registration	18	18	18	18
Sub Total	8,123	2,160	1,245	860
Environment	50,297	52,818	11,611	7,513
Corporate Services	3,394	1,631	1,270	770
Information Technology	368	368	368	368
	146,547	111,942	28,560	21,782