

2020/21

Draft Budget Summary

Background

At its meeting on 15 January 2020, our Executive considered the draft budget for next financial year (2020/21) and recommended this budget for consultation before we present the final budget to the Full Council for approval on 26 February 2020.

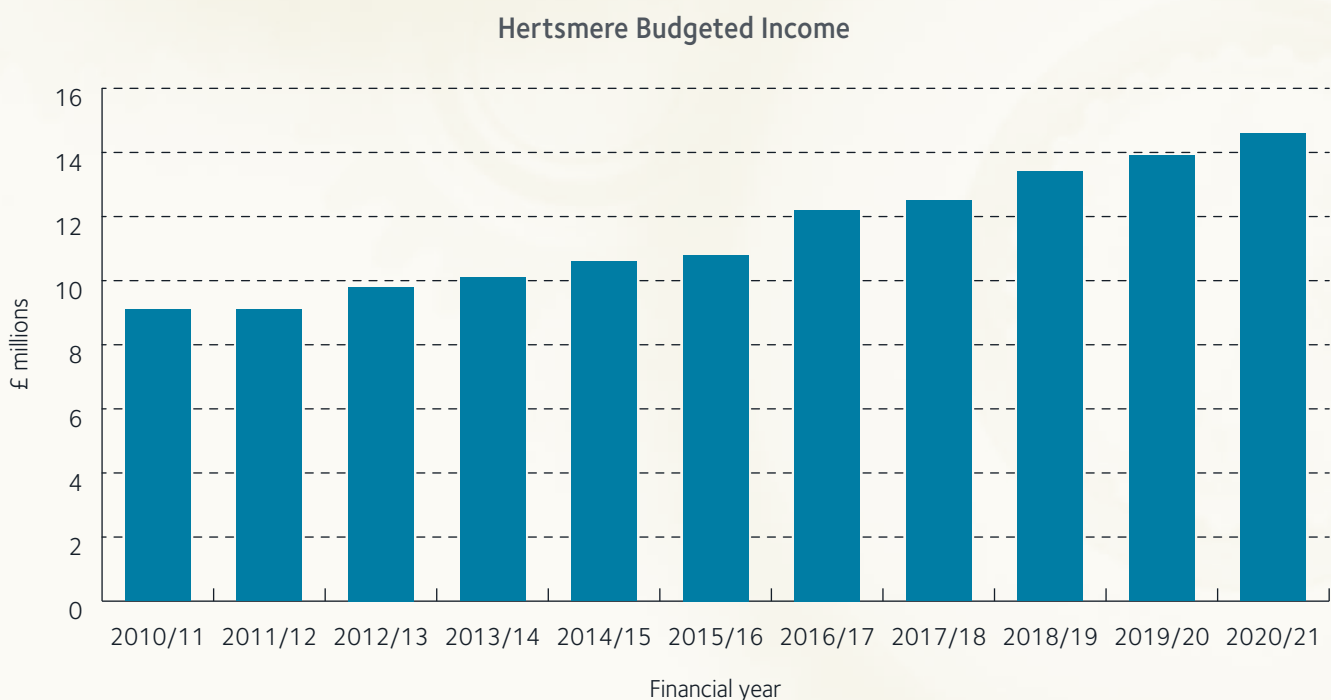
This document provides a summary of some of the key elements of the draft budget for 2020/21. The detailed draft budget report can be found on the 15 January Executive agenda pages of our website via the following link: www.hertsmere.gov.uk/councilagendas

Balancing the budget

Setting a *“Balanced Budget”* for the year ahead is a **Statutory Requirement** for us. A balanced budget is where our *“Net Budget Requirement”* is matched by an equivalent level of funding. The net budget requirement is our total gross spend on services less any income raised from those services. We are budgeting to raise around £14 million a year through income generation by way of fees and charges for specific services, rental income from our assets as well as specific grants and contributions from third parties.

Hertsmere’s commercial approach to income generation has helped us to protect our frontline services at a time of ongoing funding reductions and rising demand. Since 2010 our own income has been rising year on year and in total by around £5.5m, as shown in Chart 1 below:

Chart 1 – Income Generation 2010/11 to 2020/21



Our gross expenditure budget for 2020/21 amounts to £65.9m of which £39.2m relates to housing benefit and council tax support payments. These payments are in the main funded by the Department for Work and Pensions through the housing benefit subsidy grant. Our gross income budget is £54.1m inclusive of the housing benefit subsidy and council tax support. These budgets include all frontline and corporate costs.

The Net Budget Requirement of £11.7m is financed partly from government grant funding totalling £4.1m made up of £3.3m from Business Rates, collected locally but distributed nationally, through the Business Rates Baseline Needs Grant and other business rates associated income from growth. There is also New Homes Bonus Grant funding of £0.8m, which recognises the impact of housing growth on service demand. In order to balance the budget the remaining £7.6m of funding comes from Council Tax levies.

Draft budget 2020/21

The total Net Budget Requirement before government grants is £11.7m.

The draft budget for 2020/21 as set out below shows the gross budgeted expenditure and income by service area (exclusive of housing benefit) and amounting to a gross service budget requirement of £11.1m. The corporate budgets are held separately and include the central contingency, audit fees and general expenditure as well as budgets that are yet to be allocated to services including the proposed two per cent staff and member pay award, which is still subject to approval.

The draft 2020/21 Net Budget Requirement shows a small year on year increase of less than 1.6% compared to 2019/20 (£11.5m). This position has been achieved by offsetting budgetary pressures such as the two per cent pay award by delivering services more efficiently and through raising additional income.

General Fund Budget Summary 2020/21

	2020/21 DRAFT EXPENDITURE BUDGET	2020/21 DRAFT INCOME BUDGET	2020/21 DRAFT NET BUDGET
	£'000	£'000	£'000
Planning & Economic Development	2,228	1,176	1,052
Housing Services	2,175	1,155	1,020
Partnerships & Community Engagement	1,445	233	1,212
Environmental Health	1,278	257	1,021
Street Scene Services	8,617	4,312	4,305
Engineering & Asset Management	2,661	5,998	(3,337)
Finance & Business Services	3,396	813	2,583
Legal & Democratic Services	1,738	276	1,462
Human Resources & Customer Services	1,407	220	1,187
Executive Directors	479	-	479
Audit & Assurance	118	-	118
GROSS REQUIREMENT	25,542	14,440	11,102
CORPORATE EXPENDITURE			
Pay Award 2% (Staff & Members)	275	-	275
Central Contingency	300	-	300
Audit Fees & Bank Charges	142	-	142
General Expenses	132	-	132
Investment Income	-	500	(500)
Apprenticeship Levy	31	-	31
Minimum Revenue Provision	242	-	242
TOTAL NET REQUIREMENT BEFORE GOVERNMENT GRANTS	26,665	14,940	11,725

* The gross and net requirements exclude Housing Benefits allowances and subsidy of £33,000k and council tax support of £6,200k.

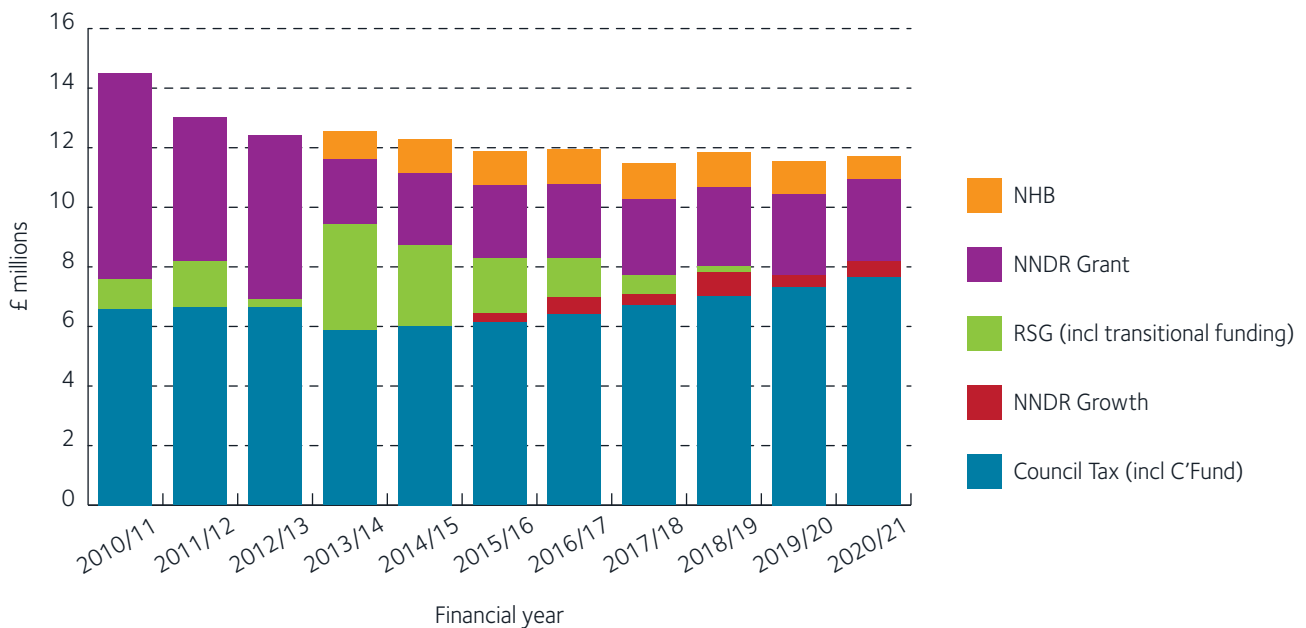
Government funding

Since the Government’s Comprehensive Spending Review in 2010, we have seen a **reduction of £5.2m or 66 per cent in its general government grant funding.** This funding is made up of Revenue Support Grant and Business Rates Baseline Needs Grant, however, as part of the Government’s austerity measures the Revenue Support Grant has been reducing year on year and in 2019/20 and 2020/21 we will receive no Revenue Support Grant, see Chart 2 below.

The total provisional funding settlement for 2020/21 shows that we will receive £2.7m of general government funding in 2020/21, compared to £2.7m in 2019/20.

Back in 2010, general government funding accounted for 54 per cent of our total funding, however this has fallen to just 23 per cent for 2020/21. This means that the cost of providing our services is falling increasingly on council taxpayers. In 2020/21 65 per cent of our net budget requirement will be funded from Council Tax levies compared to just 46 per cent back in 2010/11. The movement in funding is shown in the following graph:

Chart 2 – Change in funding 2010/11 to 2020/21



Council tax

Although you pay all of your council tax to us at Hertsmere Borough Council, the share that we keep is just 10 per cent. The majority share (78 per cent) goes to Hertfordshire County Council; the police receive 10 per cent and the parish and town councils two per cent. The County Council and the police are responsible for setting their own council tax.

For the coming year, we are proposing to **increase our share of the council tax bill by £5, a rise of less than 10p per week per household.** This increase, which it is proposed be recommended to the meeting of the Full Council on 26 February 2020, will see our share of the average council tax for 2020/21 rise to £182.34 – the equivalent of **just 50p per day** for an average band D property in the borough.

Hertsmere’s share of the council tax goes to providing services to over 104,000 residents. Every day we provide services such as kerbside rubbish and recycling collections, community safety including Police

Community Support Officers, support for Citizens Advice, environmental health, planning, car parking, leisure, culture and parks.

Whilst we work hard to improve the cost effectiveness of the services we deliver, the increase has been necessary, in light of reductions in grant funding, without reducing the provision of front line services.

The £5 increase represents a year on year increase of 2.8 per cent. An increase in council tax of £5 or up to two per cent, whichever is greater, is allowed by legislation and is the amount that the Government has assumed in its spending forecasts for Local Government.

Your council tax is just one of the sources of income to us that helps to pay for the many different services across the borough.

The proposed average Band D council tax for Hertsmere for the next financial year (2020/21) is £182.34.

Setting our priorities

We regularly seek the views of our communities through independent consultation surveys, giving us feedback about our services and helping us to understand the priorities of our residents. This information helps us to set our corporate and community strategies.

Every three years, more than 1,000 residents are involved in an independent tracking survey, enabling us to gather views on our performance as a council. These have always shown high levels of satisfaction with the way the council is run and with Hertsmere as a place to live.

We also actively involve residents in decision making through a process called 'participatory budgeting'. Through these exercises we gauge residents' views on our services and their preferences for spending which helps us achieve an affordable and sustainable budget.

We also continue to work closely with our community partners, including the police and NHS, to share office space and help us to make savings.

What's next?

The government had intended to hold a new Spending Review in 2019 which sets the government's long term view of its spending plans. The last Spending Review ended in the 2019/20 financial year. Due to uncertainties with Brexit, it was announced that a one-year Spending Round would be provided for 2020/21.

The Spending Review is an important tool which local governments use to plan its budgets as it includes a multi-year government settlement which provides details of the government funding allocated to local authorities.

We also face uncertainty in respect of our own income streams, as these can be dependent on certain external drivers such as levels of employment, business growth and demand for affordable housing. All of which could be significantly impacted by Brexit and changes to the business rate regime.

Given the significant financial pressures and the statutory requirement to set a balanced budget, whilst at the same time preserving as far as possible the current level of services, we continue to look at innovative ways of managing the funding pressures.

Through our 2020 Vision, we have adopted a more entrepreneurial approach and focused on expanding our ability to generate income as well as reducing costs by entering into partnerships with other councils and looking for commercial opportunities such as establishing our own property development company. We currently have partnerships with other local authorities for Building Control, CCTV, Customer Services, Audit and Anti-Fraud to name a few.

We have already built some outstanding houses for rent and will be developing more to generate rental income while contributing to meeting local demand for housing; our Elstree Studios remains in a healthy state with Strictly, The Crown and the BBC featuring in their portfolio of clients and following the recent departure of Big Brother, the Council and Studios are currently exploring an opportunity to develop the studio site to provide much needed additional studio space.

We will continue to invest in our Parks with phase II of the Meadow Park redevelopment planned for the coming year. This major project will see a second splash park in the borough as well as new play equipment for all ages.

We are also investing in our infrastructure extending parking facilities in Borehamwood to meet rising demand as a result of recent and planned growth and we are investing in local facilities by improving some local shopping parades as well as refurbishing some of our garage stock which continues to generate significant income

Have your say

If you would like to comment on the 2020/21 draft budget please email us at budget.consultation@hertsmere.gov.uk

Keep in touch



There are lots of ways that you can stay in touch with us, keep yourself posted on our news, raise questions and give us your views. Here's a rundown:

- Follow us on Twitter for tweets, photos and links to our press releases - [@HertsmereBC](https://twitter.com/HertsmereBC)
- Like us on Facebook for updates, links to our press releases and photos - www.facebook.com/hertsmere
- Follow us on Instagram, where we showcase the best Hertsmere has to offer - [@hertsmerebc](https://www.instagram.com/hertsmerebc)
- Watch our short videos to find out about our services and events across the borough - www.YouTube.com/HertsmereBC
- Check our website regularly. The homepage is updated frequently and all our press releases can be found under 'Latest news' - www.hertsmere.gov.uk
- Subscribe to our FREE News for You e-alerts for the latest news straight to your inbox. Click on the purple button on our website.
- Come along to a council meeting or watch our planning, executive and full council meetings online - www.hertsmere.public-i.tv
- Contact your local councillor - www.hertsmere.gov.uk/findmycllr or call **020 8207 7558**