



Why is there no change in council tax?

There is no change in Hertfordshire County Council's element of the council tax because the council plans to make efficiency and transformation savings of £57.0 million in 2011/12. These savings will offset the combined effects of reduced government funding and increased cost pressures.

Why has revenue spending increased?

This year our net budget is £806.2 million compared to £738.2 million last year, an increase of £68.0 million.

The reasons for the increase of £68.0 million are:

- (a) **Changes to the services** we are responsible for and the way in which current services are funded by central government will increase our net budget by £82.6 million. This includes:
 - £12.7 million relating to new responsibilities for the authority to manage, including concessionary travel and flooding and water management; and
 - £69.5 million relating to changes in the accounting treatment of some central government grants.

- (b) **More people receiving our services** will increase our costs by £10.2 million including:
 - an increasing number of clients with learning and physical disabilities and mental health needs will cost £7.5 million; and
 - more elderly people requiring help and support which will increase costs by £2.7 million.

- (c) **Inflation** relating to utility bills, business rates and contracts will increase costs by £2.7 million.

- (d) **Changes in what we are required to do by law** will increase our costs by £2.5 million, of which £2.4 million relates to the impact of landfill tax duty for the disposal of household waste in landfill sites.

- (e) **Other unavoidable pressures** of £12.9 million including:
 - borrowing to support our capital programme at a cost of £4.7 million;
 - increasing costs associated with young people in independent placements at a cost of £4.4 million;
 - increasing the scope of short break services provided through the Aiming High for Disabled Children programme at a cost of £1.5 million; and
 - childcare litigation at a cost of £1.4 million.

- (f) **Use of general reserves** previously funding one-off expenditure has reduced by £13.8 million to £0.5 million this year.

The impact of the above costs has been reduced by:

- (g) **Efficiency and transformation savings** of £57.0 million which we have identified and expect to achieve during the year. The savings include:

	£millions
Efficiencies	
Simplifying the customer journey	0.6
Children's Service transformation	17.2
Promoting independence, personalisation and early intervention	9.8
Localism and engagement	0.3
Enhanced commissioning and procurement	10.2
Best use of assets	4.5
Organisational design and operation	3.8
Working for Hertfordshire County Council	0.6
Efficiencies subtotal	47.0
Transformation	
Right level of publicly financed services	10.0
Total efficiency and transformation savings	57.0

Where does the money come from?

The net budget is funded by council tax (63%), together with general grants from central government (37%).

In 2011/12, council tax will fund £504.4 million of the net budget, compared with £499.2 million in 2010/11. £4.0 million of this increase relates to a rise in the number of properties liable for council tax.

From 1st April 2011, the Government has implemented changes to the way it funds local authority expenditure with the result that grant figures are not comparable with previous years. This change does not affect the amount of council tax you pay.

For 2011/12 the authority's main general grant (Formula Grant) is £200.7 million. Other government grants totalling £101.1 million include:

- £37.5 million in relation to Learning Disability and Health Reform;
- £33.5 million in relation to Early Intervention;
- £12.6 million in relation to Council Tax freeze grant; and
- £11.0 million in relation to NHS funding for Social Care.