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Introduction

This has been a very difficult budget to set. We have had to make painful decisions and hard choices.

The budget was backed by all three political

groups, demonstrating how serious Harlow Council's situation is and how unavoidable these decisions are.

This *Budget Briefing* explains why we have reached the decisions we have. I hope it's helpful.

If you have any questions or comments, you'll find contact details on the back page.

Lorna Spenceley

Lib Dem Leader, Harlow Council



Our starting point: what the inspectors said

Spending has increased to the point where (Harlow) is one of the highest spending councils in England . . . this is no longer sustainable.

Current resources are spread too thinly and despite three years of trying the Council has been unable to identify clear priorities.

The failure to identify priorities and focus resources on those priorities is a serious failure.

1 Background to the council budget

In 2004, it was Harlow Council's turn to be inspected for its **Comprehensive Performance Assessment**. The results were published in June, and the council was graded as **Poor** – the worst possible rating.

In response to this assessment, the council was required to produce a Recovery Plan. We did this by the Government deadline, 5 November. The Recovery Plan concentrates on three key projects:

People: skills and relationships, for councillors and staff.

Priorities: setting clear aims, with budgets to match.

Performance: managing and raising the council's overall performance.

Setting priorities

The Priorities project required the council to agree three major documents by February 2005:

- a corporate plan for the council
- a Medium Term Financial Strategy to show how this plan would be funded
- a budget for 2005/06 that matches the council's priorities.

Under pressure

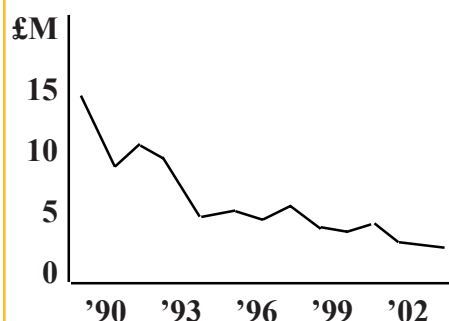
If the council is going to improve, it needs to set priorities and achieve them, not spend money on a lot of things and not do any of them well.

This task is made more difficult because there are a lot of pressures on the council's budget.

As a result, there is a budget gap of about £2M that the council has to close. We could:

- **increase income** – but Harlow's council tax is already high and the Government limits increases to 5%.
- **use reserves** – but these are already near minimum levels.
- **reduce spending** – which has an impact on services.

How our reserves have shrunk



Financial pressures

Housing revenue transfer

Over ten years the council must transfer £3M into housing – that's £350,000 a year less for services.

'Unspecified savings'

For years the council has included large sums of 'unspecified savings' in its budget, that it would try to find in the year. We've had to be more precise about these.

Inflation

Pay and price increases will cost the council £500,000 this year.

Pensions

The council must spend £200,000 in increased pension contributions, after the dip in the stock market.

'Gershon' efficiencies

The Government has set targets for efficiency savings following a review by Sir Peter Gershon. Harlow's target is about £250,000.

New requirements

The Government has given councils new tasks, like licensing that used to be done by magistrates. And of course residents have priorities for service improvement.

The services we included in the consultation

- Town Show and bonfire night
- Children and families
- Young people's services
- Leah Manning Centre
- Pools and leisure
- Concessionary fares
- Study centre
- Grants to voluntary groups
- Keeping residents informed
- Contact Harlow (local offices)
- Car parking charges
- Town centre management
- Shopmobility
- Recycling
- Bulky waste collection
- Street cleaning
- Parks and landscaping
- Pets Corner
- Playhouse
- Museum
- Arts development
- Anti social behaviour
- Community partnerships
- Sumners Leisure Centre

Who was interviewed?

507 residents were interviewed, a representative sample of the Harlow population.

The company assured us that 350 would be a normal and reliable sample, but we chose to increase this to be sure that the results were as representative as possible.

The sample was split equally across the town's 11 wards.

It included:

- 50% male and 50% female
- 32% aged 18-40
36% aged 41-59
32% aged 60+
- 4% from the town's minority ethnic communities

2 Consulting the public

When the Liberal Democrats and Labour formed a joint administration in July 2004 to run Harlow Council, we made a commitment to consult the public on these difficult choices.

Harlow Council has a history of providing many services that are not legally required, but which contribute to residents' quality of life. In consultation with local people we will identify and aim to secure those services which are most highly valued by the community.

Extract from the Lib Dem-Labour 'joint manifesto', July 2004

To carry out this consultation we used an exercise called SIMALTO, and hired a company called Research for Today to do it.

The exercise listed 24 different services, with different possible levels of spending on each service.

Each possible option was given a number of 'points' – one point was worth about £25,000, so a service

costing the council £75,000 to run would be worth 3 points.

Residents were first given 60 'points' to spend; then 79; then 89; then 99.

From the choices residents made, the company was able to draw up lists of which services were the most popular, and which ones people would be more prepared to see reduced if savings had to be made.

What the SIMALTO grid looked like

1	Town Show and bonfire night	Stop providing both bonfire night and Town Show 0	Stop providing Town Show 1	Retain bonfire night and 1-day Town Show 3	Retain bonfire night and increase Town Show to 2-day event 5
2	Services to children and families	Stop direct child care to all age groups 0	Stop providing child care for children over age 5 6	Range of child care and support for families 14	Additional out-of-school care scheme E of Harlow 18
3	Services to young people	Close Wreck and withdraw financial support to YPIC 0	Close Wreck 6	Maintain range of information, support, recreation including Youth Council 7	Additional advice worker at YPIC and additional part time support to Youth Council 9
4	Services to older people	Close the Leah Manning Centre; stop provision 0	Maintain wide range of services for older people at Leah Manning Centre 10	Extend range of activities on offer at Leah Manning to attract more able older people 12	

These are the first few lines. Residents were given options which could include spending more money than at present on some services. Options to the right of the grid are more expensive than those to the left.

Levels of council tax

After they had chosen their preferred local council services, residents were told how much their different 'budgets' (60, 79, 89 or 99 points) cost in terms of council tax.

They were then asked about their preference once they knew how much their particular service choices would cost them in taxes.

Council tax choices

- 16% of residents chose a £12 cut in council tax
- 30% chose a council tax freeze (zero increase)
- 26% chose a £10 (4.5%) council tax increase
- 27% chose a £20 (9%) tax increase, more than the Government allows.

3 Results of the consultation

The SIMALTO exercise gave us some valuable insights into the preferences of a representative sample of Harlow residents.

Of course, our decisions weren't completely governed by SIMALTO. We also had to consider the impact and implications of some of the proposals.

But it remains important to us as Liberal Democrat councillors to know what the majority of the public thinks about how we should spend taxpayers' money - something Harlow's Liberal Democrats promised in our 2002 manifesto.

We will measure the views of the public as to which services they regard as a higher or lower priority and respond accordingly

We will consult widely on council spending priorities

Harlow Liberal Democrats local election manifesto, April 2002

Focusing on Harlow with MORI

As well as the SIMALTO exercise, the council also did focus group work with some Harlow residents in November 2004 to hear their views about the council.

What residents said

The council provides some services well, such as leisure, recycling, street cleansing and community services.

The council falls down on infighting, inability to set priorities, competence and poor communication.

The council's key priorities should be the image of Harlow, reducing crime and the fear of crime, regenerating the town, sound finances, working in partnership and improving customer services.



The Playhouse, though expensive, remains a popular service.



Local people are willing to see a reduction in the council's subsidy for bus passes - set to go up from £1M to £1.25M this year if councillors had not acted.



Recycling has improved rapidly in Harlow since the Liberal Democrats have had an influence - and residents are prepared to pay more for an even better service.

SIMALTO was also able to model six different possible council budgets for us, based on different levels of available resources, and taking into account the preferences expressed by local people in the consultation exercise.

Services people said should not be reduced if possible

- Anti social behaviour
- Recycling
- Street cleaning
- Town show and Bonfire Night
- Young people's services, and the Young People's Information Centre in particular
- Leah Manning Centre
- Pools and leisure centres, especially the paddling pools
- Town centre management
- Shopmobility
- Parks and landscaping
- Playhouse

Reductions causing 'least displeasure'

not all of these have been carried out, for various reasons

- Study Centre (close)
- Arts development (close)
- Community Partnerships (cease)
- Grants to voluntary groups (halve or cease)
- Sumners Leisure Centre (close)
- Museum (stop education activities)
- Contact Harlow (close Staple Tye and Stow contact points)
- Car parking (introduce charges to all areas)
- Bus passes (reduce subsidy)
- Pets Corner (charge entry)

Service improvements that would give most satisfaction

- Anti social behaviour, increasing resources by 50%
- Street cleaning, especially broken glass on cycle tracks
- Recycling, extension of kerbside collection scheme.

Council priorities

Top Priority

A clean, safe and sustainable environment

High Priorities

A prosperous community

Decent affordable homes

Medium Priority

A caring community with a higher quality of life

Internal Priority

High performing, customer focused services

What does this mean for the council tax?

Harlow Council's share of council tax will go up by 3.9%. That's less than the Government's limit of 5%. The council's new Medium Term Financial Strategy gives a commitment on council tax:

From 1st April 2005 ... any increase in council tax shall be no greater than 2% above the Retail Price Index, with a review to take place on the appropriate inflation index to be used in future years.

Even if Harlow had raised taxes by the maximum 5%, that would only have raised another £66,000 - nowhere near enough to avoid the £2M savings we need. To avoid making any savings, we would have had to put council tax up by 33%.

4 The budget

On Thursday 17 February Harlow Council set its budget, with support from members of all parties. The council also agreed a Corporate Plan and a Medium Term Financial Strategy.

The council has set out its priorities in its Corporate Plan. The budget aims to meet these priorities, and to re-allocate money from areas of lower priority to higher priorities.

Premises to be closed

- The Study Centre
- Sumners Leisure Centre
- The Norman Booth Centre
- The Wreck

All of these closures will result in buildings being empty. Councillors would very much welcome enquiries from local organisations with financially sound plans to run suitable activities in these buildings, that will not cost the council money it has not budgeted for.

Stewards Pool

The council pays for the opening of Stewards School pool to the public. We can no longer afford to do this, and will be withdrawing this service from April. We will need to discuss the way forward with the school, the county council and other relevant organisations.

Community Partnerships

The council has recently been consulting on how we could improve consultation with the public. We'll be considering the results of this consultation and making proposals on what will replace Community Partnerships.

Child care for over 5s

The council's provision of child care for the over 5s will continue until the end of July.

This will allow parents time to make alternative arrangements, and possibly for other providers to think about expanding the services they offer to fill the gaps left by the council's withdrawal.

More money for some council services

- Anti-social behaviour work
- Playground maintenance
- Cleaning the skateboard park
- Street cleaning, broken glass
- Communicating with the local community



THE BUDGET - YOUR SAY

Name

Use this space for questions or comments

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