

GENERAL FUND - MEDIUM TERM FINANCIAL PLAN

SUMMARY Model for Executive 7 Feb 2012

	2010/11 Actual	2011/12	2012/13	2013/14	2014/15	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000
Net Cost of Services	7,790	15,651	14,038	14,998	15,680	16,656
Interest Payments	661	662	662	662	662	662
Interest & Investment Income	-871	-1,175	-687	-767	-948	-1,644
Pensions Interest/Return on Assets	1,007	1,424	401	401	401	401
Fees & Charges			-94	-253	-370	-488
Growth Items			265	294	347	347
Special Items			43			
Efficiency Savings - Existing plans			-592	-1,253	-1,559	-1,560
Efficiency Savings - New						-263
One off Savings			-20	-6	-15	
Known Changes			25	912	1,055	1,159
Planning Contingency			827	721	911	1,163
RCCO/Internal Interest	25	26	25	25	25	25
Net Expenditure	8,612	16,588	14,894	15,734	16,189	16,458
Contribution to / from Earmarked Reserves	162	-124	171	-158	-151	49
Contribution to/ from Interest Equalisation reserve	-1,185	17				
Cost of change Contingency						
Use of General Reserve	993	-66				
Movement on Pension Reserve	8,817	-888	95	95	95	95
Net Expenditure after reserves	17,399	15,527	15,159	15,671	16,133	16,602
Formula Grant/NNDR	-8,182	-6,079	-5,306	-5,278	-5,278	-5,278
Council Tax Freeze Grant		-230	-461			
New Homes Bonus				-1,040	-1,240	-1,440
Area Based Grant	-37					
Transfer (from)/to Collection Fund	16	31	-62			
Demand on Collection Fund	9,196	9,249	9,330	9,353	9,615	9,885
Council Taxbase	57,791	58,123	58,628	58,774	58,950	59,127
Council Tax at Band D	159.13	159.13	159.13	159.13	163.10	167.18

Percentage Increase

0.00%

0.00%

0.00%

2.50%

2.50%

GENERAL FUND - MEDIUM TERM FINANCIAL PLAN

SUB - SUMMARY Model for Executive 7 Feb 2012

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive & PAs	221	218	219	223	228	237
Strategic Direction	432	337				
Governance Support			318	325	335	356
Community Engagement			655	671	685	710
Director of Neighbourhood services	125	125	124	127	129	135
Planning & Building Control	1,119	1,264	1,152	1,209	1,259	1,360
Legal			276	284	291	304
Housing Services	1,565	1,551	485	497	509	530
Community Safety & Health	228	249	1,425	1,469	1,508	1,581
Director of Customer & Community	109	106	106	108	110	115
Environment	6,129	5,385	5,565	5,804	6,052	6,348
Customer & New Media	-702	-610	-617	-554	-465	-349
Economic Development			112	137	167	200
Revenues & Benefits	267	292	301	339	374	465
Cultural & Community	2,592	1,229				
Hertford Theatre			241	261	279	305
Director of Internal Services	147	133	82	84	85	89
People, ICT & Property Services	341	317	2,266	2,336	2,398	2,510
Business Support	3,468	3,115				
Financial Support Services	188	143	656	670	683	710
Democratic & Legal Services	469	605				
Programme Director	107	32				
Corporate Risk			288	296	302	312
Other (& Adjustment)	901	1,346	611	934	976	963
Non Distributed Costs	-9,728					
Environment						
Capital Salaries *****	-186	-186	-226	-226	-226	-226
Net Cost of Services	7,790	15,651	14,038	14,998	15,680	16,656
Interest Payments	661	662	662	662	662	662
Interest & Investment Income	-871	-1,175	-687	-767	-948	-1,644
Pensions Interest/Return on Assets	1,007	1,424	401	401	401	401
Known Changes			25	912	1,055	1,159
Contribution to Earmarked Reserves	748	249	171			49
Contribution to/ from Interest Equalisation reserve	-1,185	17				
Contribution from Earmarked Reserves	-586	-373		-158	-151	
Cost of change Contingency						
Contribution of Vacancies						

Planning Contingency			827	721	911	1,163
Savings 2012/13			-592	-592	-592	-592
Savings 2013/14				-660	-660	-660
Savings 2014/15					-307	-307
Savings 2015/16						-263
One Off Savings			-20	-6	-15	
Growth 2012/13			265	265	265	265
Growth 2013/14				29	29	29
Growth 2014/15					53	53
Growth 2015/16						
Special Item			43			
RCCO/Internal Interest *****	25	26	25	25	25	25
Use of General Reserve	993	-66				
Movement on Pension Reserve	8,817	-888	95	95	95	95
Car Parking Fees & Charges			-39	-162	-242	-322
Other fees & Charges			-55	-91	-128	-166
Net Expenditure	17,399	15,527	15,159	15,671	16,133	16,603
Formula Grant/NNDR	-8,182	-6,079	-5,306	-5,278	-5,278	-5,278
Council Tax Freeze Grant		-230	-461			
Area Based Grant	-37					
New Homes Bonus				-1,040	-1,240	-1,440
Transfer (from)/to Collection Fund	16	31	-62			
Demand on Collection Fund	9,196	9,249	9,330	9,353	9,615	9,885
Council Taxbase	57,791	58,123	58,628	58,774	58,950	59,127
Council Tax at Band D	159.13	159.13	159.13	159.13	163.10	167.18
Percentage Increase		0.00%	0.00%	0.00%	2.50%	2.50%

If the proposals for the capital programme from 2014/15 are accepted there will be an increase in Revenue Contributions to Capital so that the cost of capitalised salaries, £226k per year, is met from the revenue budget. An offsetting reduction in the planning contingency will ensure the forecast council tax increase is not affected.

Pay and Price Assumptions for Medium Term Financial Plan

Data Table	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Overall salary increase (Inclusive of everything)*	0.65%	1.70%	1.45%	2.00%	1.75%	4.15%
Members Allowances	0.00%	2.68%				***
Inflation	2.00%	2.10%	3.00%	3.20%	2.70%	2.70%
NNDR	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Fuel	5.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Contract Index - All Contracts	2.00%	2.70%	3.00%	3.20%	2.70%	2.70%
Contract Index - Street Cleansing	2.00%	2.70%	3.40%	3.50%	3.60%	3.80% * assumed RPIx 25/7/11
Contract Index - Refuse Only	2.50%	3.20%	3.40%	3.50%	3.60%	3.80% * assumed RPIx 25/7/11
Contract Index - Parking	1.50%	2.20%	3.40%	3.50%	3.60%	3.80%
Contract Index - Leisure	1.50%	2.20%	3.40%	3.50%	3.60%	3.80%
Tax Base Increase	0.50%	0.50%	0.25%	0.25%	0.30%	0.30%
Income						
Increase for Fees & Charges	3.50%	2.50%	2.50%	2.50%	2.50%	2.50% ****
Increase for car parks	5.00%	2.50%	2.50%	2.50%	2.50%	2.50%
Interest on investment	2.46%	1.00%	1.10%	1.22%	1.69%	3.00%

1. Street cleansing / Grounds Maintenance - April RPI applied in April
2. Refuse & Recycling - April AEI (public sector) applied in August
3. Parking - April RPIx applied in January
5. Leisure - January RPIx applied in January

*Salary Increase

Pay award original budget **	0.00	0.20	0.00	1.00	1.00	3.4
Pay allowance - increments and local award	0.65	1.50	1.45	1.00	0.75	0.75
	0.65	1.70	1.45	2.00	1.75	4.15

** Pay award actuals and now reflected in future plans

*** Subject to IRP recommendation

The 2012/13 increase in parking fees is assumed to take effect from 1 October and remains subject to the parking review. If not implemented the reduction in income will be £39k in 2012/13 and £80k in each subsequent year.

OTHER KNOWN REDUCTIONS AND INCREASES

	2012/13	2013/14	2014/15	2015/16
	£'000	£'000	£'000	£'000
Increase in pension costs			92	184
Jackson Square Contract - Rent		8	16	16
Income Shortfall 2009/10 reducing effect		-50	-50	-50
Changes to Terms and Conditions		-130	-409	-503
Markets - marketing & maintenance			22	22
Homelessness grant continuation (reduction in income from 11/12)		50	50	50
Hertford Theatre Hydro Income		-11	-11	-11
National Insurance rebate	25	25	25	231
Waste: Alternate Financial Model (AFM) income reduction		150	300	300
Application of New Homes Bonus		520	620	720
LDF Public exam/Green belt review		300	400	100
Housing Condition survey		50		
Future Council elections				100
Total	25	912	1,055	1,159

Investment Income

Table 1

Revised figures - after CBS

		£'000
2011/12	1.81%	£1,175
2012/13	2.10%	£1,424
2013/14	2.60%	£1,637
2014/15	3.00%	£1,809
2015/16	4.00%	£2,394

Table 2

Revised figures -16/12/11

		£'000
2012/13	0.65%	£687
2013/14	0.75%	£767
2014/15	1.25%	£948
2015/16	3.00%	£1,644

Note:

1. The rates at Table1 are inclusive of £10m earning 3.72% to April 2015 arising from the structured deposit.
2. The rates at Table 2 exclude the £10m structured deposit.

In both cases the interest income is inclusive of the interest earned on the structured deposit. The average rate including the structured deposit is shown in the table of Pay and Price Assumptions

New Homes Bonus - Income (expenditure shown on known changes sheet)

	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
New Homes Bonus 11/12 (to be received 11/12 to 16/17)	-415	-415	-415	-415
New Homes Bonus 12/13 (to be received 12/13 to 17/18)	-425	-425	-425	-425
New Homes Bonus 13/14 (to be received 13/14 to 18/19)		-200	-200	-200
New Homes Bonus 14/15 (to be received 14/15 to 19/20)			-200	-200
New Homes Bonus 15/16 (to be received 15/16 to 20/21)				-200
Built into Estimates	840			
	<u>0</u>	<u>-1040</u>	<u>-1240</u>	<u>-1440</u>

**Calculation of Council Tax base
Updated**

	10/11 £	11/12 £	12/13 £	13/14 £	14/15 £	15/16 £
Council Tax Base	57,791	58,123	58,628	58,628	58,774	58,950
Assume increase of 0.5% per annum				146	176	177
	57,791	58,123	58,628	58,774	58,950	59,127
Actual percentage increase		0.57	0.87			

Savings	2012/13	2013/14	2014/15	2015/16
	£	£	£	£
Strategic Direction				
Reduction in service activity				(7,000)
Planning & Building Control				
Reduction in budget				(61,000)
Building control fees		(50,000)	(50,000)	
Development Control BPI led savings			(22,000)	
DC miscellaneous costs		(10,000)		
Planning administration			(68,000)	
LDF funding		(100,000)		
Planning policy resources		(12,000)		
Health & Housing				
Continuation of funding Housing Improvement Agency		(10,000)		
Integrate environmental strategy and home energy conservation into single function	(17,000)			
Restructuring the services delivered by Licensing, Community Safety and Environmental Health leading to a reduction in resources			(106,000)	
Licensing & Community Safety				
Set taxi licence fees to recover full costs	(5,000)	(5,000)	(5,000)	
Cease contribution to PCSO's (originally in 11/12) **	(46,000)			
** implementation remains subject to Community Safety review				
Environment				
Waste contract shared services saving	(135,000)			
Waste services contract transition		(100,000)	(100,000)	
Do not replace Area Environment Inspector & delete lease van after 12 month contract expires	(30,000)			
Customer & New Media				
Saving in cash collection cost	(10,000)			
Re-letting of parking enforcement contract	(230,000)			
Replacement of hosted self-service system	(10,000)			
Reduction in cost of pay and display machine maintenance	(50,000)			

	2012/13 £	2013/14 £	2014/15 £	2015/16 £
Customer & New Media continued				
HMRC shared service	(16,000)			
Elm Road income estimate correction	13,000	5,000		
Rye st/Grange paddocks income estimate correction	15,000	15,000		
Residents permit income	(3,000)	3,000		
Ware Amwell End - Revision of rent payable by Hertford regional College for student car park spaces	(1,000)	(1,000)		
Grange Paddocks Project				
Elm Road income	(10,000)	(10,000)		
Rye St/Grange Paddocks income	(50,000)	(50,000)		
Link Road resulting from redesignation as short stay		(50,000)		
Northgate End resulting from redesignation as short stay		(56,000)		
Grange Paddocks Project - Resident permit income	(2,500)	(2,500)		
Cultural & Community				
C&C - MOW		(15,269)		
Leisure Savings		39,000	118,000	
Castle Hall - new business plan (subject to approval)		(57,671)	(45,000)	
People & Organisational Development				
Reduce HR support		(60,000)		
Reduction in corporate training budget pro rata to staff reduction		(6,000)		
Business Support				
Shared services				(153,000)
Revenues & Benefits				
Shared service efficiencies				(15,000)
Invest to save option		(64,000)		
Financial Support Services				
Phased reduction in hours of estates staffing		(14,000)	(14,000)	
Review of Financial Support Services			(2,000)	

	2012/13 £	2013/14 £	2014/15 £	2015/16 £
Democratic & Legal Services				
Reduction in Legal third party payments budget				(27,000)
Land Charges - staffing reductions	(4,000)	(23,000)		
Efficiency measures for electoral canvass			(13,000)	
Restructuring of Democratic & Legal Services		(23,000)		
Corporate Risk & Insurance				
Reduction of insurance premiums following retender		(3,000)		
Total to be built into estimates	(591,500)	(660,440)	(307,000)	(263,000)

ALREADY BUILT INTO ESTIMATES

Strategic Direction

Reduction in supplies & services budgets	(1,000)
Reduction in size of Link magazine to A5 (partially offset by growth)	(12,000)

Planning & Building Control

Building control fees	(50,000)
DC miscellaneous costs	(10,000)
LDF funding	(10,000)

Health & Housing

Cease funding Hsg Improvement Agency core & associated services	
- cease Hsg Advice	(5,000)
- cease Handyperson service	(16,000)
- cease funding HIA core and associated services	(33,000)

Environment

Depot materials handling -	(30,000)
Recycling Banks maintenance	(8,000)
Bulky waste collection reduced expenditure	(6,000)
Commercial waste reduced expenditure	(23,000)
Delete Business Support Assistant Part Time Post FTE Grade 3 - 18.5 hours)	(12,175)

	2012/13	2013/14	2014/15	2015/16
	£	£	£	£
Environment continued				
Delete Business Support Assistant Part Time Post FTE Grade 3 - 22.5 hours)	(12,922)			
Reduce Recycling advertising and promotion budget	(31,300)			
Review / reduce level of environmental coordination and advice	(25,000)			
Environmental co-ordination - reduction of previous savings item	25,000			
Cultural & Community				
C&C - MOW	(45,761)			
Review minor grants	(12,500)			
Castle Hall - new business plan (subject to approval)	(83,085)			
Leisure Savings	(86,000)			
Financial Support Services				
Asset management and valuation flexible retirement	(12,000)			
Reprofile 14/15 saving	(38,000)			
Phased reduction in hours of estates staffing	(16,000)			
Business Support				
Restate property budgets	(13,000)			
Internal Audit efficiencies from partnership working	(30,000)			
Corporate Risk & Insurance				
Reduction of insurance premiums following retender	(89,000)			
Revenues & Benefits				
Discretionary Rate Relief	(12,600)			
Corporate Costs				
Reduce corporate management	(50,000)			
ALREADY BUILT INTO ESTIMATES	(748,343)			

2012/13	2013/14	2014/15	2015/16
£	£	£	£

PREVIOUSLY IDENTIFIED SAVINGS SUPERCEDED BY NEW STRUCTURE

Business Support

Staffing efficiencies on completion of C3W programme	(56,090)			
Restructuring within facilities services	(50,000)			

Cultural & Community

Review the Hertford Theatre management structure	(15,000)			
Rationalise and consolidate the range of community and culture activities and projects undertaken	(41,000)			

Democratic & Legal Services

Restructuring of Democratic & Legal Services	(4,000)			
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DECISIONS TAKEN IN YEAR ON PREVIOUSLY IDENTIFIED SAVINGS

Revenues & Benefits

Invest to save option now incorporated into shared service budget	(64,000)			
Discretionary Rate Relief revised scheme from 1 April 2012	(17,400)			

PREVIOUSLY IDENTIFIED SAVINGS ACTIONED 2011/12	(247,490)			
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(1,587,333)	(660,440)	(307,000)	(263,000)
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One Off Savings	2012/13	2013/14	2014/15	2015/16
	£	£	£	£
Review of 09/10 outturn				
CHIEF EXECUTIVE				
Strategic Direction				
Public Consultation & Research	(9,700)	(5,700)	(14,700)	
Public Consultation & Research	(10,000)			
Total to be built in	(19,700)	(5,700)	(14,700)	0
Already built in				
Financial Support Services				
Rural Development Project Income Stream	(5,000)			
Total already built in	(5,000)	0	0	0
Total One Off Savings	(24,700)	(5,700)	(14,700)	0

Special Items

2012/13	2013/14	2014/15	2015/16
£	£	£	£

Review of 09/10 outturn**Planning & Building Control**

Bldg Control - Supplements	9,000			
Dev Plans - Supplements	6,500			
Dev Control - Supplements	9,000			

Customer & New Media

Web based permit and dispensations for self service	13,000			
Printing cost- resident permits	5,000			

Total

42,500	0	0	0
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Growth	2012/13	2013/14	2014/15	2015/16
	£	£	£	£
Environment				
Refuse Service - Property Growth			53,000	
Customer & New Media				
Grange Paddocks Project - Maintenance of pay and display machines		3,600		
Annual district wide signs and lines survey	15,000			
Additional notice processing resource .6fte	18,000			
Annual consolidation of traffic regulation orders	5,000			
Growth of signs and lines budget	10,000			
Targetted removals capacity	20,000			
Mobile enforcement capacity	29,000			
Re-instatement of website support	15,000			
Cultural & Community				
Tourism development & markets	21,000			
Business Support				
ITSG contingency	72,000			
FM assistant surveyor	35,000			
Growth from capital programme	25,000	25,000		
Total	265,000	28,600	53,000	0

Growth	2012/13	2013/14	2014/15	2015/16
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£

£

£

£

ALREADY BUILT INTO ESTIMATES**Strategic Direction**

Reduction in size of Link magazine to A5 (partially offset by growth) 4,600

Environment

Bulky waste collection - reduced income 11,000

Commercial waste reduced income 10,000

Kerbside recyclables income - reduction 75,000

Playground inspection costs 3,000

Health & Housing

Continuation of funding Housing Improvement Agency 20,000

Total already built in

123,600	0	0	0
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Total Growth

388,600	28,600	53,000	0
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