

Essential Reference Paper 'B' - GENERAL FUND - MEDIUM TERM FINANCIAL PLAN

SUMMARY Model - August 2014 version to Scrutiny

	2013/14 Actual	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000	£'000
Net Cost of Services	14,629	14,406	14,311	14,863	15,426	16,003
Interest Payments	661	662	662	662	662	662
Interest & Investment Income	-942	-895	-893	-1,130	-1,472	-1,915
Fees & Charges			-44	-165	-289	-416
Growth Items			376	402	402	402
Special Items			65	3	1	
Efficiency Savings - Existing plans			-165	-270	-270	-270
Efficiency Savings - to be Identified				-244	-787	-821
One off Savings						
Known Changes			341	193	171	-95
Application of New Homes Bonus *	358	1,095	1,370	1,660	1,676	1,736
Contingency		513	125			
RCCO/Internal Interest	25	25	25	25	25	25
Net Expenditure	14,731	15,806	16,175	15,999	15,546	15,311
Contribution to / from Earmarked Reserves	1,749	-95	-454	-78	-35	-35
Contribution to/ from Interest Equalisation reserve	574	-34	-220	-200	-178	
Use of General Reserve	-13					
Movement on Pension Reserve (Deficit Contribution)	672	600	600	600	800	800
Net Expenditure after reserves	17,713	16,277	16,100	16,321	16,133	16,076
Formula Grant/NNDR	-6,700	-5,238	-4,439	-3,995	-3,596	-3,236
Council Tax Freeze Grant	-93	-94	-94			
Other general grants	-672	-16				
New Homes Bonus	-1,414	-2,190	-2,740	-3,321	-3,353	-3,472
Transfer (from)/to Collection Fund	-157		-			
Transfer (from)/to NNDR Collection			-			
Demand on Collection Fund	8,678	8,738	8,827	9,004	9,184	9,369
Council Taxbase	55,084	55,469	56,023	56,584	57,149	57,721
Council Tax at Band D	157.54	157.54	157.55	159.12	160.71	162.32

Percentage Increase

0.00% 0.00% 1.00% 1.00% 1.00%

* 2014/15 onwards NHB application split between Priority Spending and Parish & Town Councils (as shown on the Known changes sheet)

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SUB - SUMMARY August 2014 version to Scrutiny

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£'000	£'000	£'000	£'000	£'000	£'000
Director of Neighbourhood Services	125	116	119	122	124	127
Corporate Support	96	108	110	112	115	118
Planning & Building Control	1,184	1,136	1,179	1,233	1,277	1,333
Housing Services	596	476	508	520	533	545
Community Safety & Health	1,419	1,453	1,412	1,455	1,489	1,534
Chief Executive and Director of Customer & Community Services	176	150	154	157	161	164
Welfare Reform	70	120				
Project Co-ordinator	2					
Environmental Services	5,955	5,392	5,553	5,711	5,874	6,040
Customer & Parking Services	-1,060	-757	-789	-721	-651	-580
Economic Development	131	82	88	94	100	106
Community Engagement	752	741	709	731	746	762
Hertford Theatre	250	218	236	254	273	292
Director of Finance and Support Services	131	131	131	134	137	140
Governance Support	499	556	575	595	615	635
People & Property Services	1,202	1,093	1,069	1,107	1,122	1,162
Business and Technology Services	1,457	1,281	1,313	1,333	1,398	1,410
Finance and Performance	610	552	564	577	590	603
Revenues & Benefits	-244	345	295	342	385	440
Corporate Risk	335	336	343	351	358	366
Other	1,131	902	768	782	807	832
Capital Salaries	-189	-26	-26	-26	-26	-26
Net Cost of Services	14,629	14,406	14,311	14,863	15,426	16,003
Interest Payments	661	662	662	662	662	662
Interest & Investment Income	-942	-895	-893	-1,130	-1,472	-1,915
Car Parking Fees & Charges				-76	-154	-234
Other fees & Charges			-44	-89	-135	-182
Growth 2015/16			376	376	376	376
Growth 2016/17				26	26	26
Growth 2017/18						
Growth 2018/19						
Special Item			65	3	1	
Savings 2015/16			-165	-165	-165	-165
Savings 2016/17				-105	-105	-105
Savings 2017/18						
Savings 2018/19						
Efficiency savings - to be identified				-244	-787	-821
One Off Savings						
Known Changes			341	193	171	-95
Application of New Homes Bonus *	358	1,095	1,370	1,660	1,676	1,736
Contingency		513	125			
RCCO/Internal Interest	25	25	25	25	25	25
Contribution to Earmarked Reserves	2,384	39	39	39	25	25
Contribution from Earmarked Reserves	-635	-134	-493	-117	-60	-60
Contribution to/ from Interest Equalisation reserve	574	-34	-220	-200	-178	
Use of General Reserve	-13					
Movement on Pension Reserve (Deficit Contribution)	672	600	600	600	800	800
Net Expenditure	17,713	16,277	16,100	16,321	16,133	16,076
Formula Grant/NNDR	-6,700	-5,238	-4,439	-3,995	-3,596	-3,236
Council Tax Freeze Grant	-93	-94	-94			
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Transfer (from)/to Council Tax Collection Fund	-157					
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Council Taxbase	55,084	55,469	56,023	56,584	57,149	57,721
Council Tax at Band D	157.54	157.54	157.55	159.12	160.71	162.32
Percentage Increase		0.00%	0.00%	1.00%	1.00%	1.00%

* 2014/15 onwards NHB application split equally between Priority Spending and Parish & Town Councils (as shown on the Known changes sheet)

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Data Table	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Overall salary increase (Inclusive of everything)*	1.75%	1.75%	2.25%	2.25%	2.25%	2.25%
Members Allowances	0.00%	1.00%	1.50%	1.50%	1.50%	1.50% **
Inflation	2.00%	2.30%	2.10%	2.00%	2.00%	2.00%
NNDR	2.50%	2.00%	3.00%	3.00%	3.00%	3.00%
Fuel	2.50%	2.30%	2.10%	2.00%	2.00%	2.00%
Contract Index - All Contracts	3.20%	2.30%	2.10%	2.00%	2.00%	2.00%
Contract Index - Street Cleansing	¹ 2.60%	2.30%	2.10%	2.00%	2.00%	2.00%
Contract Index - Refuse Only	² 2.60%	2.30%	2.10%	2.00%	2.00%	2.00%
Contract Index - Parking	³ 3.10%	2.30%	2.10%	2.00%	2.00%	2.00%
Contract Index - Leisure	⁴ 3.10%	2.80%	3.30%	3.60%	3.80%	3.90%
Income						
Increase for Fees & Charges	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Increase for car parks	0.00%	0.00%	0.00%	2.50%	2.50%	2.50%

1. Street cleansing / Grounds Maintenance - CPI

2. Refuse & Recycling - CPI

3. Parking - April CPI applied in January

4. Leisure - January RPIx applied in January

***Salary Increase**

Pay award	1.00	1.00	1.50	1.50	1.50	1.50
Pay allowance - increments and local award	0.75	0.75	0.75	0.75	0.75	0.75
	1.75	1.75	2.25	2.25	2.25	2.25

** Subject to IRP recommendation

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	2014/15		2015/16		2016/17		2017/18		2018/19		Assumptions	
	Principal - £'000	Interest - £	Principal - £'000	Interest - £	Principal - £'000	Interest - £	Principal - £'000	Interest - £	Principal - £'000	Interest - £		
Balance as at 30.06.2014	78,471		77,772		76,515		75,907		75,297		2017/18 and 2018/19 estimated internal borrowing Re Updated MTFP August 2014.	
Financing of capital programme	-665		-887		-548		-550		-550			
Contribution from reserves	-134		-370		-60		-60		-60			
Total Investment Balance Forecast	77,772		76,515		75,907		75,297		74,687			
Treasury Fixed Term Investments												
Lloyds to Apr 2015	10,000	372,000										
rolled over - 364 days			10,000	95,000								
rolled over - 364 days					10,000	95,000						
rolled over - 364 days							10,000	150,000				
rolled over - 364 days									10,000	175,000		
Lloyds to 4.7.2014	10,000	23,693										
to 6.7.2015		70,534										
rolled over - 364 days			10,000	95,000								
rolled over - 364 days					10,000	95,000						
rolled over - 364 days							10,000	150,000				
rolled over - 364 days									10,000	175,000		
Barclays to 11.8.14	5,000	36,164										
rolled over - 364 days		30,322										
rolled over - 364 days			5,000	19,792								
rolled over - 364 days				27,708	5,000	47,500						
rolled over - 364 days							5,000	75,000				
rolled over - 364 days									5,000	87,500		
Total Treasury Fixed Term	25,000	532,714	25,000	237,500	25,000	237,500	25,000	375,000	25,000	437,500		
Treasury Variable Investments												
Morgan Stanley MMF	9,500	33,250										
rolled over - 3 months			9,500	8,788							Investment for 3 months and transferred to Property Funds.	
Nat West SIBA (For Day to Day Cash Balances)	11,345	33,119									£10m disinvested part way through 2018/19.	
rolled over - 3 months			12,015	30,038	9,480	23,700	10,297	36,040	4,687	26,222		
Natwest 95 days notice	5,000										95 Days Notice	
to July 14		9,288										
to April 2015		13,808										
rolled over - 364 days			5,000	20,000	5,000	20,000						
rolled over - 364 days							5,000	45,000				
rolled over - 364 days									5,000	45,000		
rolled over - 364 days												
New Investment	5,000	25,000	5,000	32,500	5,000	32,500	5,000	32,500			Transferred to SIBA account for short term cash.	
rolled over - 6 months												
Investec	21,927	90,540	21,927	105,390	11,427	85,703	11,427	42,851	0	0	Part disinvest in July 2015	
rolled over - 6 months											Part Year disinvestment to Direct property investment 2016/17	
Non Treasury Investments												
LAMS	1,000	42,800	1,000	42,800	1,000	42,800	1,000	42,800	1,000	42,800	Funds placed in 2013/14	
Property Funds	0	0	20,000		20,000		20,000		20,000		To be financed from Morgan Stanley Investment and Investec MMF	
Assumed to take effect from 1.07.2015.			For 9 Months									
Assumed Funds selected have waiting lists				450,000		640,000		700,000		800,000	Income for 9 months 2015/16	
Rate 3.0%												
Rate 3.2%												
Rate 3.5%												
Rate 4.0%												
Direct Property Investment							10,000	150,000		20,000	480,000	Assumed part year impact
With Effect from 2017/18												Second investment tranche assumed part year impact.
Rate 3.0%												
Rate 3.2%												
Rate 3.5%												
Pinders Lodge Lease to 2056		13,000		13,000		13,000		13,000		13,000		
In House cashflow				35,000		35,000		35,000		35,000		
Total Investment Income	78,772	793,519	77,515	975,015	76,907	1,130,203	76,297	1,472,191	75,687	1,914,522		

	2014/15	2015/16	2016/17	2017/18	2018/19
Property Funds Entrance Fees		82,000			
Forecast Estimate	794,000	893,015	1,130,000	1,472,000	1,915,000
Version 1	794,000	881,015	1,110,000	1,414,000	1,915,000
MTFP February 2014	895,000	1,113,000	1,330,000	1,650,000	
VARIANCE	-101,000	-219,985	-200,000	-178,000	
Comprises:		£'000	£'000	£'000	
Assumptions on property Fund changed to 2 Quarter 2015/16		117	60	100	
Rates tapered from 1.1% to 0.95%		25	113	115	
LAMS assumptions revised		-13	-13	-13	
Barclays Loan matured April 14		70	70	100	
Initial estimates excluded Pinders lodge		-13	-13	-13	
Cash balances reduced from rate of 0.4% to 0.35%		8	8	-5	
Impact of increased cash balance		-10	-76	-40	
Investment in Direct property purchase				-150	
Investec matured for property fund				32	
Natwest 95 day notice revision to rate		35	50	55	
Property Funds Entrance fees		82			
Total variance		222	198	181	

Interest Rates based on Capita Advice 31.07.2014

	June 2014	Oct 2014	Jan 2015	April 2015	July 2015	Oct 2015	Jan 2016
Bank rate forecast	0.50%	0.50%	0.75%	0.75%	1.00%	1.25%	1.25%
12 MONTH Investment rate 0.95%							

To be finalised as part of the business case evaluation for the Property Funds.

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Proposed ongoing growth against base budgets. These items will increase the net cost of services from the year indicated and for future years

	2015/16	2016/17	2017/18	2018/19
	£	£	£	£
Customer & Parking Services				
Parking - Pay by Phone	16,000	16,000		
IT				
Growth from IT Capital Programme	10,000	10,000		
Organisational capacity - linked with Here to Help	350,000			
Total growth	376,000	26,000	-	-

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Proposed growth items that will only impact the base budget in the year indicated. These items will increase the net cost of services

	2015/16	2016/17	2017/18	2018/19
	£	£	£	£
Business & Technology Services				
EHC disturbance Costs (Less SBC contribution)	2,450	2,700	1,200	
People & Property				
Compliance Surveys	30,000			
Customer & Parking Services				
Southmill Area Resident Permit Scheme	30,000			
Finance & Performance				
Controlled Stationery - cheques	3,000			
Total Special Items	65,450	2,700	1,200	-

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Proposed ongoing savings against base budgets. These items will reduce the net cost of services from the year indicated and for future years

	2015/16	2016/17	2017/18	2018/19
	£	£	£	£
Planning & Building Control				
Reduction in budget		(61,000)		
Building Control Reduced Spending	(50,000)			
Planning administration		(34,000)		
Environmental Services				
Grounds Maintenance Contract Extension	(37,500)			
Community Engagement				
Hertford Theatre - new business plan	(14,300)	(9,500)		
Democratic & Legal Services				
Reduction in Legal third party payments budget	(7,600)			
Revenue effects of capital				
Bell Street Public Conveniences modernisation	(5,600)			
Total	(115,000)	(104,500)	-	-
Savings from review of 2013/14 underspend				
Customer & Parking services				
Enforcement contract - contingency reduction	(50,000)			
Savings to be Identified				
Total savings to be built into estimates	(165,000)	(104,500)	-	-

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Proposed savings items that will only impact the base budget in the year indicated. These items will decrease the net cost of services

One Off Savings	2015/16	2016/17	2017/18	2018/19
	£	£	£	£

Total to be built in

0	0	0	0
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Future adjustments to Net Cost of Services, which are as a result of decisions previously made and approved

	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
Changes to Terms and Conditions	-92	-92	-92	-92
Hertford Theatre Hydro Income	-11	-11	-11	-11
National Insurance rebate (exact date uncertain)		222	222	222
LDF Public exam/Green belt review	250	40	40	40
Future Council elections	100			
Housing benefit subsidy	-155	-160	-165	-170
Adjust council tax admin subsidy grant		48	140	175
Causeway lease reversal of accrual				-380
Causeway car park - loss of net income				36
Leisure Contract reduction in contract expenditure			-48	
CAB contribution	20			
DCLG - Housing Grant	50	50	50	50
Parking - additional reports	1			
Known Changes following CMT decisions				
Procurement office - full time	11.1	11.1	11.1	11.1
Increase in Housing Manager's hours	21.4	21.4	21.4	21.4
Customer Services Manager - full time	2.5	2.5	2.5	2.5
Licensing post - (Grade 1/2 17.25hrs 2015/16 only)	2			
Environmental Health (2 x Grade 4 - part year 2015/16 only)	10.3			
Environmental Health (1 Grade 4 - 2 years only, 2015/16 & part 2016/17)	3.7	3.7		
Ass. Waste Service Manager - (full time - 1 year only)	4.4			
Graduate Trainee Positions (funded through Cost of Change Reserve)	40			
Project co-ordinator (funded through cost of change reserve)	42	42		
Leisure Development Manager (funded through cost of change reserve)	41	15		
	341	193	171	(95)
For information				
Application of New Homes Bonus - 25% to parish and towns	685	830	838	868
Application of New Homes Bonus - priority spending	685	830	838	868
	1,370	1,660	1,676	1,736

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	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
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)	(425)	
New Homes Bonus 13/14 (to be received 13/14 to 18/19)	(553)	(553)	(553)	(553)	(553)	(553)
New Homes Bonus 14/15 (to be received 14/15 to 19/20)		(797)	(797)	(797)	(797)	(797)
New Homes Bonus 15/16 (to be received 15/16 to 20/21)			(550)	(550)	(550)	(550)
New Homes Bonus 16/17 (to be received 16/17 to 21/22)				(581)	(581)	(581)
New Homes Bonus 17/18 (to be received 17/18 to 22/23)					(447)	(447)
New Homes Bonus 18/19 (to be received 18/19 to 23/24)						(544)
Built into Estimates	1,393	2,190				
	-	-	(2,740)	(3,321)	(3,353)	(3,472)

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	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Settlement December 2012						
NNDR	2,377	2,450				
RSG	3,573	2,746				
	<u>5,950</u>	<u>5,196</u>				
Settlement December 2013						
Indicative NNDR figures						
Billing Authority Baseline	21,556	21,976	22,583			
EHC Baseline (80%)	17,245	17,581	18,066			
EHC Baseline Funding Level	2,377	2,423	2,490			
Tariff	14,868	15,158	15,576			
EHC NNDR 1 Note 1						
Billing Authority Baseline	21,544	21,975	22,583	23,260	23,958	24,677
EHC Baseline (80%)	17,235	17,580	18,066	18,608	19,166	19,741
EHC Baseline Funding Level - Budget Figure	2,367	2,423	2,490	2,565	2,642	2,721
Tariff (as above)	14,868	15,158	15,576	16,043	16,525	17,020
BUDGET TOTALS Note 2						
RSG						
NNDR	3,573	2,815	1,949	1,430	954	515
	2,367	2,423	2,490	2,565	2,642	2,721
	<u>5,940</u>	<u>5,238</u>	<u>4,439</u>	<u>3,995</u>	<u>3,596</u>	<u>3,236</u>
CSR 2013						
Less 10% 16/17 onwards		5,238	4,439	3,995	3,596	3,236

Note 1 - Figures for 2014/15 onwards based on indicative settlement figures pending completion of East Herts NNDR1 return
 Figures for 16/17, 17/18 & 18/19 assume a 3% uplift

Note 2 - Budget figures shown in bold

Note 3 - 16/17 & 17/18 & 18/19 RSG are assumed figures

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	13/14	14/15	15/16	16/17	17/18	18/19
ST Figures 14/12/12						
Eligible chargeable properties		59,354				
Council tax benefit scheme		(4,639)				
Estimated growth	0.89%	487				
Non collection allowance	1.25%	(690)				
Increase - CT reduction scheme		175				
Increase - Wider CT reforms		397				
Assume increase of 0.5% per annum (SC 18/12/2012)			275	277	278	
	55,084	55,359	55,636	55,914		
Revised Tax base 13/12/2013 From Final Tax base report		55468.63				
Assume increase of 1% per annum (AT 07/08/2014)			555	560	566	571
	55,469	56,023	56,584	57,149	57,721	