

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)

GENERAL FUND - MEDIUM TERM FINANCIAL PLAN

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			
Other general grants	-672	-16				
New Homes Bonus	-1,414	-2,190	-2,740	-3,321	-3,353	-3,472
Transfer (from)/to Council Tax Collection Fund	-157		-			
Transfer (from)/to NNDR Collection Fund			-			
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 equally between Priority Spending and Parish & Town Councils (as shown on the Known changes sheet)

Pay and Price Assumptions for Medium Term Financial Plan

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

Investment Income Forecast @ 30.07.2014

	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		-560		-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 Rate 0.95%			10,000	95,000							
rolled over - 364 days Rate 0.95%					10,000	95,000					
rolled over - 364 days Rate 1.5%							10,000	150,000			
rolled over - 364 days Rate 1.75%									10,000	175,000	
Lloyds to 4.7.2014 Rate 3%	10,000	23,693									
to 6.7.2015 Rate 0.92%		70,534									
rolled over - 364 days Rate 0.95%			10,000	95,000							
rolled over - 364 days Rate 0.95%					10,000	95,000					
rolled over - 364 days Rate 1.5%							10,000	150,000			
rolled over - 364 days Rate 1.75%									10,000	175,000	
Barclays to 11.8.14 Rate 2%	5,000	36,164									
rolled over - 364 days Rate 0.95%		30,322	5,000	19,792							
rolled over - 364 days Rate 0.95%				27,708	5,000	47,500					
rolled over - 364 days Rate 1.5%							5,000	75,000			
rolled over - 364 days Rate 1.75%									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 MIF 0.37%	9,500	33,250									
rolled over - 3 months Rate 0.37% for 3 months			9,500	8,788							Investment for 3 months and transferred to Property Funds.
Nat West SIBA (For Day to Day Cash Balances) 0.25% from June 2014	11,345	33,119	12,015	30,038	9,480	23,700	10,297	36,040	4,687	26,222	£10m disinvested part way through 2018/19.
Natwest 95 days notice to July 14 Rate 1.25%	5,000										95 Days Notice
to April 2015 Rate 0.6%		9,288									
rolled over - 364 days Rate 0.4%		13,808	5,000	20,000	5,000	20,000					
rolled over - 364 days Rate 0.4%							5,000	45,000			
rolled over - 364 days Rate 0.5%									5,000	45,000	
rolled over - 364 days Rate 0.9%											
rolled over - 364 days Rate 0.9%											
New Investment 0.75% from Aug 2014 6 months	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 Rate 0.65%											
Investec Rate 0.25% 2015/16	21,927	90,540	21,927	105,390	11,427	85,703	11,427	42,851	0	0	Part disinvest in July 2015
Rate 0.75%									6 months		0 Part Year disinvestment to Direct property investment 2016/17
Non Treasury Investments											
LAMS 4.28%	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 Assumed to take effect from 1.07.2015. Assumed Funds selected have waiting lists	0	0	20,000		20,000		20,000		20,000		To be financed from Morgan Stanley Investment and Investec MMF
Rate 3.0%											Income for 9 months 2015/16
Rate 3.2%				450,000			640,000				
Rate 3.5%								700,000			
Rate 4.0%										800,000	
Direct Property Investment With Effect from 2017/18								10,000	150,000		Assumed part year impact
Rate 3.0%											Second investment tranche assumed
Rate 3.2%									20,000	480,000	part year impact.
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	
Property Funds Entrance Fees				82,000							To be finalised as part of the business case evaluation for the Property Funds.
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 form 1.1% to 0.95%				25	1.4% to 0.95%	113	2% to 1.75%	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%							

GROWTH - 2015/16 TO 2018/19

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	-	-

SPECIAL ITEMS - 2015/16 TO 2018/19

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	-

SAVINGS - 2015/16 TO 2018/19

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)	-	-

ONE OFF SAVINGS - 2015/16 TO 2018/19

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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OTHER KNOWN REDUCTIONS AND INCREASES

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 (frunded through cost of change reserve)	42	42		
Leisur 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

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

	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)

FORMULA GRANT AND RETAINED NNDR

	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	3,573	2,815	1,949	1,430	954	515
NNDR	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

Calculation of Council Tax base

	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	