

**REVISED MEDIUM TERM FINANCIAL STRATEGY**  
**General Fund Budget Projections 2010/11 - 2014/15 as at 4th January 2011**

|                                                      | 2010/11           | 2011/12           | 2012/13           | 2013/14           | 2014/15           |
|------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Base</b>                                          | <b>16,812,450</b> | <b>17,112,450</b> | <b>14,574,920</b> | <b>13,822,110</b> | <b>14,286,610</b> |
| Forecast 2010/11 Overspend                           | 300,000           | -                 | -                 | -                 | -                 |
| Reduced Investment Interest                          | -                 | 150,000           | 50,000            | 50,000            | 50,000            |
| Commercial Rents - shortfall / (reinstate)           | -                 | (425,000)         | (200,000)         | (100,000)         | -                 |
| Land Charges                                         | -                 | 40,000            | 10,000            | 10,000            | -                 |
| Colosseum - improved performance following outsource | -                 | (34,000)          | (110,000)         | -                 | -                 |
| Elections - cyclical profile                         | -                 | (70,000)          | -                 | (80,000)          | 150,000           |
| Concessionary Fares - tfr to HCC                     | -                 | (755,700)         | -                 | -                 | -                 |
| Shared Services - Operating Costs                    | -                 | (103,000)         | -                 | -                 | -                 |
| Shared Services - Operating Costs Phase 2            | -                 | (94,170)          | (220,640)         | (27,130)          | -                 |
| Shared Services - Implementation                     | -                 | (428,860)         | (11,040)          | (18,630)          | -                 |
| Housing & Council Tax Benefit Additional Costs       | -                 | 363,920           | 92,480            | 20,890            | -                 |
|                                                      | <b>17,112,450</b> | <b>15,755,640</b> | <b>14,185,720</b> | <b>13,677,240</b> | <b>14,486,610</b> |
| Pay Inflation / Increments                           | -                 | 368,530           | 527,310           | 744,900           | 330,000           |
| Additional Superannuation Contributions              | -                 | -                 | -                 | -                 | 110,000           |
| Contract / Utilities Inflation                       | -                 | 150,320           | 62,780            | 78,920            | 100,000           |
| Contingency Provision for Price Inflation            | -                 | 100,000           | -                 | -                 | -                 |
| Non-SP Service Adjustment / Fees & Charges           | -                 | 6,520             | (10,920)          | 13,550            | -                 |
| Service Prioritisation                               | -                 | (1,806,090)       | (942,780)         | (228,000)         | -                 |
| <b>Net Expenditure</b>                               | <b>17,112,450</b> | <b>14,574,920</b> | <b>13,822,110</b> | <b>14,286,610</b> | <b>15,026,610</b> |
| <b>Funded By:</b>                                    |                   |                   |                   |                   |                   |
| RSG / Redistributed NNDR (Formula Grant)             | 8,071,960         | 6,009,405         | 5,218,416         | 5,093,174         | 4,726,465         |
| CLG Grant for Council Tax Freeze                     | -                 | 204,688           | 204,688           | 204,688           | 204,688           |
| Homeless Grant - excess over expenditure             | -                 | 95,420            | 95,420            | -                 | -                 |
| Collection Fund Surplus                              | 109,450           | 179,000           | -                 | -                 | -                 |
| Planned use of Earmarked Reserves                    | 280,450           | (150,000)         | (150,000)         | (150,000)         | (150,000)         |
| From / (To) Reserves to fund overspend               | 300,000           | 48,996            | 19,196            | 435,576           | 1,324,756         |
| General Fund Balance                                 | 345,467           | -                 | -                 | -                 | -                 |
|                                                      | <b>9,107,327</b>  | <b>6,387,509</b>  | <b>5,387,720</b>  | <b>5,583,438</b>  | <b>6,105,909</b>  |
| <b>Council Tax Requirement</b>                       | <b>8,005,123</b>  | <b>8,187,411</b>  | <b>8,434,390</b>  | <b>8,703,172</b>  | <b>8,920,701</b>  |
| <i>Council Tax Base</i>                              | <i>32,041</i>     | <i>32,771</i>     | <i>32,939</i>     | <i>33,160</i>     | <i>33,160</i>     |
| <b>Band D Council Tax</b>                            | <b>£249.84</b>    | <b>£249.84</b>    | <b>£256.06</b>    | <b>£262.46</b>    | <b>£269.02</b>    |

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**Supplementary Notes**

1. Forecast overspend in 2010/11 is consistent with Pd8 Finance Digest.
2. Shared Services Operating Costs Phase 2 is consistent with proposals from Joint Committee.
3. Housing & Council Tax Benefit Additional Costs comprises two items - £180k being the cessation of the subsidy used in 2010/11 to artificially reduce expenditure and £183k being a general reappraisal of the subsidy likely to be received for H&CT Benefit.
4. Pay Inflation and Increments - for 2011/12 the figure shown above represent only the cost of increments arising from the Pay & Grading Review; no inflationary increase has been assumed. Increases of 2%, 3% and 2% have been applied for 2012/13, 2013/14 and 2014/15 respectively.
5. Additional Superannuation Contributions - the additional costs in 2014/15 reflects recent correspondence from the actuary to the Herts CC Pension Scheme.
6. Homelessness Grant - as part of the draft formula grant settlement announced in December 2010, CLG announced an increase of £95k to this non-ringfenced grant. Executive Management Group considered this increase and agreed to fix expenditure at current levels (£186k) and utilise the residual sum to help fund overall budget requirements.
7. Planned use of Earmarked Reserves - the £150k shown above represents the agreement as part of the 2010/11 estimates proposals to set up a reserve which will be used to part-fund the future replacement of the Council's fleet of refuse freighters.
8. From / (To) Reserves - this figure represents the shortfall in funding if the desired Council Tax is to be met. It shows that the projected profile of net expenditure is unsustainable without recourse to reserves.