

TITLE OF REPORT: CORPORATE BUSINESS PLANNING - BUDGET 2014/15

REPORT OF THE STRATEGIC DIRECTOR OF FINANCE, POLICY AND GOVERNANCE

This report will be presented to Cabinet on 28 January 2014 and is for information only and for FAR to comment if appropriate to Cabinet.

1. SUMMARY

- 1.1 To consider the budget for 2014/15 and the factors which contribute to the determination of the District Council Tax level and to recommend the appropriate level to Council on the 13 February 2014.
- 1.2 To consider the known and unknown key factors which could impact on Council finances within the period of the medium term financial strategy (2014 – 2019).

2. RECOMMENDATIONS

- 2.1 **That Cabinet notes the provisional start-up funding assessment for 2014/15 is £5.162million and that this includes the Council Tax Support Grant and Homelessness Grant.** Should the final finance settlement be announced prior to Cabinet, an oral update will be provided at the meeting.
- 2.2 **That Cabinet notes the position relating to the Council's General Fund balance and that due to the risks identified in paragraph 9.2.3, a minimum balance of £2million is recommended.**
- 2.3 **That Cabinet notes the position of the Council's other reserves and provisions as identified in section 9.2.**
- 2.4 **That Cabinet approves the inclusion of all the efficiency and investment proposals in the final budget for 2014/15.**
- 2.5 **That Cabinet notes the estimated position on the Collection Fund and agrees that no contribution to or from the Collection Fund will be made in 2014/15, 9.3 refers.**
- 2.6 **That Cabinet notes the estimated 2014/15 net expenditure of £15.926million, as detailed in appendix 1 and recommends this budget to Council.**
- 2.7 **That Cabinet indicates that it wishes to recommend to Council a 1.9% increase on the Council Tax rate for 2014/2015.**

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure that all relevant factors are taken into consideration when arriving at the proposed Council Tax precept for 2014/15.
- 3.2 To ensure that the Cabinet recommends a balanced budget to Council on 13 February 2014.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1 Members were asked for their early input into defining the budget options at the first set of Member workshops in September.

5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS

- 5.1 All Members were given opportunity to comment on the efficiency and investment proposals at Member Budget Workshops held on the 6/7 November 2013. Notes of the comments raised at the workshops were attached to the Draft Budget report in December.
- 5.2 The Cabinet consulted on the proposals in this report with the Business Rate Payers Group on the 9 January 2014. The group were broadly supportive of the budget proposals but did ask to be involved in the consultation on the detail of the options for changes to parking tariffs at the appropriate time.
- 5.3 The Chair of Baldock and District Area Committee and the Chair of Royston and District Area Committee requested the opportunity to consider and comment on the budget proposals at their meetings in January.
- 5.4 Members of the Baldock and District Area Committee raised the following questions /comments:
- It was noted that Cabinet had removed efficiency proposals E1, E6 and E7 from the budget proposals and so no further comment was required.
 - With regards to the planned reduction in Council Tax Reduction Scheme grant payable to the Parish and Town Councils (E5) it should be noted that a small change can have a significant impact on forward planning for the Councils. We should ensure that we have consulted with the Councils properly in a timely manner to ensure there has been adequate warning.
 - With regards to the growth in expenditure for development of the Local Plan (R1) is there now a change in the timescales which should be reflected in an adjustment to the estimated spend in 2014/15? *Officer response subsequent to the meeting: The estimate of £120k in 2014/15 has already assumed a delay. If progress is smoother than anticipated then spend in 2014/15 could be higher and for this reason a risk has been included in the financial risk assessment. These estimates are based upon the best information available at this time.*

- There was a discussion about the requirement for a new wheeled sports facility in Baldock (C25) and whether this should be delayed until the Local Plan is developed. Cllr Knighton provided more background to how it had been established that Baldock had an assessed under provision of wheeled sports facilities. Given that the scheme is profiled to begin in 2015/16 and the capital programme is subject to annual review anyway the Members were satisfied with the response.

5.5 The Royston and District Area Committee is to be held on the 15th January. Although it will not be possible to incorporate the Committee's comments in the final version of this report, Cabinet will be provided with these prior to the 28th January.

6. FORWARD PLAN

6.1 This Report contains a recommendation on a key decision to be taken by Council on 13 February 2014 that was first notified to the public in the Forward Plan on the 6 September 2013.

7. BACKGROUND

7.1 The Council's Medium Term Financial Strategy (MTFS) was adopted by Full Council on the 5 September 2013 following recommendation by Cabinet.

7.2 The MTFS provides the financial background to the Corporate Business Planning process for 2014-19. It reflected new requirements, the impact of the current economic situation, initial effects of both Business Rates localisation and the Council Tax Reduction Scheme and the first modelling of the outcomes of the Spending Review announced on 26th June 2013 (SR13).

7.3 The MTFS acknowledged there were a number of significant unknowns in terms of the SR13 and that it would, therefore, be necessary to update the MTFS later in the year as things become clearer.

7.4 A number of changes to the MTFS have been implemented in recent years to further improve our financial management strategy, namely:

- Identify how much the Council spends against each strategic priority.
- Identify the areas that are lower or non priority for allocation of resources including review of statutory and discretionary services.
- Review the level of income generated by services that charge compared to the costs of provision.
- Reduce future reliance on interest rate income.
- Allocating all agreed savings to the relevant directorate budgets prior to distribution at the beginning of the new financial year in order to mitigate against the risk of non delivery of the approved savings.
- Amending the Council Tax "rule" to reflect the possibility of negative RPI figures.

The latest MTFS added the following measures:

- Option to capitalise staff costs in accordance with FRS 15.

- Further emphasis on invest to save opportunities, and proposals that can generate better rates of return than investments, with regard to capital expenditure.
- Developing more financially self-sustaining arrangements where possible for Council properties.

7.5 In identifying the likely Council Tax requirement, the MTFS focussed on the national economic situation and the pressures on expenditure and income streams. The financial strategy was based on a number of assumptions in the knowledge that these would be subject to further refinement during the budget process. The extract of all the assumptions used in the MTFS is provided in appendix 6 for easy reference.

7.6 The MTFS is an integral part of the Council's Corporate Business Planning process. It complements the Council's Priorities for the District 2014/15 and sets out a clear framework for our financial decision making. Council have confirmed that the high level Council priorities for 2014/15 onwards are:

- Promoting Sustainable Growth
- Working with local communities
- Living within our means

7.7 The key funding risks identified in the MTFS as reported in September were as follows:

- Business Rates were localised from April 2013. Growth above Government forecasts would lead to additional income to the Council, as long as this did not achieve disproportionate growth (classed as more than 10% of NNDR Base), whereas collectable amounts could fall by over 7.5% (£170k) before the "safety net" applies.
- Implications of the Welfare Reform Bill and the introduction of the Universal Credit. A 10% cut in funding was passed on to Local Authorities. Council Tax benefits for the District currently total approximately £8.2million, so this reduction of 10% meant approximately £820k (shared by the main precepting bodies in proportion to their share of the Council Tax bill) had to be found from a review of the benefit scheme so there was no impact on funding for other services. The scheme was implemented from 1st April 2013 and initial indications are for no significant adverse impacts on collection rates, however this will be monitored closely.
- The 2013 Triennial Pension Fund Valuation will set employer contribution rates for three years effective from 1 April 2014 to 31 March 2017. Expectations are that contributions towards the deficit reduction element will need to increase by the equivalent of at least another 1% of pay per annum, but for some councils up to 2% of pay per annum will be required, especially as payrolls may have reduced. The detailed work to calculate contribution rates begins in July 2013 and results will be available for all employers in November/December 2013. The interim valuation exercise suggests that the deficit on the NHDC element of the Superannuation fund will require an annual increase of £200k above the existing contribution level over the next three years in order to meet the liability in the pension fund, which would need to be found from additional revenue savings, and so the Council may wish to apply to make a capital contribution to the fund which would reduce the contribution rate in the future.
- Modelling is underway to identify the full impacts of SR13 and the picture will be clearer by the time of the first Member workshops in September, although it

should be noted that the net impact on the Council's funding from central government could be different to the assumptions in the MTFS.
(The final budget provides updated information on these risks where possible).

- 7.8 In order to balance the budget and not have an increase in Council Tax, the MTFS suggested it would be necessary to find efficiencies of between £500k and £600k in 2014/15. Over the period of the MTFS (five years) it was suggested between £2.6million and £3.6million of efficiencies would need to be found.
- 7.9 The Council has already identified over £10million of savings over the last nine years in the drive to become more efficient and enable investment in Council priorities. Much of this has been achieved without having a serious impact on front line services but it is clear that to achieve further significant savings the Council will need to continue to implement and look for alternative ways of working.
- 7.10 Any major change to the way services are delivered is likely to require a lead in time to fully implement and similarly any reduction in service is likely to need a phased approach.
- 7.11 Cabinet considered the draft budget proposals in December and in particular the efficiency and investment proposals following the discussion at the Member workshops in November. Members requested that the following efficiency proposals be removed from the budget proposals:
- Winter closedown of Broadway fountain
 - Reduction in Area Committee discretionary budgets
 - Stop the ability to carry forward unspent Area Committee discretionary budgets
- 7.12 This report outlines the final budget proposals based on information available to date. **It must be stressed that a budget is always an estimate of what will actually happen and that the new local government funding arrangements have resulted in more estimation than in previous years.**

8. EXECUTIVE SUMMARY SECTION OF REPORT - KEY MESSAGES

8.1 Funding

The provisional settlement suggests government funding will be 4.5% less in 2014/15 compared to 2013/14 and will reduce by a further 4.8% in 2015/16. The final settlement announcement is expected in late January / early February. There are significant uncertainties around the future of the New Homes Bonus and Housing and Council Tax Administration grant from 2015/16.

8.2 General Fund and Other Reserve Balances

A minimum general fund balance of £2million is recommended. Other earmarked reserves are expected to total around £3.5million at the 31 March 2014.

8.3 Collection Fund

The Collection Fund is, at this stage, anticipated to remain in a surplus position by the 31 March 2014. Continued monitoring for the first year of the Council Tax Reduction Scheme and the retained business rates scheme is important.

8.4 Strategic Priorities

A system of priority led budgeting is being operated. Any investment proposals put forward must be linked directly to the strategic priorities or be an “invest to save” option

8.5 Efficiency and Investment Proposals

Expenditure reduction and income generation proposals for 2014/15 of £1.514million.

Growth pressures of £150k for 2014/15 and an investment proposal of £20k for the provision of an Economic Development Officer.

8.6 Budget Estimates 2014/15

Estimated net budget for 2014/15 of £15.9million. This is a net reduction of £765k on the original budget for 2013/14.

8.7 Other Considerations

Income from the Hertfordshire Waste Partnership (HWP) via the Alternate Financial Model (AFM) could increase in 2014/15 but is less certain for future years.

A lump sum payment to the pension fund could ease the future burden on the general fund.

A Council tax increase would help to protect the base for the future.

9. ISSUES

9.1 Funding Announcements

9.1.1 The provisional local government finance settlement for 2014/15 and the indicative finance settlement for 2015/16 were announced by the Local Government Minister on the 18th December 2013. This formed part of the government’s response to the consultation over the summer of the 2015/16 local government finance settlement plans.

9.1.2 The settlement for 2014/15 represents the second year in which the Business Rates Retention (BRR) scheme is the principal form of local government funding. As in 2013/14, the provisional settlement provides Authorities with a combination of provisional grant allocations and their baseline figures within the BRR scheme.

9.1.3 The 2014/15 provisional figures are expected to be confirmed in late January/ early February 2014 (within the final settlement announcement) after the period of consultation. An update will be provided to Members as soon as is possible.

9.1.4 The provisional settlement has not significantly changed the assumptions for revenue funding in 2014/15 and as such it has not been necessary to take action as a result of this announcement to significantly amend the draft budget considered by Cabinet on the 10th December. The provisional settlement (start-up funding assessment) for 2014/15 is £5.162million. Although this is £143k less than the estimate used in the December draft budget report of £5.305million, our own local forecasts would suggest that the amount of retained business rates will be around 3% more than the notional baseline need of £2.428million. The provisional settlement announcement is shown in Table 1 below, together with the indicative 2015/16 settlement. Our own local estimates are provided in Appendices 1 and 2.

Table 1: Provisional Settlement for 2014/15 and 2015/16

	Adjusted 2013/14 £'000	Provisional 2014/15 £'000	Year on Year Reduction	Indicative 2015/16 £'000	Year On Year Reduction
Revenue Support Grant	3,580	2,734	-24%	1,874	-31%
Baseline Need	2,381	2,428	+2%	2,495	+3%
Start-Up Funding Assessment * (SUFA)	5,961	5,162	-13%	4,369	-15%

* The Start-up funding assessment includes funding for the Council Tax Reduction Scheme but this can no longer be identified separately. It also includes funding for Homelessness services of £86k per annum, which is identifiable.

9.1.5 Cabinet is asked in Recommendation 2.1 to note that the provisional start-up funding assessment for 2014/15 is £5.162million and that this includes the Council Tax Support Grant and Homelessness Grant. Should the final finance settlement be announced prior to Cabinet, an oral update will be provided at the meeting.

9.1.6 The key point to note about the finance settlement is that whilst the Revenue Support Grant is guaranteed, the Baseline Need is funded through the retained business rates. All factors being equal if the Authority collects Business Rates in line with the NDR Baseline the retained amount should be comparable with the Baseline Need Amount. The Authority would not be protected from an initial fall in business rates collection until the safety net figure was reached, i.e. business rates due to NHDC could fall by 7.5% (or around £180k) before safety net funding was received. The Authority is vulnerable to a fall in collected business rates as a result of successful appeals during the year. Since the Appeals process is managed elsewhere by the Valuation Office Agency, there is a degree of difficulty in providing an accurate forecast for the collection of business rates and hence uncertainty on the total amount of business rates that will be retained.

9.1.7 The NNDR 1 for 2014/15 will provide the estimate of whether the Council can be expected to earn a surplus or incur a deficit on the retained business rates. The NNDR 1 mid year estimate for 2013/14 suggests there should be a small surplus on the Collection Fund for business rates by the end of 2013/14. The government assumes the collection of business rates will increase with inflation. Paragraph 9.3.6 explains further.

9.1.8 The New Homes Bonus (NHB) Scheme was announced in 2011/12 and is now considered part of the Council's spending power. The Council was awarded £552k in 2011/12, £489k in 2012/13 and £493k in 2013/14, with the amount awarded in each year then payable for six years. The provisional allocation of NHB for 2014/15 was announced in mid December. The Authority has been awarded £1.982million, which is just £2k less than the estimate provided to

Cabinet on the 10th December in the draft budget. The spending power assessment for 2015/16 assumes the NHB will be £2.431million. This is £850k higher than the estimates in the draft budget because the Government has reversed its intention to top-slice the NHB to fund the Single Local Growth Fund. However, the published figure does come with a health warning that the Government plans to review the NHB scheme in spring 2014. The Autumn Statement also referred to NHB not being paid in future on homes which only come forward after a planning appeal. If an authority turns down a planning application they will not receive the NHB even if the homes are then built. All this uncertainty would suggest our funding estimates for 2015/16 and beyond could change significantly. This is why a grey line is inserted in Appendices 1 and 2 before 2015/16.

9.1.9 In a similar manner to the previous three years the Government headlines have focused on an assessment of local authority “revenue spending power”. This includes the council tax requirement, settlement funding assessment, new homes bonus and other specific grants. The provisional settlement announced a reduction in the North Herts spending power from 2013/14 to 2014/15 of 1.1% and a further reduction of 1.5% in 2015/16.

9.1.10 The overall revenue government funding to North Herts will reduce by 4.5% between 2013/14 and 2014/15 and again by a further 4.8% in 2015/16. This is demonstrated in Table 2 below:

Table 2: Government Funding within the Spending Power Assessment

	Final 2013/14 £'000	Provisional 2014/15 £'000	Year on Year Change	Provisional 2015/16 £'000	Year on Year Change
Start-up Funding Assessment	5,961	5,162	-13%	4,369	-15%
Settlement Funding Assessment Adjustment	0	26		26	
New Homes Bonus	1,534	1,982	+29%	2,431	+23%
Community Right to Challenge	9	9			
Community Right to Bid	8	8			
New Homes Bonus returned funding	20	8	-60%	21	+163%
Sub-Total Funding	7,532	7,195	-4.5%	6,847	-4.8%
Housing Benefit Admin Subsidy ¹	781	728	-7%		
Council Tax Support New Burdens Funding ¹	66	82	+24%		
Total Funding	8,379	8,005	-4.5%		

9.1.11 The Local Government Minister stated that from April 2014, funding for the freeze in council tax for 2011/12 and 2013/14 will be provided for in the main local government settlement total for future years. He also announced that the council tax

¹ The announcement notes that in 2014/15 the Government intends to assess the need for continued new burdens funding for Local Council Tax Support, alongside consideration of the allocation of the Local Council Tax Support and Housing Benefit Administration subsidy. Until these assessments have been carried out they say they are unable to provide a figure for 2015/16 in the spending power assessment.

freeze grant for the next two years will also be built into the Spending Review baseline. The Minister stated that this has been done with the intention of giving maximum possible certainty for councils that the extra funding for freezing council tax will remain available, and there will not be a 'cliff edge' effect from the freeze grant disappearing after 2015/16. However, it is not yet clear how the council tax freeze grant will be treated as part of the base going forward as the SUFA continues to be reduced by 15% in 2015/16.

- 9.1.12 The Council Tax referendum thresholds will be announced sometime in January/February 2014. Commentators are suggesting the threshold could be lower than the previous threshold of 2% announced in the Autumn Statement.

9.2 Balances

- 9.2.1 Before setting a draft Council Tax precept for 2014/15, it is necessary to review the position of balances and reserves. In addition to the General Fund balance, the Council keeps specific reserves and provisions for known areas of exposure to potential additional costs (provisions are sums set aside when the Council knows with reasonable precision the likely actual costs).
- 9.2.2 The Council operates with a reserve balance for General Fund activities in order to provide a cushion against unexpected increases in costs, reductions in revenues and expenditure requirements. To achieve a balanced budget net expenditure on the General Fund is anticipated to be approximately £15.9million for 2014/15. Guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) suggests that the revenue balances should be set at no less than 5% of net revenue expenditure, having taken account of the risks faced by the Authority in any particular year. For NHDC this would mean a minimum balance of about £796k. The minimum figure represents the cushion against totally unforeseen items. When setting the level of balances for any particular year, known risks which are not being budgeted for should be added to this figure, according to risk likelihood, and the Council will be criticised for poor financial management by the External Auditor if, having considered the risks it does not budget for a higher balances figure.
- 9.2.3 An assessment of the risks has been compiled for the coming year based on risks identified by each Head of Service/Corporate Manager and where possible, cross-referenced to the risk register. The identified areas are where the financial impact is not wholly known and prudence would therefore indicate the need to set the General Fund balance slightly higher than the minimum. The increase in balances is based on percentage proportion of the risks identified. The total risks identified have a total value of over £6million, however only a proportion of the risk value is taken in to account. For high risk items 50%, medium risk 25% and low risk 0%. The following Table 3 summarises the identified risks over the high, medium and low assessment:

Table 3 –Budget risks 2014/15

Category	Number	Value £,000	Allowance £,000
High	12	758	379
Medium	33	3,350	838
Low	16	2,044	0
Total	61	6,152	1,217

- 9.2.4 Although the total assessment of risk is roughly £6million, the level of risk varies from high/medium to low. Taking a proportion of the risks, as outlined above would mean it would be prudent to increase balances by £1.2million above the minimum level. This would seem to suggest that it is advisable to maintain a minimum General Fund balance in the region of £2million for 2014/15.
- 9.2.5 This is a well established approach for assessing Financial Risks. It demonstrates the Council has robust systems in place to manage its financial risks and opportunities and to secure a stable financial position that enables it to operate for the foreseeable future. The Council's external auditors, Grant Thornton, recommend in their review of the Council's financial resilience (reported to the Finance Audit and Risk Committee) that the Council should continue to maintain an appropriate level of reserves to ensure financial resilience is maintained.
- 9.2.6 Cabinet is asked in recommendation 2.2 to note the position relating to the Council's General Fund balance and that due to the risks identified a minimum balance of £2million is recommended.**
- 9.2.7 The second quarter 2013/14 revenue monitoring report informed Cabinet of a projected net expenditure of £16.753million and a projected general fund balance at the 31st March 2014 of £2.37million.
- 9.2.8 A high level review of the most volatile budgets has been completed with data as at 30 November 2013. The following significant variances are likely to be reported at the third quarter:
- The request to carry forward into 2014/15 a maximum of £149k of unspent Area Committee budgets.
 - The request to carry forward into 2014/15 a budget of £40k for Asbestos surveys.
 - The request to carry forward into 2014/15 £80k of the apprenticeship budget.
 - The request to carry forward into 2014/15 a maximum of £65k of unallocated strategic priority fund budgets.
 - A net saving of £35k on rental budgets, mainly the result of the purchase of the District Council offices.
 - A net underspend on Housing Benefits of £100k as a result of additional grants for discretionary housing payments received during the year.
- 9.2.9 The projected net expenditure on the general fund in 2013/14 would therefore reduce by £469k to £16.284million. However, the budget for 2014/15 would increase by £334k if the carry forward requests are approved.
- 9.2.10 Given this latest estimate of net spend in 2013/14 of £16.284million the general fund is expected to have a balance of £2.8million at the 31 March 2014. This is after a £800k contribution to the special reserve which will be used for invest to save opportunities over the medium term. As a result the general fund balance will be £800k above the recommended minimum balance for 2014/15 of £2million at the start of the financial year.

Other Reserves and Provisions

- 9.2.11 Balances on other earmarked reserves are estimated to total £3.457million at the 31 March 2014. The expected movement on these accounts for 2013/14 is shown in Table 4.

Table 4 –Other Reserves & Provisions 2013/14

	Balance at 1 April 2013	Projected Contributions	Payments to Fund expenditure	Balance at 31 March 2014
	£'000	£'000	£'000	£'000
Special Reserve	967cr	800cr	0	1,767cr
Housing Planning Delivery Reserve	346cr	0	17dr	329cr
Information Technology Reserve	316cr	0	93dr	223cr
Environmental Warranty Reserve	209cr	0	0	209cr
Performance Reward Grant Reserve	64cr	0	64dr	0
Insurance Reserve	17cr	7cr	0	24cr
Cemetery Mausoleum	96cr	0	0	96cr
S106 Monitoring	71cr	17cr	18dr	70cr
Homelessness	43cr	88cr	43dr	88cr
Building Control Reserve	46cr	0	43dr	3cr
DWP Additional Grants	33cr	0	0	33cr
Climate Change Grant	25cr	0	3dr	22cr
Museum Exhibits Reserve	13cr	0	0	13cr
Property Maintenance	18cr	10cr	0	28cr
Paintings Conservation	10cr	0	0	10cr
Children's Services	8cr	0	8dr	0cr
Hitchin Museum Donations	2cr	0	0	2cr
Leisure Management Reserve	32cr	20cr	0	52cr
Town Wide Review	178cr	0	0	178cr
Town Centre Maintenance	24cr	0	2dr	22cr
Community Right to Bid	13cr	16cr	0	29cr
Street Furniture	2cr	4cr	2dr	4cr
Office Move IT Works	7cr	0	0	7cr
Local Authority Mortgage Scheme	6cr	25cr	0	31cr
DCLG Grants	10cr	0	0	10cr
Growth Area Fund	53cr	0	0	53cr
Community Development	7cr	0	0	7cr
Personal Search Fees	97cr	50cr	0	147cr
Total Revenue Reserves	2,713cr	1,037cr	293dr	3,457cr

9.2.12 Special Reserve

As at 31 March 2013 the balance of the reserve was £0.967million and a contribution of £800k from the general fund is anticipated by the end of 2013/14. This contribution is possible, in part, as a result of in year underspends and will help ensure there are sufficient funds available to help fund “invest to save” investment that might be required to achieve longer term efficiencies such as the ideas mentioned at the September Member Workshops. Use of the special reserve will happen on a phased basis to prevent erratic movements in Council Tax increase. Members have agreed to maintain a balance in this reserve to fund invest to save projects and to support unavoidable fluctuations in contract prices as contracts are renewed.

9.2.13 Housing & Planning Delivery Reserve

In previous years the Council has received Planning Delivery Grant (PDG) towards meeting the then Government's Communities Plan objectives. The original time period of the Planning Delivery Grant ceased and the Housing and Planning Delivery Grant (HPDG) which replaced it has also finished. In order to match the Council's expenditure to the grant received for the approved work programme a reserve was set up to be drawn on over the forthcoming years. The balance on the reserve at the 31st March 2013 was £346k and is projected to be £329k as at 31 March 2014. This remaining balance has been allocated to projects.

9.2.14 I.T Reserve

The projected balance on the fund is estimated to be £223k at the 31 March 2014. The IT reserve was set up to ensure funding was available for IT capital projects as it was required. In the current economic climate, when there is less scope for any form of new investment, any new capital IT investment will need to be considered alongside other Council priorities. It is not thought appropriate to maintain a reserve specifically for IT investment. Therefore, no further contributions will be made into the reserve and the remaining balance will be used on a phased basis. The special reserve is available for invest to save projects.

9.2.15 Environmental Warranty Reserve

As part of the Stock Transfer agreement, the Authority was required to provide environmental warranties to North Hertfordshire Homes. A desktop environmental study indicated that the risk to the Council of the warranty being used was low and the Council took the decision to self insure the warranties from the post stock transfer reserve. In 2003/04 the Council agreed to transfer funds from the post stock transfer reserve to an earmarked Environmental Warranty, which under the agreement will be held for 30 years. At the commencement of this year the balance stood at £209k.

9.2.16 Performance Reward Grant Reserve

The Performance Reward Grant was awarded for success against targets in the Local Area Agreement; the grant is administered by the Authority, on behalf of its 'owner' the North Herts Local Strategic Partnership. This earmarked reserve represents the revenue element of the grant and is allocated to schemes in the District identified by the LSP partners. Spending of the final portion will take place by the end of the financial year 2013/14.

9.2.17 Insurance Reserve

As at 31 March 2013 the Council's Insurance Fund stood at £17k. The original purpose of the Reserve was to protect the Council against the possibility of the Municipal Mutual Scheme of arrangement being triggered which would entitle them to 'clawback' claims costs. The Council was notified in 2012/13 that it is liable for 15% of the levy under the MMI scheme. The amount on which the levy is based is yet to be confirmed. Based on the position of claims paid and outstanding liabilities as at the end of Sep 2012, the amount of the levy is likely to be £70,141. Funds have been transferred from this reserve to the Insurance Provision to cover this levy and the reserve will need to be maintained for any potential future claims. In addition the Reserve has been maintained to cover the probability of a loss on self-insured assets.

9.2.18 Mausoleum Reserve

As part of the new extension to Wilbury Hills cemetery, Members agreed that receipts from the purchase of mausoleum spaces would be used to fund the extension of the number of mausoleum blocks. To date the Council has received deposits totalling £96k.

9.2.19 S106 Monitoring

In 2007/08 a reserve was created to cover the cost of monitoring S106 obligations in future years. The reserve is funded by S106 monitoring fees payable by Developers when they enter a S106 agreement. The balance on the reserve at the end of the year will be used to fund the cost of monitoring in future years. As at 31 March 2013 the balance on the reserve was £71K.

9.2.20 Homelessness

The £43k at 1 April 2013 is the unspent amount of Homelessness and Preventing Repossessions Grant, received from the DCLG, which is earmarked for homelessness prevention work.

9.2.21 Building Control

A new charging regime was implemented in October 2010. According to CIPFA guidance the Building Control Service should break even so there is no significant surplus or deficit at year end. However, the use of earmarked reserves is encouraged for the use of surpluses and funding of deficits if they occur, i.e. offsetting surpluses or deficits against future fees and charges or reinvesting surpluses in improving the quality of the Building Control Service.

9.2.22 DWP Additional Grants

This reserve is for unspent Discretionary Housing Payments and various additional Housing Benefit Administration grants to help meet the additional burden of implementing changes to the Housing Benefit process from the Department of Work of Pensions (a total of £33k remained unspent at the 1 April 2013).

9.2.23 Climate Change Grant / Other DCLG grants

Relatively minor grants have been awarded by the DCLG over the last couple of years. A total of £35k remains unspent at 1 April 2013 but it is committed to projects; the fund is used where there is evidence that its use will reduce ongoing expenditure, i.e. energy or water saving measures, including both council buildings and open spaces.

9.2.24 Museums Exhibits and Hitchin Museum Donations

The Council has previously received donations towards the purchase of exhibits. These donations are put into the reserve until an item for purchase is identified. The Council did not receive any donations in 2011/12 or 2012/13.

9.2.25 Property Maintenance & Leisure Management Maintenance

Both of these reserves have been created in order to provide an ability to offset future unexpected maintenance costs which cannot be funded from regular general fund budgets. The total expected balance at a 31 March 2014 is £80k.

9.2.26 Paintings Conservation

The paintings conservation reserve consists of receipts from the sale of the Radcliffe Book and other monies which have been earmarked for future art conservation.

9.2.27 Children's Services

This reserve is for play schemes and sports development grants from County Councillor's locality budgets. The £8k brought forward from 2012/13 is expected to be fully spent in 2013/14.

9.2.28 Town Wide Review / Town Centre Maintenance / Street Furniture / Office Move

These reserves are to reflect the fact that budgets were continually being carried forward from one year to the next. By maintaining an earmarked reserve, funds can be drawn down as required.

9.2.29 Community Right to BID

Represents the one-off grant funding received to recognize the additional burden of the new legislation.

9.2.30 Local Authority Mortgage Scheme

This scheme was launched in 2012 in conjunction with Lloyds Bank and Leeds Building Society. The interest payable on the £1million investment in the scheme is transferred to this reserve to help provide a cushion should mortgage defaults result in the Council receiving less than the full £1million back at the end of the five years.

9.2.31 Personal Search Fees

A group of Property Search Companies are seeking to claim refunds of fees paid to the Council to access land charges data. Proceedings have not yet been issued. The Council has been informed that the value of those claims at present is £192,685 plus interest and costs. The claimants have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council. It is possible that additional claimants may come forward to submit claims for refunds, but none have been intimated at present. The Council has put aside funds of £97,000 as at 31 March 2013 in an earmarked reserve and has also made allowance in the general fund balance by identifying this issue as a financial risk.

9.2.32 Provisions

As at the 31 March 2013 the Council had a total of £163k held as provisions. These comprised of:

- An Insurance Fund of £142k which is money held to cover outstanding claims from previous years including the 15% levy due under the MMI scheme.
- A Baldock Road pavilion provision of £17k. This provision is for rebuilding the pavilion which was burnt down. The monies were generated as a result of an insurance claim.
- Maintenance of Graves, a provision of £4k for graves that the Council has responsibility for maintaining.

9.2.33 Cabinet is asked at recommendation 2.3 to note the position relating to the Council's other reserves and provisions.

9.3 Collection Fund

9.3.1 The Council is required to maintain a Collection Fund to account for the costs of collecting the Council Tax and Business Rates. The Fund is required to break even over time. Since 1 April 2013 and the introduction of the retention of Business Rates Scheme, the Council has been required to monitor the surplus/deficit position of Council Tax separately from the surplus/deficit position with regard to Business Rates. Should a surplus/deficit develop with regard to Council Tax, this must be shared with the County Council and Police and Crime Commissioner in proportion to their share of the overall Council Tax bill and returned/repaid to/from the Council Taxpayers. Should a surplus/deficit develop with regard to Business Rates this will be shared with the County Council and Central Government.

9.3.2 The balance on the Collection Fund as at 1 April 2013 was a surplus of £157k and the proportion relating to North Hertfordshire was a surplus of £25k. The monitoring during the first and second quarters of 2013/14 would suggest the surplus on the collection fund relating to Council Tax should increase to around £350k by 31 March 2014. The District share of this surplus position is estimated at £55k.

- 9.3.3 Monitoring to the end of December 2013 would suggest that the Collection Fund will have a surplus of around £400k with regard to the collection of Business Rates at the 31 March 2014. However, this is the first year of the retention of business rates scheme and so a cautious approach to estimation is recommended until we have experienced a full year of the new scheme.
- 9.3.4 Should the Council trigger the referendum limit set by Government, the Council Tax increase before application of any collection fund reduction is the figure used to determine whether an authority is subject to a referendum.
- 9.3.5 Members were asked in December to consider the Council Tax Reduction Scheme for 2014/15 and to make a recommendation to Council. Larger council tax reductions, resulting from the increases in council tax each year, will directly impact upon the amount of revenue that a local authority raises through its council tax each year. The proportion of council tax revenue that is subject to a discount as part of a localised scheme of council tax support will lead to a commensurate reduction in the amount of additional income raised through increasing council tax. The approval of the council tax rate, the reduction scheme and the tax base are now intrinsically linked.
- 9.3.6 If claims for council tax support are higher than expected this would be translated into an increase in the value of discounts awarded and a reduction in the level of council tax collected that would be credited to the collection fund. This will either reduce the surplus in the collection fund that is distributed at the end of a financial year or increase the deficit that has to be funded. If there is likely to be a deficit, then the billing authority will be able to alter the instalments paid out to major preceptors and to itself during the financial year in which a deficit might arise.
- 9.3.7 The NNDR mid year estimate suggested the total amount of Business Rates to be collected in 2013/14 would be £37.2million. Of this 50% is directly payable to the Government as the central share. This amount will have to be paid to Government regardless of the actual amount collected in year. Of the remaining 50%, the Council's share will be roughly £14.9million. This represents 80% of the 50% of total business rates that are kept locally. The remaining 20% of the 50% local share is paid to the County Council. However, the government has determined that this Council has a relative need lower than the remaining share of the Business Rates. As a result the Council will have to pay a tariff equivalent to approximately 83.75% of the business rates baseline to the Government and will keep an amount equivalent to the Baseline Need (£2.381million in 2013/14). Any surplus or deficit on the Collection Fund relating to business rates will form an adjustment in the following financial year.
- 9.3.8 **Cabinet is asked in recommendation 2.5 to note the position on the Council Tax Collection Fund and agree no contribution to or from the Collection Fund in 2014/15.**

9.4 Strategic Priorities

- 9.4.1 The Council operates a system of priority led budgeting and the Corporate Business Planning process describes an annual cycle which begins with the identification of our strategic priorities and the short and medium term actions we will take to achieve them. Having identified our strategic priorities and actions through the "Priorities for the District", the MTFS then considers the financial implications of the priorities and other external pressures and ensures we have a clear policy

framework to enable us to allocate funds in accordance with our priorities as we go through the budget setting and service planning stages of the process. To assist in the prioritisation of the limited financial resources a scoring system is used. Any investment proposals put forward must be linked directly to the strategic priorities or be an “invest to save” option.

9.4.2 Our allocation of resources to these priority areas will mean that some areas are not prioritised but these can be looked at in future years as appropriate. The Council is absolutely committed to achieving maximum Value for Money in the use of our limited resources to meet our strategic priorities.

9.4.3 The Council's Revenue & Capital Strategies require that revenue investment options and capital projects submitted by services are classified against ten key factors, as outlined in Table 5 below. The scoring has been applied to all considerations of both revenue and capital investment in order to determine the risk and effect of growth, reduction or complete removal of a service.

Table 5 – Capital & Revenue Investment Key Factors

Revenue & Capital	Points Score Range
Contractual Obligation	0 but noted as obligation*
Statutory/Discretionary/Core or Non-Core	0-10
Priorities	5 per main action
Continuous Improvement	0-5
Social Inclusion	1-3
Income generation	4-7
District Wide Survey	1-6
Health & Safety	0-5
Invest to Save	0-10

*No score is given on the basis that a contractual commitment should not be seen as a barrier to change. It may be possible to negotiate a change in contract terms, albeit often at a price, and clauses to reflect this possibility should be included in standard contract terms

9.5 Efficiency and Investment Proposals

9.5.1 At the December meeting Members were asked to note the inclusion of £1.036million efficiency proposals (both expenditure reduction and income generation) and £150k of investment and growth proposals.

9.5.2 Since December the following changes have been made to the estimates for efficiency and investment:

- Members requested that three of the efficiency proposals be removed from the budget (E1, E6, and E7 on Appendix 3).
- The estimated saving from staff structure changes has increased from £62k to £149k as further restructures have now been approved.
- The Letchworth leisure management contract has now been awarded and the annual cost has reduced by £500k compared to the current contract.
- The proposals for an increase in parking charges (I2 and I3) now reflect a part-year effect for 2014/15 as a result of the timescale to complete a tariff review and implement new tariffs.

- The Banking contract has been re-tendered and the new contract is budgeted to be £10k less than the existing budget of £25k per annum.
- An estimate of £20k has been included for the cost to the Council of an Economic Development Officer.

9.5.3 The process of seeking more efficient ways of working and scrutinizing the budget is continuous and for 2014/15 a number of decisions have already been taken to result in an estimated reduction in the base budget of £1.346million. These are summarised in Table 6.

Table 6: Efficiencies arising from decisions already taken

Description	Service	Amount £'000
Staff structure changes	Various	149
Reduction in Hitchin Leisure Management Contract following investment to develop the facilities	Leisure	156
Re-tender of the Letchworth Leisure Contract	Leisure	500
Re-negotiation of Hitchin and Royston Market contracts	Markets	57
Reduction in amount of new investment required for Area Wide Parking Reviews	Parking	65
Acquisition of the District Council Offices (gross saving)	Property	208
Collection of income for penalty charge notices	Parking	100
Temporary closure of Museums and Hitchin Town Hall	Museums and Halls	55
New contracts / agreements	Property	50
Other		6
Total		1,346

9.5.4 The efficiencies of £1.346million more than achieve the budget gap for 2014/15. However, achieving more efficiency next year will help to reduce the targets required in the following years. With this in mind there are further expenditure reduction proposals of £11k for 2014/15 detailed in Appendix 3 and income generation proposals of £157k for 2014/15 detailed in Appendix 4.

9.5.5 Members are reminded of the requirement under section 30 of the Local Government Finance Act 1992 to set a balanced budget by March 2014. This requires that the Council Tax level be set at a level which bridges the gap between budget requirements and the expected income from local taxes. The Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of estimates and the adequacy of reserves allowed for in the budget. There are adequate proposals to meet the anticipated budget gap for 2014/15 for the Council to demonstrate it has a clear strategy in place that satisfies the Chief Finance Officer there is a balanced budget.

9.5.6 The income generation proposals include two proposals for an increase in parking charges (I2 and I3). Members are asked to accept the principle of the back capture of inflation and/or an inflationary increase for the forthcoming financial year. Following this agreement the tariff structure will be reviewed on a car park by car park basis with a view to achieving a level of income equivalent to the inflationary increase. This may require an adjustment to the budget estimates at a later date and this is reflected in the financial risks.

- 9.5.7 Overall there is expenditure reduction and income generation of £1.514million included in the final budget proposals for 2014/15. These comprise of the £1.346million of efficiency identified in table 6, the expenditure reduction proposals of £11k detailed in Appendix 3 and the income generation proposals of £157k identified in Appendix 4.
- 9.5.8 Employee expenditure remains one of the key areas of the Council's gross expenditure (approximately 44% of gross expenditure when Housing Benefit payments are excluded) and as such it is an area of spend which must be considered when looking for efficiencies. While the Council has already made savings by restructuring it is again proposed that further savings can be made from this budget in 2014/15 through more efficient ways of working. The special reserve balance will be used to fund any payments that are necessary for unavoidable redundancies. Table 7 demonstrates the effect of the proposed changes on the employee budget from 2009/10 to 2014/15. There is an estimated net decrease of £63k in the employee budget between the original 2013/14 staff establishment and 2014/15.

Table 7: Estimated Employee budget from 2009/10 to 2014/15

	£'000*
<i>2009/10 Employee Budget</i>	14,482
<i>2010/11 Employee Budget</i>	13,966
<i>2011/12 Employee budget</i>	13,191
<i>2012/13 Employee budget</i>	12,697
2013/14 Employee budget	12,306
Add:	
Increments	65
Pay Award (1% increase)	94
Superannuation (lump sum increase)	186
Less:	
Staff Structure Permanent Changes	(149)
Staff Structure Temporary Freezing of Posts	(198)
New starters on a lower spinal column point	(61)
2014/15 Employee budget	12,243
Net decrease from 2013/14 to 2014/15	(63)

* all figures include on costs for employer national insurance and superannuation. Does not include the £200k allowance for apprenticeship posts or the £300k vacancy control target.

Growth Pressures and Investment Proposals

- 9.5.9 Members observed at the workshops that three of the four proposals listed as revenue investment proposals had to be done and these were actually pressures on the budget rather than options for investment in priorities. As a result appendix 5 has been split into two sections. The top section details the growth pressures of £150k on the revenue budget and the bottom section details the one investment proposal for the provision of an Economic Development Officer, an initial indication of £20k has been included in the budget.

- 9.5.10 Cabinet is asked at recommendation 2.4 to approve the inclusion of all the efficiency and investment proposals in the final budget for 2014/15.**

9.6 Estimates 2014/2015

- 9.6.1 Detailed estimates at cost centre level have been prepared and a full budget book will be made available for Members. The high level summary general fund estimates are attached as Appendix 1 and include the investment and efficiency options mentioned above and any base budget adjustments approved by Members through the budget monitoring reports or other Committee reports. The estimates total a net district expenditure of £15.926million for 2014/15 compared to the original estimate for 2013/14 of £16.691million. This is a net decrease of £765k.
- 9.6.2 It is estimated that there will be a net surplus on the general fund in 2014/15 and a contribution will be made to reserves. This is the result of identifying efficiencies above and beyond the budget gap level for 2014/15. However, it is estimated that contributions will be required from the reserves in the following years because there will be a deficit on the general fund as government funding continues to decrease. This reflects the anticipation of using the special reserve for investment in changing services and delivering new ways of working.
- 9.6.3 In arriving at the above net district expenditure it is assumed discretionary fees and charges for services will be increased by RPI unless a separate decision has been taken with regard to a specific service. For example, decisions have been made that cemetery services and allotment services should be delivered at a net nil subsidy.
- 9.6.4 The council tax requirement for the District, as defined for statutory purposes (previously the budget requirement prior to the Localism Act 2011) and which includes Parish precepts, is required to be approved by Full Council and will be provided before 13 February when all Parish precepts are known.
- 9.6.5 **Cabinet is asked in recommendation 2.6 to note the estimated 2014/15 net expenditure of £15.926million, as detailed in appendix 1 and to recommend this budget to Council.**

9.7 Other Considerations

- 9.7.1 Discussions at the Hertfordshire Waste Partnership suggest the funding the Council receives from the Alternative Financial Model (AFM) is less certain over the next 4 years. At this stage it is anticipated the Council will see an increase in the payment received in 2014/15 if recycling levels continue for the remainder of the year. Should the Council be awarded an amount in excess of the amount budgeted it is recommended the surplus is transferred into an earmarked reserve to help cushion the impact of any reduction in the following years and also to be used for expenditure incurred in the development of a northern transfer station.
- 9.7.2 The budget estimates anticipate annual contributions to the pension fund will increase by £186k in each of the next three years. The Council has applied to DCLG for a directive to allow the capitalisation of a lump sum payment into the pension fund. If this is granted Members may wish to consider such a payment to ease the burden on the general fund. If it is not granted then Members may still wish to consider whether it would be worthwhile making a smaller lump sum payment from the general fund. The Actuary will be consulted for their advice on such a proposal.

- 9.7.3 Having considered all the implications in this report on the demand for Council resources, Cabinet must consider its recommendation to Council on the level of Council Tax for 2014/15. In December Cabinet resolved that a 1.9% increase be recommended to Council as an appropriate level of Council Tax. Since the December meeting the Council has received the provisional settlement for 2014/15 and the indicative settlement for 2015/16 (see section 9.1). The Government has also announced its intention that the council tax freeze grant will be built into the Spending Review baseline. It is not exactly clear how this will impact on the Council's settlement in future years but the Government's intention is that this will provide more certainty that the extra funding for freezing council tax will remain available and there will not be a 'cliff edge' effect from the freeze grant disappearing after 2015/16.
- 9.7.4 The Government also said the council tax referendum threshold principles will be announced separately in early 2014. Commentators have suggested that the Government could be minded to introduce a lower threshold than the 2% limit that was announced in the Autumn Statement 2013. Should the Council approve a council tax increase above the threshold the estimated cost of holding a referendum in 2014 is £85k. If the referendum is lost then the cost of re-billing is estimated at £35k. These estimates do not include the cost of any communication with residents prior to the referendum and are not included in the general fund estimates.
- 9.7.5 Given the availability of this new information Cabinet are provided again with two versions of the funding position. Appendix 1 demonstrates the funding position with a zero increase in council tax (and the receipt of the council tax freeze grant) in each of the next five years and appendix 2 demonstrates a 1.9% increase in each of the next five years. From a longer term financial planning perspective it would be more advantageous to have a modest 1 to 2% increase each year to help mitigate the impact of inflationary increases which the Council faces. Members could, therefore, decide to protect the base going forward and choose to increase Council Tax within an acceptable level. An increase above the threshold to be announced would be subject to a local referendum. Members will have to justify the level of increase to the Council Taxpayers and have to balance the costs of providing services to the public with the implications of non-provision or variation to the level of provision.
- 9.7.6 A council tax increase in 2014/15 of 1.9% is equivalent to £3.80 on a Band D council tax bill or just over 7p per week.
- 9.7.7 Members will recall that the North Herts proportion of the overall bill is relatively small and our ability to influence the overall perception of the Council Tax increase is marginal. The County Council increase is the determining factor in the overall level of increase experienced by the Council Tax payer.

Table 8 -Average Band D Council Tax

	2013/14	Share of bill
	£	
District	200.32	13.66%
HCC	1,118.83	76.27%
HPA	147.82	10.07%
Total	1,466.97	100.00%

9.7.8 The Police and Crime Commissioner for Hertfordshire has said in an open letter published in December 2013 that he intends to increase the precept for the Police Authority by 3.4%. This is likely to trigger the requirement for a referendum, the cost of which will need to be met by the Police Authority. Should the District Council and the Police Authority require a referendum on the same day the cost to the Council is estimated at £79k (although there is some saving not all the costs can be shared). If both referendums are lost the cost of re-billing to each Authority is estimated at £18k.

9.7.9 There are already European and District elections planned on 22 May and the Government has suggested that the cost of referendums could be reduced by holding all ballots on the same day.

9.7.10 Cabinet is asked at Recommendation 2.7 to confirm if it still wishes to recommend to Council a 1.9% increase on the Council Tax rate for 2014/2015.

10. LEGAL IMPLICATIONS

10.1 The Cabinet has a responsibility to keep under review the budget of the Council and any other matter having substantial implications for the financial resources of the Council.

10.2 Cabinet's terms of reference include recommending to Council the annual budget, including the capital and revenue budgets and the level of council tax and the council tax base. Council's terms of reference include approving or adopting the budget.

10.3 Members are reminded of the duty to set a balanced budget and to maintain a prudent balance.

11. FINANCIAL IMPLICATIONS

11.1 As outlined in the body of the report.

12. RISK IMPLICATIONS

12.1 As outlined in the body of the report. The assessment of financial risks is provided in Appendix 7.

13. EQUALITIES IMPLICATIONS

13.1 The Equality Act 2010 came into force on the 1 October 2010, a major piece of legislation. The Act also created a new Public Sector Equality Duty, which came into force on the 5 April 2011. There is a General duty, described in 8.2, that public bodies must meet, underpinned by more specific duties which are designed to help meet them.

13.2 In line with the Public Sector Equality Duty, public bodies must, in the exercise of its functions, give **due regard** to the need to eliminate discrimination, harassment,

victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.

- 13.3 The proposals for efficiencies within this report do not unduly disadvantage one Individual group within our local community more than another, although proposals relating to the staff, their terms and conditions or future employment will need to be subject to individual equality analysis in due course, as for any organisational or service restructure.
- 13.4 For any individual proposal comprising either £50k growth or efficiency, or affecting more than two wards, an equality analysis is required to be carried out; this will take place following agreement of efficiencies or growth.

14. SOCIAL VALUE IMPLICATIONS

- 14.1 There are no social value implications arising from the adoption of the Budget.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 A number of efficiency proposals will directly affect staff. It is important that all affected staff are consulted at the earliest opportunity and council policies and procedures are followed.

16. APPENDICES

- 16.1 Appendix 1 - General Fund estimates (Council Tax freeze)
Appendix 2 - General Fund estimates (1.9% Council Tax increase)
Appendix 3 – Expenditure reduction proposals
Appendix 4 – Income generation proposals
Appendix 5 – Revenue Investment proposals
Appendix 6 – MTFS extract – budget assumptions
Appendix 7 – Financial Risks assessment

17. CONTACT OFFICERS

Author:

- 17.1 Tim Neill, Accountancy Manager, Tel 474461, email, tim.neill@north-herts.gov.uk.

Contributors:

- 17.2 Norma Atlay, Strategic Director of Finance, Policy and Governance, Tel 474297, email, norma.atlay@north-herts.gov.uk .
- 17.3 Andrew Cavanagh, Head of Finance, Performance and Asset Management, Tel 474243, email, Andrew.cavanagh@north-herts.gov.uk
- 17.4 Liz Green, Head of Policy and Community Services, Tel 474230
Email: liz.green@north-herts.gov.uk

18. BACKGROUND PAPERS

18.1 Draft 2014/15 Budget Report to Cabinet on 10 December 2013

18.2 Medium Term Financial Strategy adopted by Council on 5 September 2013.

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