

Supplementary Information

HAVANT BOROUGH COUNCIL
CABINET
22 February 2017

Dear Councillor

I am now able to enclose, for consideration at meeting of the Cabinet, to be held on 22 February 2017 the following supplementary information that was unavailable when the agenda was printed.

Agenda No	Item
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3	<u>Revenue and Capital Budget 2017/18</u> (Pages 1 - 32)
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NON-EXEMPT

HAVANT BOROUGH COUNCIL

Extraordinary Cabinet

22nd February 2017

SUBJECT Revenue & Capital Budget 2017/18 to 2021/22

Report Of Head of Finance

FOR DECISION

Portfolio: Leader of the Council

Key Decision: Yes

1. Purpose of Report

1.1 To provide Cabinet with the proposed revenue and capital budget, reserves & Balances, Treasury and Prices for Services for 2017/18.

2. Recommendation

2.1 That Cabinet recommend to Council:

- The proposed Revenue & Capital Budgets for 2017/18, including a Council Tax rate of £192.78 at Band D, representing a 0% increase on the current charge and continuing the Council's freeze on its portion of the Council Tax since 2009/10.
- The Treasury Management Strategy and Prudential indicators, and the Prices for Services

3. Budget Summary 2017/18

3.1 The 2017/18 summary budget position for next year is as follows:

	Forecast £'000
Estimated service costs for 2017/18	13,206
Other Operating Income & Expenditure	791
General Fund Transfer	(250)
Statutory reserve movements	744
Net Budget Requirement	14,491
Council Tax, Business Rates & Grant Funding	(14,491)
(Surplus) / Deficit	-

3.2 Due to the removal of investment property income, there is a requirement to draw down £250,000 from the General Fund in 2017/18. This movement can be seen in both summaries at Appendix A as a specific line within 'other costs and movements in reserves'.

4. Budget Process for 2017/18

4.1 The approach to the 2017/18 budget process has been focused on the creation of a detailed five year financial projection, using the results of the Accounting Period 7 monthly forecast. The budget process has aligned with the production of business plans during the Autumn to ensure that all business plan activities are costed within the budget.

4.2 Draft Business Plans have been agreed and signed off by the relevant Service Heads. The draft budget figures presented have been challenged by the Head of Finance and Directors and represent the cost of delivering those plans.

4.3 The total net cost of delivering business plans in 2017/18, in Appendix A, has been estimated at £12,956,000. After wider, unavoidable corporate costs are added, and contributions to and from statutory reserves are accounted for, the net budget requirement is £14,491,000. The resources available to fund the business plans are £14,491,000.

4.4 It should be noted that the budget is still draft at this stage, and is subject to change. Any material changes will be reported at Council in February.

4.5 The following issues have impacted on the budget process for 2017/18:

- In the provisional settlement announced in December 2016, the provisional reduction in New Homes Bonus was an overall increase in grant funding of £185,000.
- The impact of the financial model of the 5 Councils outsourcing

- Uncontrollable costs such as increases to the cost of pension provision
- Building in more challenging income and cost reduction targets across services

5. Funding estimates for 2017/18

- 5.1 **Council Tax:** The budget proposals assume that there will be no increase in Council Tax over the period of the financial strategy. The impact of the freeze is partially offset by an increase in taxbase resulting from housing growth and a slight reduction in the number of Council Tax support claimants.
- 5.2 **Revenue Support Grant and New Homes Bonus:** The provisional settlement announced in December 2016 confirmed anticipated reduction in Revenue Support Grant in line with MTFS projections.
- 5.3 The Government has announced that the support grant mechanism will be replaced by extending the retention of business rates within local government. This is subject to ongoing consultation and the medium term financial strategy will be updated when the results of the consultation are confirmed.
- 5.4 The New Homes Bonus scheme came into effect in April 2011. The provisional settlement suggests Havant will receive estimated grant of £2.01m in 2017/18. This represents an increase of £185,000 over expectation, and results from higher than anticipated property growth. This is despite a change in the scheme design to ensure reward only for exceptional growth and not the natural year on year growth in properties.
- 5.5 **Retained Business Rates:** Since 2013/14, the Council has been allowed to retain a proportion of Business Rates. The budget estimate of £3.6m is based on the Council's final NDR1 return which will be submitted by 31st January.
- 5.6 Measures included in previous autumn statements designed to attract new business, and currently being funded by s31 grant, will continue for 2017/18 are assumed to continue and grant of £656,000 is currently anticipated.

6. Medium term projections to 2019/20

- 6.1 The Council's Medium Term Financial Strategy has been updated using the results of the budget process as a revised base. The medium term projections in Appendix A demonstrate the Council's ambitions for maintaining council tax at current levels and generating income.

7. Addressing the Long Term position

- 7.1 The MTFS is produced on the basis of a commercialisation strategy which includes an investment strategy to borrow funds to purchase investment properties over the life of the MTFS.
- 7.2 The financial strategy is based on savings assumptions relating to the 5 Councils outsourcing project and Norse joint venture.
- 7.3 The Council has historically underspent its budget (£1.7m in 2015/16, and current forecast £0.4m anticipated in 2016/17). There is an assumption that the Council will underspend in 2017/18 built into the MTFS.
- 7.4 The combination of the above will ensure that the Council maintains a growing surplus over the period of the medium term strategy.

8. Capital Projections 2016/17 to 2018/19

- 8.1 The capital projections are shown in Appendix B.
- 8.2 Budget managers have been asked to complete outline capital appraisal forms for new projects identified. It is proposed that a Capital Appraisal panel will consider the outline business cases for each new proposal. Those projects that the Capital panel support will be subject to a detailed business case prior to consideration by Cabinet.
- 8.3 The projections also include projects likely to be brought forward from 2016/17's capital programme.

9. Use of Reserves 2017/18 to 2021/22

- 9.1 Appendix C shows the proposed use of reserves between 2016/17 and 2021/22.

10. Treasury Management Strategy

- 10.1 The Treasury Management Strategy has been reviewed and will apply from 1st April 2017. The main change to the Treasury Strategy has been to update the borrowing limits to ensure the longer term ambitions of the Council's financial strategy can be met.

11. Next steps

11.1 Following discussion at Cabinet, the budgets will be formally approved, with the Council Tax resolution, at Council in February.

12 Appendices:

- **Appendix A – 5 Year Financial Strategy 2017/18 to 2020/21**
- **Appendix B – Capital programme 2017/18 – 2019/20 and new capital bids**
- **Appendix C – Reserves projection 2016/17 to 2020/21**
- **Appendix D – Business Rates projections 2017/18**
- **Appendix E – Treasury Management Policy 2017/18**
- **Appendix F – Prices for Services 2017/18**
- **Appendix G – CFO Statement**

Appendix A – Financial Projections 2017/18 to 2021/22

2017/18 PROPOSED BUDGET				
	Operations Directorate	Strategy & Governance Directorate	Commercial Directorate	Whole Council
	£M	£M	£M	£M
Sales - fees and charges	(5.916)	(0.061)	(0.656)	(6.633)
Sales - commercial enterprises	(0.110)	-	(1.246)	(1.356)
Income - specific grants	(1.539)	-	(0.010)	(1.549)
Investment Income & Expenditure			(1.275)	(1.275)
Total Service income	(7.565)	(0.061)	(3.187)	(10.813)
Employees	6.151	1.867	1.317	9.335
Supplies and services	2.770	(0.153)	1.980	4.597
Contract costs	1.848	3.245	4.603	9.696
Agency/Third party costs (net)	(0.313)	-	-	(0.313)
Capital costs	0.152	0.382	0.170	0.704
Total Service costs	10.608	5.341	8.070	24.019
Contribution / (surplus) / deficit	3.043	5.280	4.883	13.206
Other Operating Income & Expenditure				0.791
Minimum Revenue Provision				0.650
Movement in General Fund				(0.250)
Movement in Reserves to Grants & Contributions Unapplied				0.798
Movements in Statutory Reserves				(0.704)
Total other costs and movement in reserves				1.285
Total net expenditure				14.491
Council tax				(7.699)
Council Tax prior year Surplus				(0.025)
Retained business rates				(3.626)
Retained Business Rates prior year Deficit				0.301
Revenue Support Grant				(0.771)
New Homes Bonus				(2.015)
Section 31 Grants				(0.656)
Total Grant, Council Tax & Business Rates Funding				(14.491)
(Surplus) / Deficit				-

Appendix A – Financial Projections 2017/18 to 2021/22

2017/18 PROPOSED BUDGET					
	2017/18	2018/19	2019/20	2020/21	2021/22
	£M	£M	£M	£M	£M
Sales - fees and charges	(6.633)	(6.582)	(6.725)	(6.707)	(6.777)
Sales - commercial enterprises	(1.356)	(1.206)	(1.276)	(1.347)	(1.419)
Income - specific grants	(1.549)	(1.543)	(1.493)	(1.443)	(1.393)
Investment Income & Expenditure	(1.275)	(2.516)	(3.033)	(3.549)	(4.065)
Total Service income	(10.813)	(11.847)	(12.527)	(13.046)	(13.654)
Employees	9.335	9.231	9.309	9.532	9.600
Supplies and services	4.597	3.817	3.908	3.832	3.841
Contract costs	9.696	10.848	10.368	10.190	9.968
Agency/Third party costs (net)	(0.313)	(0.313)	(0.313)	(0.313)	(0.313)
Capital costs	0.704	0.704	0.704	0.704	0.704
Total Service costs	24.019	24.287	23.976	23.945	23.800
Contribution / (surplus) / deficit	13.206	12.440	11.449	10.899	10.146
Other Operating Income & Expenditure	0.791	0.854	0.923	0.999	1.083
Minimum Revenue Provision	0.650	0.563	0.553	0.524	0.486
Movement on General Fund	(0.250)				
Movement in Reserves to Grants & Contributions Unapplied	0.798	0.798	0.798	0.798	0.798
Movements in Statutory Reserves	(0.704)	(0.704)	(0.704)	(0.704)	(0.704)
Total other costs & mvmt in reserves	1.285	1.511	1.570	1.617	1.663
Total net expenditure	14.491	13.951	13.019	12.516	11.809
Council tax	(7.699)	(7.746)	(7.784)	(7.824)	(7.862)
Council Tax prior year Surplus	(0.025)				
Retained business rates	(3.626)	(3.748)	(3.768)	(5.618)	(5.624)
Retained Business Rates prior year Deficit	0.301	-	-	-	-
Revenue Support Grant	(0.771)	(0.290)	-	-	-
New Homes Bonus	(2.015)	(1.643)	(1.450)	-	-
Section 31 Grants	(0.656)	(0.524)	(0.546)		
Total Grant, Council tax and Business Rates Funding	(14.491)	(13.951)	(13.548)	(13.442)	(13.486)
(Surplus) / Deficit	-	-	(0.529)	(0.926)	(1.677)

HAVANT BC Capital Programme Estimates 2017/18 to 2019/20

APPENDIX B

Proposed Capital Programme

Project	Brief Description of the project	Contact Officer	Business Case Agreed by Cabinet?	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20	2017/18	2018/19	2019/20
				Project Cost £000	Project Cost £000	Project Cost £000	Internal Funding £000	Internal Funding £000	Internal Funding £000	External Funding £000	External Funding £000	External Funding £000	Borrowing £000	Borrowing £000	Borrowing £000
2017/18 New Schemes identified															
Replacement of Noise Monitoring Equipment	Equipment allows the Council to serve legal notices and undertake criminal prosecutions. The current equipment is nearly life expired	David Fitzgerald	N	22			(22)								
Business Hub	Development of phase one of the commercial premises. Site investigation works are required to determine the extent of the site that is developable	Dan Grindey	N	1,000	1,000	1,000							(1,000)	(1,000)	(1,000)
Havant Leisure Centre - Lifecycle works 2017/18	Various capital works as determined annually based on the latest information and need.	Peter Gammage	N	285			(285)								
Processing and Management System	Replacement of HBC Accolaid system to provide a new IT system for the planning team that will enable the service to realise its ambitions for future working.	Andrew Biltcliffe	N	200			(200)								
Asset Maintenance management system	Asset Survey Database - ability to keep records of assets that need maintenance to enable clear and consistent live tracking of works completed and outstanding	Stuart Wood	N	75			(75)								
Neighbourhood Quality Fleet Replacement	Replacement of three life expired vehicles with two new ones.	Tim Pointer	N	23			(23)								
				1,605	1,000	1,000	(605)	0	0	0	0	0	(1,000)	(1,000)	(1,000)
Schemes Brought Forward from 2016/17															
DFGs	To fund adaptations in homes	Nicky Thomas	Y	800	800	800				(800)	(800)	(800)			
Animal warden vehicle	Animal Welfare and Licensing vehicle is life expired and requires replacement.	Nicky Thomas	N	21			(21)								
Acolaid	Acolaid / Lalpac database replacement for HBC to improve Environmental Health and Licensing Function	Lorna Palmer	TBC	58			(58)								
New allotments	To identify suitable land and construct new allotment(s).	Claire Hughes	Y	135						(135)					
Refurbishment of HBC equipped play areas	To refurbish HBC owned equipped playgrounds that are coming to the end of their useful life.	Claire Hughes	Y	75						(75)					
New Cemetery in MDA	To provide a new cemetery on land allocated within the MDA west of Waterlooville	Andrew Pritchard	Y	418						(418)					
Replacement DMS solution – Community, Transport, Property	DMS solution to replace meridio and provide DMS services for small services such as community, transport, property and Information Management.	Craig Richards & Andrew Biltcliffe	N	60			(60)								
Personalisation	Capital element of the transformation of the delivery of services to customers.	Dawn Adey	N	150			(150)								
External poster frames	Purchase and installation of 36 poster frames across Havant Borough, as a medium for the circulation of campaign content to residents.	Sandy Wilson	N	61			(61)								
Front Lawn	Redevelopment of sports pitches at Front Lawn	Richard Wood	Y	800						(800)					
				2,578	800	800	(350)	0	0	(2,228)	(800)	(800)	0	0	0
Total				4,183	1,800	1,800	(955)	0	0	(2,228)	(800)	(800)	(1,000)	(1,000)	(1,000)
Capital Requiring Financing							4,183	1,800	1,800						
External Funding							(2,228)	(800)	(800)						
Amount to be internally borrowed							0	0	0						
Use of non S106/CIL HBC Reserves							(77)	0	0						
S106/CIL funding							(878)	0	0						
External Borrowing							(1,000)	(1,000)	(1,000)						
Total Funding							(4,183)	(1,800)	(1,800)						

Analysis of Reserve Balances

	Projected 1718 Opening Balance £'000	Capital Grants and Cont'n Received £'000	Cont'n to Capital Programme 2017/18 to 2019/20 £'000	Expected use of reserves 2017/18 £'000	Expected use of reserves 2018/19- 2021/22 £'000	Closing Balance 2021/22 £'000
General Fund	(6,668)	-	-	-	(2,882)	(9,550)
Statutory Reserves						
Capital Receipts Reserve	(99)	-	77	-	-	(22)
Capital Grants and Contributions Unapplied	(622)	-				(622)
Community Infrastructure Levy & Developer Contributions Unapplied	(2,873)	(3,800)	878	-	-	(5,795)
Earmarked Reserves						
General Fund Earmarked	(1,123)	-	-	-	-	(1,123)
Insurance Reserve	(653)	-	-	-	-	(653)
Capital Reserve	(1,007)	-	-	-	-	(1,007)
Transformation Reserve	(1,114)	-	-	-	-	(1,114)
Total	(14,159)	(3,800)	955	-	(2,882)	(19,886)

Analysis of Business Rates Income & Expenditure

	Projected Outturn 2016/17 £'000	Budget Estimate 2017/18 £'000
Business Rates Yield		
Base Yield	(34,623)	(35,626)
Transitional protection payment	290	925
Business Rates Yield	(34,333)	(34,701)
Distribution		
Central Government (0.50)	17,375	17,351
Hampshire County Council (0.09)	3,127	3,123
Hampshire Fire (0.01)	347	347
Havant Borough baseline (0.4)	13,899	13,880
Total	34,748	34,701
Reallocation of prior yr balance – HBC	167	(301)
Reallocation of prior yr balance – Other major preceptors	250	(450)
Total Distribution	35,165	33,950
Collection Fund (Surplus)/Deficit B/Fwd	(81)	751
In year movement on collection fund	832	(751)
Collection Fund C/Fwd	751	-

Havant Borough Council		
Retained Business Rates Calculation	Actual £'000	Actual £'000
Havant Borough Council baseline	(13,899)	(13,880)
Tariff paid to Central Government	9,844	9,167
Levy for safety net paid to Central Government	740	1,087
Retained Business Rates	(3,315)	(3,626)
Section 31 Grants	(504)	(656)
Retained Business Rates prior year deficit	(167)	301
Total Business Rates Retention	(4,369)	(3,981)

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Treasury Management Strategy, Minimum Revenue Provision Strategy and Annual Investment Strategy

- 1. The CIPFA Treasury Management Code of Practice**
 - 1.1 The Treasury Management and Investment Strategy has been set in accordance with the CIPFA Treasury Management Code of Practice 2011 and the revised Prudential Code for Capital Finance 2011.
 - 1.2 The Council is required to approve a Treasury Management Strategy which establishes the investment and borrowing activities for the Council. The Council's approach to Treasury Management is in accordance with the CIPFA Code of Practice, which requires a 3 year strategy to be agreed annually.
 - 1.3 The Prudential Code for Capital requires the Council to set Prudential Indicators for Treasury Management and Capital Expenditure. These are linked to the Strategy and are set out at the end of this document.
 - 1.4 The Council is also required to make an annual Policy statement on making Minimum Revenue Provision (MRP) for borrowing, together with the consideration of prudent provision in future financial years. The Council has not formally adopted an MRP Policy to date.
 - 1.5 The Council delegates responsibility for the monitoring and scrutiny of treasury activity to the Governance & Audit Committee, and delegates responsibility for implementing and administering the strategies, policy and procedures to the Chief Finance Officer. The Council also seeks external advice from Capita on management of long term investments. Future provision of treasury and property advice is under review as the Finance function is outsourced in 2017 and as part of the property strategy review.
- 2. Treasury Management Policy 2017/18**
 - 2.1 The Council's ambition to acquire property sites for strategic, operational and investment purposes will move the Authority into a net borrowing position during 2017/18. The proposed policy for managing borrowing to finance such expenditure is to borrow short term, and monitor interest rates closely in order to switch to longer term fixed rate borrowing where analysis of market rates suggests this may be appropriate. The Council will also investigate the use of the Public Works Loan Board for operational asset investments, to reduce exposure to interest rate increases in the future.
 - 2.2 Property acquisitions prior to 2017/18 have been financed through surplus cash. However, this cash is intended to support reserves and General Fund in the longer term and the minimum liquidity has now been reached.

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- 2.3 Current market indications suggest that there will be no base rate increases in the short term as the Bank of England seek to mitigate the impact of the UK's exit from the European Union. However, the swap rates on which bank borrowing will build in expectations of future increases and therefore the borrowing rates achieved may be greater than the base rate.

Economic Factors

- 2.4 Factors that influence the Council's Treasury Management Strategy include the Council's overall level of resources, medium term spending plans and the need to finance the future cost of services. It is also influenced by the state of the economy in general, the outlook for interest rates and the credit risk environment.
- 2.5 The Treasury strategy is linked to the Council's medium term financial plans, and are reflected in a net interest cost or yield in the Council's budget. The net cost/yield estimates are updated regularly through the budget setting process and in year forecasting.
- 2.6 The Council's investment strategy gives scope to invest in approved instruments outlined in the approved lending/borrowing list (Schedule 3), but investments in banks and building societies are limited to high quality counterparties only.

Prudential Indicators

- 2.7 The Prudential Indicators were established as part of the Local Government Act 2003 through the Prudential Code. The Code requires the Council to produce indicators to demonstrate that capital financing is prudent, sustainable and affordable. The indicators are set out at the end of this document.

MRP Policy

- 2.8 The Council is required to calculate an amount in relation to its borrowing, and charge this amount as Minimum Revenue Provision to its Income & Expenditure Account in respect of borrowing repayment. The Policy is set out at Schedule 4 to the Treasury Management Strategy.

Officer Approval Limits

- 2.9 The Chief Financial Officer, in consultation with the Executive Board, Asset Management Group Leader, and the Leader/Deputy Leader, will have authority to sign off property purchases, in line with a framework approved by Cabinet..

Risk Management

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- 2.10 Minimising risk is a key aspect of treasury management activity. Risk is proactively managed with advice from Capita and property investment decisions are subject to detailed business cases. As the Council moves towards a net borrowing position, interest rate exposure is an emerging risk and the timing of any move from short to long term borrowing is closely monitored.
- 2.11 The Finance Team carry out their duties in accordance with internal controls to ensure any day to day investment decisions are made in accordance with the Treasury Management Strategy.
- 2.12 The CFO reports on Treasury activity as part of the monthly financial monitoring.
- 2.13 The Governance & Audit Committee will be responsible for the scrutiny of Treasury Management activity & practises.

SCHEDULE 1 – TREASURY MANAGEMENT STRATEGY

The Authority has adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 Edition (the CIPFA Code), which requires the Authority to approve a treasury management strategy before the start of each financial year. In addition, the Department for Communities and Local Government (CLG) issued revised Guidance on Local Authority Investments in March 2010 that requires the Authority to approve an investment strategy before the start of each financial year.

This report fulfils the Authority's legal obligation under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Guidance. The Authority is proposing to borrowed substantial sums of money and, as a result, may be exposed to financial risks arising from changing interest rates. The successful identification, monitoring and control of risk are therefore central to the Authority's treasury management strategy.

Havant Borough Council's context

Havant Borough Council anticipates that, by 31 March 2017, £5m will be invested short term, and no long term deposits maturing beyond 12 months There was external borrowing in place as at January 2017 of £3.7m, which represents the balance of PWLB borrowing for the refurbishment of the Plaza.

The underlying need to borrow is measured by the Council's Capital Financing Requirement (CFR). The CFR is anticipated to increase as a result of the Council's desire to build its investment property portfolio over the period of the Medium Term Financial Strategy. The Prudential Code recommends that total debt should be lower than the CFR and the Prudential Indicators at schedule 2 demonstrates that this recommendation has been complied with.

Borrowing Strategy

The Council will adopt a flexible approach to borrowing in consultation with Treasury Management advisors, and will keep under review the following borrowing sources:

- Internal borrowing (borrowing against future revenue budgets)
- PWLB
- Other Local Authorities
- Finance Leasing
- Brokers for short term borrowing

Exposure to short dated/variable rate borrowing will be reviewed by reference to the difference between variable rate and longer term borrowing costs. A significant change in this difference will trigger a review of borrowing strategy to

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determine whether a switch to longer term rates is made or whether exposure to short term rates is maintained.

Capital Finance can also be raised through other debt liabilities, including Finance Leases, Private Finance Initiatives, Sale & Leaseback, or LGA Bonds. Any decision to raise finance through these methods will be subject to appraisal and a separate report to Cabinet.

The Council may take advantage of debt rescheduling (the repayment of loans before maturity to allow replacement with new loans) where it is expected to create a cost saving or significantly reduce interest rate risk to the Council.

Investment Strategy

The Council's overriding objective in relation to the investment of cash is the security of the capital invested, followed by the liquidity of investment. The Council aims to maximise yield given these parameters.

Investments are categorised as specified or non specified investments. Specified investments are sterling denominated investments maturing under 1 year, and non specified investments are effectively anything else.

The CFO has discretion to make investments outside of the Lending list on the advice of Capita. Institutions may be added or removed from the list if credit ratings improve or deteriorate below the thresholds outlined on the List.

Overnight funds are held in an overnight fund provided by the Council's bank. Consideration will be given to Money Market Funds in 2017/18 as an alternative to the overnight account, and may be utilised if the CFO is satisfied with the level of risk.

The Council will arrange short term investments through brokers, in order to ensure transactional security and to promote competition to enhance returns. The approved brokers are:

- ICAP Europe Ltd
- Prebon Marshall Yamane UK Ltd
- Tradition UK
- RP Martin

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Interest Rate Forecasts

The Council formulates a view on interest rates as part of the budget setting process. This view is formulated on the basis of the Office for Budgetary Responsibility forecasts used for the Autumn Statement. The view is that interest rates are likely to remain static for at least one year, and that increases beyond this would be incremental. Although there are inflationary pressures, there is also uncertainty as to how Brexit negotiations will affect the wider economy. This view is supported by forecasts obtained from the Centre for Economics and Business Research, who anticipate no base rate increases until the end of 2017. The table below details interest rate forecasts provided.

	2017/18				2018/19			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
OBR Forecast	0.25%	0.25%	0.25%	0.25%	0.5%	0.5%	0.75%	0.75%
Centre for Economics & Business Research	0.25%	0.25%	0.25%	0.25%	0.25%	0.5%	0.5%	0.75%

It is important to note that although the base rate has reduced, the rates that we can get on our investments are based on the London Inter bank Offer rate, which fluctuates depending on other market factors. This explains the differing rates of return of our current investment portfolio.

Creditworthiness Policy

The Council monitors the creditworthiness of the counterparties used. The Council's lending list contains only counterparties of high credit quality. Credit quality is assessed through the size of the asset base of the counterparty, and the credit ratings awarded by independent credit rating agencies such as Fitch.

The asset base of counterparties is monitored on an annual basis when the Statement of Accounts for each counterparty is issued. Credit ratings are regularly monitored and are verified prior to investments being made.

Credit ratings of counterparties are available from credit agencies (Fitch, Standard & Poor, and Moody's). Advice on the credit worthiness of counterparties is also obtained from the Council's Treasury advisors.

If a counterparty on the current lending list is found to be of insufficient credit quality, the Council will not engage with that counterparty until it is satisfied that credit quality has improved. Treasury officers continue to monitor counterparties

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that are not currently on the lending list, and will add counterparties of high credit quality to the lending list in consultation with the Portfolio Holder for Finance.

The Council has not invested outside the United Kingdom since 2006, and currently no foreign counterparties are contained within the list (with the exception of Santander UK Plc, which is a UK bank under Spanish ownership). Foreign counterparties are monitored, and if sufficient credit quality is proved, may be added to the list in consultation with the Portfolio Holder for Finance.

Sole reliance will not be placed on credit ratings. The Council will continue to monitor reports in the press, market data and information on government support when reviewing credit worthiness. All counterparties on the long term lending list are also covered by the government's Credit Guarantee Scheme.

All Long Term Investments will be carried out in consultation with the Finance Portfolio Holder and the S151 Officer.

Treasury Limits and Prudential Indicators 2015/16 to 2021/22

The revised CIPFA Code of Practice on Treasury Management and the Prudential Code for Capital Finance, in accordance with Section 3 of the Local Government Act 2003, require the Council to determine and review the level of borrowing that it can afford.

The Codes require a number of indicators to be formally set, on a rolling basis, for 2016/17 and the following two years. The Council must have regard to the following when setting these indicators:

- Service Objectives
- Stewardship of Assets
- Value for Money
- Prudence and Sustainability
- Affordability and Practicality

The purpose of these indicators is to ensure that total capital investments and, in particular, the effect of these investments on the Council Tax level is 'acceptable'.

The Prudential Indicators set for 2017/18 are shown in Schedule 2 below. An explanation is provided for each indicator.

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SCHEDULE 2 - PRUDENTIAL INDICATORS

1) Ratio of Financing Costs to Net Revenue Stream

The actual ratio for 2015/16, and estimated ratios for 2016/17 to 2021/22 are provided below.

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
£000s	£000s	£000s	£000s	£000s	£000s	£000s
5.98%	5.19%	3.64%	6.77%	10.17%	13.35%	16.40%

The ratio is calculated by comparing the financing cost of all borrowing with the revenue stream through Council Tax, general grants and Retained Business Rates. It turns positive as the level of borrowing increases by £10m year on year while government and tax revenues reduce. The cost of finance associated with this borrowing is more than covered by the revenues attached to investment income at an expected net yield of 5%.

2) Estimated Incremental Impact of Capital Investment Decisions on Council Tax

Capital expenditure will impact on revenue expenditure in a number of ways, for example, new buildings requiring maintenance that was not previously budgeted. The main impact is on interest returns, as investments are used up and interest income falls. The purpose of this indicator is to show the potential annual impact on a Band D Council Tax bill of the proposed Capital Programme for 2017/18 onwards.

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
£000s	£000s	£000s	£000s	£000s	£000s	£000s
£1.57	£1.68	£2.82	£3.95	£4.94	£2.09	£2.18

3) Approved Capital Expenditure

Appendix E

The Capital Expenditure estimates are summarised below. The estimates come from approved schemes in the Capital Budget, which is to be agreed by Council in February 2017.

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
£000s	£000s	£000s	£000s	£000s	£000s	£000s
1,393	2,227	4,183	1,800	1,800	1,500	1,500

4) The Capital Financing Requirement

The Capital Financing Requirement (CFR) is used to assist in deciding whether capital expenditure is affordable, by measuring the underlying need to borrow. The indicator is calculated by matching fixed assets and projected capital expenditure to capital resources applied. The difference between the two, if positive, represents unfinanced capital expenditure to be financed by borrowing. The definition of unfinanced capital expenditure includes finance leases and PFI arrangements. Long Term borrowing should not exceed the CFR.

2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
£000s	£000s	£000s	£000s	£000s	£000s	£000s
10,500	9,100	19,500	29,900	40,200	49,500	58,700

The Capital Financing Requirement (CFR) increases significantly in the next five years as a result of investment property purchases.

Appendix E

5) Authorised Limit for External Debt

To ensure good cashflow management, there is occasionally a need to borrow in the short term. Authority for any such borrowing is delegated to the S151 Officer. There are some circumstances where long term borrowing to support the Capital Programme is required to finance major capital projects or investment property purchases. The long term limits set in this report are based on the projected Capital Financing requirement over the period of the Medium Term strategy, and will be the maximum permissible amount of borrowing.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Authorised limit - borrowing	10,000	10,000	19,500	29,900	40,200	49,500	58,700
Authorised limit - long term liabilities	500	500	500	500	500	500	500

TREASURY MANAGEMENT INDICATORS

1) Operational Boundary for External Debt

The purpose of this indicator is to serve as a warning that the authorised limit for external debt is close. It has been set at £200,000 below the authorised limit.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Operational boundary for external debt	8,000	8,000	19,300	29,700	40,000	49,300	58,500
Operational boundary - long term liabilities	300	300	300	300	300	300	300

Appendix E

2) Interest Rate Exposures

Setting upper limits for variable and fixed interest rates provides a range in which the authority manages exposure to fixed and variable interest rates. Although fixed rates bring security to long term returns, variable rate investments can give the flexibility to maximise returns when interest rates are expected to increase. The indicators set will allow this flexibility.

Upper Limit for Fixed Rate Exposure

2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
100%	100%	100%	100%	100%	100%	100%

Upper Limit for Variable Rate Exposure

2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
100%	100%	100%	100%	100%	100%	100%

Appendix E

Schedule 3 - Borrowing and Lending List 2017/18

Sector Credit Rating	Institution	Maximum duration	Maximum amount (applies to group as well as individually)
	RBS Group		
Green	Royal Bank of Scotland	100 Days	Lower of £3 million or half of total investments
Green	National Westminster Bank	100 Days	Lower of £3 million or half of total investments
	Lloyds Group		
Red	Bank of Scotland	6 months	Lower of £5 million or half of total investments
Red	Lloyds Bank	6 months	Lower of £5 million or half of total investments
	Other Institutions		
Red	HSBC Bank	6 months	Lower of £5 million or half of total investments
Red	Standard Chartered Bank	6 months	Lower of £5 million or half of total investments
Red	Barclays	6 months	Lower of £5 million or half of total investments
Green	Santander	100 Days	Lower of £3 million or half of total investments
Blue	Close Brothers	364 Days	Lower of £5 million or half of total investments
	Building Societies		
Green	Nationwide Building Society	100 days	Lower of £3 million or half of total investments
Red	Coventry Building Society	6 months	Lower of £5 million or half of total investments
Red	Leeds Building Society	6 months	Lower of £5 million or half of total investments
Green	Abbey National Treasury Services	100 Days	Lower of £3 million or half of total investments
Red	Clydesdale Bank	6 months	Lower of £5 million or half of total investments
Green	Co-operative Bank	100 Days	Lower of £3 million or half of total investments
Blue	Goldman Sachs International Bank	364 Days	Lower of £5 million or half of total investments
Blue	UBS	364 Days	Lower of £5 million or half of total investments
Red	Nottingham	6 months	Lower of £5 million or half of total investments
Blue	Principality	364 Days	Lower of £5 million or half of total investments
Green	Skipton	100 Days	Lower of £3 million or half of total investments
Blue	West Bromwich	364 Days	Lower of £5 million or half of total investments
Blue	Yorkshire	364 Days	Lower of £5 million or half of total investments

Supplementary to the above, investments may be placed under the following criteria:

NatWest Call Account - Up to £5 million may be invested in the National Westminster SIBA account subject to the group maximum and the 50% rule (BLUE rated)

Central Government - Unlimited investments may be placed in the government's Debt Management Office

Local Authorities - Up to £5 million may be invested with any other Local Authority subject to the group maximum and 50% rule (assuming a RED rating for all LAs)

NO INVESTMENT IS CURRENTLY UNDERTAKEN WITH FOREIGN BANKS.

Schedule 4 – Minimum Revenue Provision Policy 2017/18

MRP on Finance Leased assets prior to 2017/18

The Council holds assets which are financed through a Finance Lease, as defined by International Financial Reporting standards. Where assets are financed in this way, MRP is charged over the life of the asset or, where this is not practical, over the life of the lease.

Prudential Code debt incurred prior to the year 2017/18 and onwards in relation to operational assets

The Council will calculate the amounts for existing external borrowing using the annuity method, and for existing internal borrowing using the Depreciation method, whereby provision is made in accordance with the standard rules for depreciation accounting, until provision made equals the original amount of debt

Prudential Code debt incurred in the year 2017/18 and onwards in relation to income generating property acquisitions

The Council will calculate the amounts for MRP for 2017/18 by applying a annuity formula incorporating a PWLB long-term borrowing rate, commensurate in duration to the estimated life of the item purchased/built to the apportionment of the value attributed to each financial year's opening CFR in relation to such income generating capital expenditure where the item purchased/built is expected to have a life of up to 50 years or more.

Prudential Code debt incurred in the year 2017/18 onwards in relation to Operational assets

The Council will apply the following methodology for MRP in relation to operational assets:

- Borrowing where capital receipts are expected to repay borrowing prior to the project becoming operational; MRP will be charged in the year in which capital receipts are received
- Annuity method Asset life - Annuity method, which works on the basis of a mortgage type repayment. (MRP Commencement on operational properties can be postponed until the financial year after asset becomes operational)
- Internal Borrowing; MRP repayment on internal borrowing will be offset against savings or income generated in the Income & Expenditure Account as a direct result of the investment. Repayment schedules will be confirmed prior to internal borrowing commencing.

Havant Borough Council

Schedule of Fees 2017/18

	Price 16/17 £	Price 17/18 £	% Change
Customer Services			
Elections			
Basic Electoral Register Edited Data	1.50	1.50	0.0%
Basic Electoral Register Full Data	1.50	1.50	0.0%
Marked Electoral Register - Data	1.00	1.00	0.0%
Basic Electoral Register Edited Paper	5.00	5.00	0.0%
Basic Electoral Register Full Paper	5.00	5.00	0.0%
Marked Electoral Register - Paper	2.00	2.00	0.0%
Certificate of Residency	5.00	5.00	0.0%
Electoral Register - Monthly updates	38.00	38.00	0.0%
Environmental Services			
Allotments			
Allotment - Replacement key	10.50	10.50	0.0%
Allotment per Sq Metre	0.36	0.37	2.8%
Allotment per Sq Metre - non resident	0.72	0.74	2.8%
Beach Huts			
Beach Hut Let (non-Resident)	1,600.00	1,700.00	6.3%
Beach Hut Let (Resident)	800.00	850.00	6.3%
Beach Hut Plot Licence Fee (Non-Resident)	1,050.00	1,200.00	14.3%
Beach Hut Plot Licence Fee (Resident)	525.00	600.00	14.3%
Beach Hut Plot Transfer of Licence	-	1,200.00	NEW
Sports			
Bowls - per person	7.20	7.30	1.4%
Bowls - per person senior citizen	5.60	5.60	0.0%
Cricket Pitch (Senior 18+) full facilities with attendant	194.00	194.00	0.0%
Cricket Pitch (Senior 18+) full facilities without attendant	133.00	133.00	0.0%
Football Pitch (Senior 18+) full facilities with attendant	84.00	84.00	0.0%
Football pitch - Professional Clubs or non residents	POA	POA	
Football, rugby & cricket pitch (Junior <18) full facilities with attendant	44.00	44.00	0.0%
Hockey/Volleyball (Senior 18+)	-	-	
Rugby Pitch (Senior 18+) full facilities with attendant	84.00	84.00	0.0%
Slipway - Key Deposit (Refundable)	-	75.00	
Parks & Grounds			
Non profit making charitable events	Free	Free	
All other events and uses of public open spaces	POA	POA	
Pavilion/Clubhouse for non-match occasions	16.00	16.00	0.0%
Circuses and funfairs non-trading day	300.00	300.00	0.0%
Circuses and funfairs trading day	600.00	600.00	0.0%
Refuse & Recycling			
Garden Waste Licenses (applied for before 28 February 2017)			
Early Bird - per sack (70 litre)	30.00	30.00	0.0%
Early Bird - 1 bin (140 Litre)	40.00	40.00	0.0%
Early Bird - 1 bin (240 Litre)	60.00	60.00	0.0%
Garden Waste Licenses (applied for after 1 March 2017)			
Garden Waste Licence - 1 sack	32.00	32.00	0.0%
Garden Waste licence 140 litre wheeled bin - full yr, 1 bin	42.00	42.00	0.0%
Garden Waste licence 240 litre wheeled bin - full year, 1 bin	62.00	62.00	0.0%
Bins & Sacks			
Purchase of additional or replacement wheeled bins- 140 litre	27.00	35.00	29.6%
Purchase of additional or replacement wheeled bins- 240 litre	32.00	40.00	25.0%
Replacement Garden Waste sack	5.00	5.00	0.0%
Bulky Waste			
Hire of bulk waste bin for domestic use - 660l	145.00	150.00	3.4%
Hire of bulk waste bin for domestic use - 940l	150.00	155.00	3.3%
Hire of bulk waste bin for domestic use - 1100l	160.00	165.00	3.1%
Household Bulky Waste Price per item	29.00	30.00	3.4%
Household Bulky Waste oversized item	39.00	45.00	15.4%
Household Bulky Waste - per cubic metre (Max 4 Cubic Metres)	52.00	55.00	5.8%

	Price 16/17 £	Price 17/18 £	% Change
Cemeteries			
1. Person under 12 years.	No charge	No Charge	
2. Persons of 12 years and over		-	
a. New grave (single or double)	785.00	850.00	8.3%
b. Re-open existing double depth grave	585.00	610.00	4.3%
3. Children's Section			
Exclusive Right of Burial/earthen grave(including certificate):	-	-	
a. 30 years	250.00	250.00	0.0%
b. Five-year top-up fee	35.00	35.00	0.0%
4. Adult Section			
Exclusive Right of Burial/earthen grave (including certificate)	-	-	
a. 30 years	550.00	650.00	18.2%
b. Five-year top-up fee	70.00	100.00	42.9%
5. Interment of cremated remains	225.00	250.00	11.1%
6. To transfer exclusive right of burial.	40.00	40.00	0.0%
7. Right to erect a memorial in accordance with regulations including inscription, additional inscription, wedges, books, kerbs etc, for 10 years	120.00	150.00	25.0%
8. Right to place a stone vase - one per interment (maximum of two) or other approved additions to existing memorial	55.00	60.00	9.1%
9. Memorial + full kerb set (Havant Cemetery only)	150.00	175.00	16.7%
10. Replacement of existing kerbing / memorial in traditional areas	125.00	125.00	0.0%
11. Exhumation of remains	At cost	At cost	
12. Interment of cremated remains	225.00	250.00	11.1%
13. In Old Garden of Rest (Tablets only area/max. two interments)			
a. Interment of Cremated remains (First Casket) + 30 year Exclusive Right of Burial.	315.00	400.00	27.0%
b. Exclusive Right of Burial for 30 years (where no interment takes place)	180.00	200.00	11.1%
c. Five-year top-up admin fee	35.00	50.00	42.9%
d. Right to place a plaque/cut an additional inscription	35.00	50.00	42.9%
e. Interment of additional casket in an occupied space	190.00	250.00	31.6%
14. New Garden of Rest (Section 3, max. four interments)			
a. Exclusive Right of Burial (including certificate) for burial of four caskets of cremated remains – 30 years	220.00	250.00	13.6%
b. Right to erect a memorial for ten years (including certificate) in accordance with regulations - 10 years	120.00	150.00	25.0%
c. Burial of subsequent cremated remains up to a maximum of four in any one plot	225.00	250.00	11.1%
15. Natural Burial Area (Warblington Extension Only)			
a. Persons under 16 (see previous)	No charge	No Charge	
b. Single depth grave only (includes chip for identification)	735.00	735.00	0.0%
c. Interment of Ashes no casket	225.00	250.00	11.1%
d. Contribution to planting in natural burial area (not for specific burial	-	-	
Memorial Cleaning	-	20.00	NEW
Memorial Plaques	-	200.00	NEW

	Price 16/17 £	Price 17/18 £	% Change
Neighbourhood Support			
Enforcement			
Littering fines	75.00	80.00	6.7%
Littering fine - failure to give name and Address	75.00	80.00	6.7%
Flytipping fine	-	200.00	NEW
Flyposting fines	75.00	80.00	6.7%
Graffiti fines	75.00	80.00	6.7%
Abandoned Vehicles fine	200.00	200.00	0.0%
Nuisance Parking fine		100.00	NEW
Failure to produce waste transfer note fine	300.00	300.00	0.0%
Domestic Waste receptacle offences fines	75.00	80.00	6.7%
Industrial and commercial waste receptacle offences fines	75.00	80.00	6.7%
Licensing			
Hackney Carriage & Private Hire Vehicles			
Accessories - Number plate bracket	11.00	11.00	0.0%
Accessories - Pair of pouches	3.00	3.00	0.0%
Accessories - Universal bracket	5.50	5.50	0.0%
Committee grant of 1 year Operator licence	125.00	137.00	9.6%
Exemption Certificate	50.00	50.00	0.0%
Hackney Carriage Licence/transfer (inc Plate)	205.00	170.00	-17.1%
Hackney Carriage Meter Test	12.00	12.00	0.0%
Hackney/PHV Drivers Licence - Committee Grant	186.00	-	
Hackney/PHV Drivers Licence Initial 3 Year	110.00	107.00	-2.7%
Knowledge Test	40.00	45.00	12.5%
Operator Licence additional Address	435.00	448.00	3.0%
Operator Licence Initial/5 Year renewal	435.00	448.00	3.0%
Pre application vehicle mechanical inspection	89.00	90.00	1.1%
Private Hire Vehicle Licence (Inc Plate)	150.00	150.00	0.0%
Replacement - Copy Licences(where permitted)	15.00	12.00	-20.0%
Replacement - Identification Card	17.00	15.00	-11.8%
Replacement - Vehicle Licence Plate	20.00	18.00	-10.0%
Special vehicles and limousines mechanical inspection	134.00	135.00	0.7%
Vehicle Inspection failure to keep appointment	45.00	45.00	0.0%
Vehicle Mechanical inspection on application	89.00	90.00	1.1%
Vehicle Mechanical subsequent re-inspection	48.00	50.00	4.2%
Gambling Act 2005			
Adult gaming centre	800.00	800.00	0.0%
Betting premises (non track)	480.00	480.00	0.0%
Bingo premises	800.00	800.00	0.0%
Family Entertainment Centre	400.00	400.00	0.0%
Social Lotteries – new	40.00	40.00	0.0%
Social Lotteries – renewal	20.00	20.00	0.0%
Licensing Act 2003			
Personal licence		Statutory fees; see	
Premises licence		www.havant.gov.uk/law-and-licensing/licence-fees	
Temporary event notice			
Street Trading consents			
Street Trading Licence 6 month consent (Min £600)	5.00	5.00	0.0%
Street Trading Licence annual consent (Min £1000/Max £1800)	5.00	5.00	0.0%
Temporary Street trading - Daily	120.00	120.00	0.0%
Temporary Street trading - Mon-Sat	550.00	550.00	0.0%
Other licence fees			
Control of Sex Establishments Licence Fee	4,400.00	4,400.00	0.0%
Dangerous Wild Animals Licence	96.00	96.00	0.0%
Animals boarding Establishment Act 1963	115.00	115.00	0.0%
Breeding of Dogs Act	115.00	115.00	0.0%
Pet Animals Act 1951	100.00	100.00	0.0%
Riding establishments Licence	167.00	167.00	0.0%
Skin Piercing Registration	115.00	115.00	0.0%
Zoo Licences Act 1981	272.00	272.00	0.0%

	Price 16/17 £	Price 17/18 £	% Change
Scrap Metal dealer Act 2013			
Collectors Licence	110.00	110.00	0.0%
Site Licence	260.00	260.00	0.0%
Vary from Collectors to Site Licence	180.00	180.00	0.0%
Other variations (Site to Collectors, change of name or address)	30.00	30.00	0.0%
Pest Control			
Agricultural	84.00	84.00	0.0%
Bed Bugs - Domestic	52.00	52.00	0.0%
Bed Bugs - Domestic Concessionary	-	-	
Cockroaches - Commercial	84.00	84.00	0.0%
Cockroaches - Domestic	52.00	52.00	0.0%
Cockroaches - Domestic Concessionary	-	-	
Rats - Commercial and Other Premises	84.00	84.00	0.0%
Rats - Commercial and other Premises - Additional re-visits as required.	84.00	84.00	0.0%
Rats - Domestic	38.00	38.00	0.0%
Rats - Domestic Concessionary	-	-	
Fleas - Commercial and Other Premises	84.00	84.00	0.0%
Fleas - Domestic (1-3 bedrooms)	52.00	52.00	0.0%
Fleas - Domestic (4-6 bedrooms)	84.00	84.00	0.0%
Fleas - Domestic Concessionary (1-3 bedrooms)	26.00	26.00	0.0%
Fleas - Domestic Concessionary (4-6 bedrooms)	42.00	42.00	0.0%
Wasps - Commercial and Other Premises	72.00	72.00	0.0%
Wasps - Domestic	68.00	68.00	0.0%
Wasps - Domestic Concessionary	34.00	34.00	0.0%
Private Sector Housing			
British Entry Clearance (Housing Inspections)	110.00	112.00	1.8%
HMO Licence (5 or less occupants)	504.00	504.00	0.0%
HMO Licence (6 to 10 occupants)	629.00	629.00	0.0%
HMO Licence (11 to 15 occupants)	754.00	754.00	0.0%
HMO Licence (16 to 20 occupants)	880.00	880.00	0.0%
HMO Licence (Over 20 occupants)	1,007.00	1,007.00	0.0%
Car Parking fees			
No changes to car parking charges proposed for 2017/18. Parking fees available at: http://www.havant.gov.uk/parking/car-parks			
Traffic Management			
Emergency Road Closure by Order	467.00	600.00	28.5%
Misc - Provision of Access Protection Lines	60.00	60.00	0.0%
Misc - Traffic Cone Hire up to 5 cones	-	25.00	
Misc - Traffic Cone Hire up to 10 cones	-	35.00	
Misc - Traffic Cone Hire up to 20 cones	-	55.00	
Parking Bay Suspension by Notice; per bay, per day	50.00	50.00	0.0%
Section 115 Consent	450.00	450.00	0.0%
Single Permanent Traffic Regulation Order (for a developer, standard parking restriction in a single road. (Additional TRO types to be charged separately at same rate)	3,000.00	3,000.00	0.0%
Temporary Road Closure by Notice	215.25	400.00	85.8%
Temporary Road Closure by Order	252.15	450.00	78.5%
Tourism/Private Signing - Administration (including signing scheme design and documentation)	20% of cost	20% of cost	
Tourism/Private Signing - Formal application (including vetting and definitive response)	125.00	125.00	0.0%
Tourism/Private Signing - Maintenance (including cleaning and removal if no longer required)	10% of cost	10% of cost	
Tourism/Private Signing - Provision of signs (including manufacture, supply and erection)	At cost	At cost	
Tourism/Private Signing - Replacement (if costs cannot be recovered following accident, damage or theft)	At cost	At cost	
Tourism/Private Signing - Supervision (including ordering work and inspection)	10% of cost	10% of cost	

	Price 16/17 £	Price 17/18 £	% Change
Animal welfare & environmental protection			
Dog Kennelling	10.00	10.00	0.0%
Drain Clearing - rodding method only	86.00	86.00	0.0%
Environmental Searches - Commercial	Free	Free	
Environmental Searches - Domestic	Free	Free	
Local Air Pollution Control (LAPC)	<u>Prices set by Defra and</u>		
Local Authority Integrated Pollution Prevention and Control	<u>available on their website</u>		
Return of Stray Dog (Statutory Fee)	25.00	25.00	0.0%
Safer Food Better Business	28.20	28.20	0.0%
Planning			
Planning Development			
Planning application fees are available through the planning portal http://www.planningportal.gov.uk/planning/usefultools <u>Pre Planning advice - see http://www.havant.gov.uk/planning-and-environment/planning-services/pre-application-advice-and-charges</u>			
Planning Performance Agreements	-	POA	
Accredited Agent subscription	-	250.00	
COMMUNITY INFRASTRUCTURE LEVY (CIL)	-	-	
DEVELOPMENT CONSULTATION FORUM	2,500.00	2,625.00	5.0%
Hampshire Highways Pre-Application Charges	-	-	
Havant Borough Local Plan (Core Strategy)	44.00	44.00	0.0%
Havant Borough Local Plan (Core)	33.00	33.00	0.0%
Planning Application Validation Check	40.00	50.00	25.0%
Local Plan Policies Map Booklet	33.00	33.00	0.0%
HIGH HEDGES LEGISLATION - Submission of Complaint	550.00	550.00	0.0%
Section 106 Agreements			
i) Unilateral Agreements - Bespoke	275.00	275.00	0.0%
i) Unilateral Agreements - Template	POA	POA	
ii) Bi-Lateral Agreements - Major Applications	137.5 per hour	137.5 per hour	
ii) Bi-Lateral Agreements - Minor Applications	731.00	731.00	0.0%
ii) Bi-Lateral Agreements - Other Applications	283.00	283.00	0.0%
The Council charges a fee to monitor all planning obligations and this is decided at a cost per head of term contained within the obligation and is in addition to the legal charge for drafting and checking the obligation.			
	POA	POA	
Civil Engineering & Landscape			
Memorial Seat (applicant to pay cost of seat)	Cost of Seat	Cost of Seat	0.0%
Cost of Plaque (applicant to pay cost of plaque)	Cost of Plaque	Cost of Plaque	0.0%
Memorial Seat & Plaque installation	-	60.00	
Administration Charge - Memorial seats & plaques	-	150.00	

	Price 16/17 £	Price 17/18 £	% Change
Programmes			
Facilities			
Additional hire charge (Saturday)	34.15	34.15	0.0%
Additional hire charge (Sunday)	50.75	50.75	0.0%
Additional hire charge after 8.00pm (Mon-Fri)	34.15	34.15	0.0%
Copying price - Per A0 / A2 page	0.10	0.10	0.0%
Copying Price - Per A3 / A4 page	0.10	0.10	0.0%
Data Protection Act Subject Access request	10.00	10.00	0.0%
Hire of Council Chamber/Hurstwood Room - Community Group	40.00	40.00	0.0%
Hire of Council Chamber/Hurstwood Room - Standard	50.00	50.00	0.0%
Hire of Hollybank Room - Community Group	30.00	30.00	0.0%
Hire of Hollybank Room - Standard	40.00	40.00	0.0%
Hire of Newlease Room/Tournerbury Room - Community Group	25.00	25.00	0.0%
Hire of Newlease Room/Tournerbury Room - Standard	30.00	30.00	0.0%
Other rooms = on request from	10.00	10.00	0.0%
Provision of tea and biscuits	-	-	
Land Charges			
Note - certain Con 29 fees will be subject to VAT in 2017/18. Fees are currently under review and any revised fees will be agreed with the relevant portfolio holder.			
Combined search and CON 29R by post First parcel of land	£130.00	£130.00	0.0%
Combined search and CON 29R by post Each additional parcel	£20.00	£20.00	0.0%
Combined LLC1 and CON 29R Search by post First parcel of land	£160.00	£160.00	0.0%
Combined LLC1 and CON 29R Search by post Each additional parcel	£20.00	£20.00	0.0%
Official Search of whole register by post First parcel of land	£80.00	£80.00	0.0%
Official Search of whole register by post Each additional parcel	£2.00	£2.00	0.0%
First parcel of land - Residential by post	£112.00	£112.00	0.0%
First parcel of land - Commercial by post	£142.00	£142.00	0.0%
Each additional parcel by post	£20.00	£20.00	0.0%
Each printed enquiry by post	£15.00	£15.00	0.0%
Each printed enquiry 19, 20 or 22 by post	£30.00	£30.00	0.0%
Each additional enquiry in applicant's own words by post	£20.00	£20.00	0.0%
Combined search and CON 29R Online First parcel of land	£110.00	£110.00	0.0%
Combined search and CON 29R Online Each additional parcel	£20.00	£20.00	0.0%
Combined LLC1 and CON 29R Search Online First parcel of land	£140.00	£140.00	0.0%
Combined LLC1 and CON 29R Search Online Each additional parcel	£20.00	£20.00	0.0%
Official Search of whole register Online First parcel of land	£15.00	£15.00	0.0%
Official Search of whole register Online Each additional parcel	£2.00	£2.00	0.0%
First parcel of land - Residential Online	£95.00	£95.00	0.0%
First parcel of land - Commercial Online	£125.00	£125.00	0.0%
Each additional parcel Online	£20.00	£20.00	0.0%
Each printed enquiry Online	£15.00	£15.00	0.0%
Each printed enquiry 19, 20 or 22 Online	£30.00	£30.00	0.0%
Each additional enquiry in applicant's own words Online	£20.00	£20.00	0.0%
Property Name Additions/Amendments - rename a road	-	300.00	NEW
Property Name Additions/Amendments - rename a house	-	100.00	NEW
Street Naming - Change of Address one property	90.00	90.00	0.0%
Street Naming - Change of Address 2-10 property	67.00	67.00	0.0%
Street Naming - Change of Address 11+ property	46.00	46.00	0.0%
Development			
Building Control			
Building controlfees are based on an hourly rate of:		£52.69 P/Hr	

STATEMENT ON THE GENERAL FUND BUDGET PROPOSALS BY THE CHIEF FINANCIAL OFFICER

1. Background

- 1.1. Section 25 of the Local Government Act 2003 requires Chief Financial Officers to report to their authorities about the robustness of estimates and the adequacy of reserves when determining their precepts. Authorities are required to consider their Chief Financial Officer's report when setting precepts.

2. Summary Opinion

- 2.1. Having taken into account the issues detailed in the report, I am able to give a positive opinion on the robustness of the estimates and the adequacy of financial reserves for 2017/18. This opinion is based on the budget scenario to be presented to Cabinet on 22nd February 2017. Should any of the assumptions change which require the identification of significant additional savings then this opinion will be reviewed.
- 2.2. The inclusion of property investment income and savings achieved through service transformation that have been captured in the budget are both innovative and challenging. There is a risk that, should these targets not be achieved, the Council would need to draw down additional amounts from reserves during 2017/18 in excess of £250k, although this is not anticipated. The Council has sufficient reserves to mitigate this risk in 2017/18 but use of reserves would not be sustainable in the medium term.
- 2.3. The medium term financial plans of the Council have been prepared on the basis of estimates for retained Business Rates income and the Council Tax Support Scheme. These assumptions will need to be monitored throughout the year.

Robustness of the Estimates

3. Estimates Procedures and Processes

- 3.1. The Annual Audit letter for 2015/16 reports the Council is performing well and is effective in managing its finances. It has a robust budget setting process and a financial strategy that is comprehensive including future financial pressures and an analysis of key risks.
- 3.2. In giving a positive opinion on the robustness of the Estimates and Council Tax procedures I have relied on the factors summarised in the Budget report. These include well established and tested procedures and the identification of risk. I confirm that in my view the Council has robust procedures in place. These procedures will need to be reviewed and revised for future years particularly in the light of continuing public sector spending constraints and the strategy to invest in property.

4. Determination of the level of resources available.

- 4.1. The 2017/18 Revenue Support Grant settlement, announced in December 2016, was, in line with expectation, and New Homes Bonus for 2017/18 exceeded expectation by £185,000. Indicative settlement figures for 2018/19 to 2019/20 have been provided and these figures inform the Medium Term strategy.

5. Affordability of Spending Plans.

- 5.1. In assessing this issue the following factors have been taken into account:

- The level of Council Tax considered acceptable both locally and nationally - the Government has confirmed that increases in Council Tax deemed to be excessive will be subject to a local referendum. Although the Government has assumed 2% increases in Council Tax in its settlement, the Council has made an assumption in its medium term strategy to maintain 0% Council Tax increases over the period of the MTFS.
- The budget process for 2017/18 has been based on costed business plans to ensure the estimates are robust.

6. Advice on the level and use of reserves

- 6.1. The estimated level of the General Fund Balance at 31 March 2016 is £6.6m. The General Fund Balance is set aside to mitigate the impact of unexpected events and emergencies. In order to assess the adequacy key financial risks have been identified. It should however be noted that this is not a precise science and that local circumstances, the strength of financial reporting arrangements and the Council's track record in financial management will also be a key influence on the actual potential of any individual risk materialising.
- 6.2. An analysis of earmarked reserves held by the Council has revealed that the level of individual reserves is appropriate. The reserves are adequate to meet the commitments and forecast expenditure facing the Council.

7. Key Budget Risks

- 7.1. There are two key risks to which attention should be drawn. The first relates to the income streams that have been anticipated against borrowing funds to purchase investment properties at 5% yield in budget year two to five. The Council will have a significant amount of work to undertake to build resource and knowledge to support this income. The second relates to cost reduction challenges and efficiency savings that have been assumed within MTFS cost base.

- 7.2. The Government is consulting on the 100% localisation of business rates by 2020/21. Full local retention of business rates scheme will place a higher risk for Havant Borough Council because it will leave us more vulnerable to fluctuations in rateable value, business rate appeals and the sustained growth of our local businesses in the future.
- 7.3. In summary, therefore, it is my view the estimates presented are robust for 2017/18 and that all reasonable steps are being taken to mitigate the associated risks. The medium term financial position of the Council is challenging and will require concerted effort in the current climate to achieve.

8. **Conclusion**

- 8.1. Based on the assessment included in this report I have concluded that the 2017/18 budgets as proposed and the associated systems and processes are sound. The level of the General Fund Balance and other reserves are adequate to meet the Council's medium term financial commitments as I see them today. However, as the risks in section 7 explain, it will be necessary to closely monitor the achievement of challenges and service efficiencies during the course of 2017/18 and property income targets in future years beyond 2017/18 and the potential impact on the General Fund Balance as these matters become clearer. My conclusion is subject to no amendments being made to the budget proposals that would impact on this assessment.

Craig Smith
Section 151 Officer
Havant Borough Council