

# Havant Borough Council

Cabinet

28<sup>th</sup> June 2017

## Financial Outturn 2016-17 Report by Craig Smith, Head of Finance

FOR DECISION

Portfolio: Leader and Finance – Cllr Mike Cheshire

Key Decision: No

### 1.0 Purpose of Report

1.1 This report is to advise Cabinet of the outturn financial position as at the end of 31<sup>st</sup> March 2017.

### 2.0 Recommendation

2.1 That Cabinet note the Outturn position

2.2 That the carry forward bids be supported, and remaining surplus be committed to the General Fund.

### 3.0 Summary

3.1 The revenue outturn position has resulted in a surplus against budget of £1,284,800 before Carry Forwards. After carry forwards requests of £571,400 the full year surplus is £713,500 which has meant that the anticipated budget deficit and general fund draw down of £450,000 will not be required and can be used to support future deficits. Analysis is provided within this report

## **4.0 Subject of Report**

- 4.1 The outturn position by Service Head, is provided in the attached Management Accounts pack at Appendix A.

### **Carry Forward Requests**

- 4.2 Managers were asked to submit Carry Forward requests as part of the Quarter 3 forecast. The carry forward requests are given in the Management Accounts pack at Appendix A.

### **Capital Outturn**

- 4.2 The capital budget for 2016-17 is shown in Appendix B.
- 4.2.1 There is steady demand for Mandatory Disabled Facilities grants, which have totalled £790,000 this year. This is less than previously forecast and significantly below external funding available for this scheme.
- 4.2.2 Vehicle replacement programme spend is below budget due to the transfer of responsibility of vehicles to Norse.

### **Specific Reserves**

- 4.3 The Council is able to use the General Fund and specific reserves to pay for revenue projects and one off expenditure. Reserves are also used to fund capital expenditure. Analysis of the movement in reserves is included in Appendix C, and key movements include release of funding for Capital programme expenditure, budgeted reserve movements and in year surplus. development action plan.

## **5.0 Treasury Management**

- 5.1 Overall interest earnings show a favourable variance of £4,000 at the year end. This variance is set in the context of falling interest rates.
- 5.2 Interest rates were set from 0.5% to 0.25% in summer 2016, and are not expected to increase in the short term.
- 5.3 All treasury activity was conducted according to the Treasury Management Strategy set in February 2016 and limits defined in the Prudential Indicators section of that report. A review has been conducted, and no activity has taken place contrary to the strategy and no limits have been exceeded.

## **6.0 Debt Collection**

6.1 As at 31<sup>st</sup> March 2017, current debt stood at £1.4m.

6.2 The bad debt provision calculation has been fully reviewed, and includes provision for specific debts that are potentially uncollectable.

6.3 A summary of the sundry debts, by Service, is provided in Appendix E.

**7.0 Implications:** The Council's financial position for 2016-17 showed a surplus, which will be reinvested in the delivery of the corporate strategy.

**7.1 Resources:**

**7.2 Legal:** No direct implications

**7.3 Strategy:** The outturn shows our performance against the budget, which provides the financial framework for delivering the corporate strategy. The Council's ambition is to achieve financial independence from Government and an aspiration to minimise Council Tax. Effective financial management is critical to achieving this ambition.

**7.4 Risks:** The report demonstrates the risk that, although the Council sets a balanced budget, activity in the year may result in surpluses or deficits. Regular financial reporting helps understand these issues and supports decision making to ensure best use of resources.

**7.5 Communications:** The provisional outturn report is communicated to Councillors and ultimately the public through the Council's Statutory Accounts.

**7.6 For the Community:** A sound financial position is required for the sustainability of local services. The surplus for 2016/17 will be transferred to the General Fund and will contribute to the sustainability of services in future years.

**7.7 Integrated impact assessments** are completed for specific projects and service changes and therefore an IIA is not required for this report.

### **Appendices:**

**Appendix A** – Management Accounts Pack and Carry Forwards

**Appendix B** – Capital Programme

**Appendix C** – Summary of Reserves

**Appendix D** – Retained Business Rates Analysis

**Appendix E** – Sundry Debts by Service

### **Agreed and signed off by:**

Legal Services:

Monitoring Officer:

Executive Director:  
Cabinet Lead:

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## Capital Outturn 2016/17

<b>Expenditure</b>	<b>Budget including Brought Forward £000</b>	<b>Outturn £000</b>
<b>Housing</b>		
DFG Expenditure	900	794
	<b>900</b>	<b>794</b>
<b>Operational Land and Buildings</b>		
Plaza, Conference Suite Kitchenette Fit out	35	-
New allotments	135	-
Refurbishment of HBC equipped play areas	75	-
New Cemetery in MDA	418	-
Purchase of 32 West Street	-	320
HBC play areas refurbishment	-	2
Front Lawn Works	-	38
Hayling Billy Trail	-	95
Emsworth Wall North Street	-	24
	<b>663</b>	<b>479</b>
<b>Vehicles and Equipment</b>		
Vehicle Replacement Programme	725	11
Animal warden vehicle	21	-
Car Park Meters	-	205
	<b>746</b>	<b>216</b>
<b>Other Capital Expenditure</b>		
Replacement of processing and application mgt system	85	-
Replacement DMS solution – Community, Transport, Property	60	-
Acolaid database replacement - Planning	98	-
Acolaid database replacement – Environmental health work	58	-
Contributions to HCC Rural Broadband scheme	12	-
Personalisation	150	-
Processing and Management System for planning	300	-
Pre-contemplative promotion - external poster frames	61	-
New Finance System	-	35
	<b>824</b>	<b>35</b>
<b>Total Expenditure</b>	<b>3,133</b>	<b>1524</b>
<b>Funded By</b>		
Internal Borrowing	755	-
Use of Long Term Cash Investments	-	-
Capital Expenditure Charged Against the General Fund	-	-
Grants and Contributions from Earmarked Reserves	1,508	730
External Funding	870	794
<b>Total Funding</b>	<b>3,133</b>	<b>1524</b>

## Appendix C

### Analysis of Reserve Balances

	Opening Balance	Capital Grants and Cont'n Received	Cont'n to Capital Programme	Cont'n to General fund	Movement Between Reserves	Closing Balance
	£000	£000	£000	£000	£000	£000
<b>General Fund</b>	<b>(6,248)</b>				(889)	<b>(7,137)</b>
<b>Statutory Reserves</b>						
Capital Receipt Reserves	(199)	(1,114)				(1,313)
Capital Grants and Contributions Unapplied – non CIL	(622)	(244)	250			(616)
Capital Grants and Contributions Unapplied – CIL element	(2,044)	(2,011)	44			(4,011)
CLG – DFG Grant	(83)	(1,454)	794			(743)
Developer Contributions Unapplied	(776) <sup>1</sup>					(776)
<b>Earmarked Reserves</b>						
General fund - Earmarked	(1,125)			158	(18)	(967)
Legal Reserve	(385)					(385)
Insurance Reserve	(653)					(653)
LABGI Reserve	(14)				14	-
Asset Acquisition Reserve	(4)				4	-
Capital Reserve	(1,006)		658			(348)
Transformation Reserve	(597)					(597)
<b>Total</b>	<b>(13,756)</b>	<b>(4,823)</b>	<b>1,746</b>	<b>176</b>	<b>(889)</b>	<b>(17,546)</b>

<sup>1</sup> Developers contributions are held for use for a variety of specific uses, therefore cannot be used as part of general service and non specific capital funding. Further information relating to developers contributions can be found at <http://www.havant.gov.uk/planning-policy-design/annual-monitoring-reports>, with the 2014 report giving the most recent details, specifically sections 6.05 to 6.12.

## Retained Business Rates Analysis

	Budget	Outturn
	£'000	£'000
<b>Business Rates Yield</b>		
Base Yield	34,748	34,525
Provision for backdated appeals	-	(500)
Bad Debts	-	(138)
Cost of Collection	-	(140)
Adjustment for provision for bad debt	-	22
Transitional protection payment	-	(326)
<b>Business Rates Yield</b>	<b>34,748</b>	<b>33,443</b>
<b>Distribution</b>		
Central Government (0.50)	17,374	17,374
Hampshire County Council (0.09)	3,127	3,127
Hampshire Fire (0.01)	347	347
Havant Borough Council baseline (0.4)	13,900	13,900
<b>Total Distribution</b>	<b>34,748</b>	<b>34,748</b>
Reallocation of prior year balance – HBC	167	167
Reallocation of prior year balance – Other	250	250
<b>Total Expenditure</b>	<b>35,016</b>	<b>35,167</b>
Collection Fund Surplus B/Fwd	(417)	(81)
Collection Fund Surplus/(Deficit) 2016/17	417	1,724
<b>Collection Fund Balance C/Fwd to 2017/18</b>	<b>-</b>	<b>(1,643)</b>

<b>Havant Borough Council</b>		
<b>Retained Business Rates Calculation</b>	<b>Budget</b>	<b>Actual</b>
	<b>£'000</b>	<b>£'000</b>
Havant Borough Council baseline	(13,900)	(13,900)
Tariff paid to Central Government	9,845	9,844
Levy for safety net paid to Central Government	740	515
<b>Total Business Rates income</b>	<b>(3,315)</b>	<b>(3,541)</b>
Redistribution of prior year surplus	(167)	(167)
<b>Retained Business Rates</b>	<b>(3,482)</b>	<b>(3,708)</b>

## Appendix E

### SUNDRY DEBTS BY SERVICE – 2016/17 Outturn

	Credit Balances	<90 days	91-180 days	181-365 days	Sum of 366+ days	Sum of Grand Total
D - Business Improvement Income	0	15,327	0	0	0	15,327
D - Coastal: Fee Income	0	80,134	0	0	0	80,134
D - Coastal: Partnership Income	0	7,800	0	0	0	7,800
D - Community Income	0	0	0	0	212	212
D - Customer & Support Services Misc Income	0	3,979	0	0	0	3,979
D - DevMan Community Infrastructure Levy	0	0	0	9,730	0	9,730
D - DevMan Highways	0	154,744	0	0	0	154,744
D - DevMan Inspection Fee	-253	134,382	420	1,065	4,218	139,832
D - DevMan Migration	0	0	0	0	8,580	8,580
D - DevMan Other Income	0	392	0	0	0	392
D - EconDev Income	0	120	0	0	2,450	2,570
D - EnvHealth: Animal, Pest & Pollution	0	793	0	0	0	793
D - EnvHealth: Licensing	0	3,138	250	0	699	4,087
D - EnvHealth: Safety	0	0	76	0	0	76
D - Facilities Income	-12	10,958	126	84	562	11,718
D - FinProp Migration	0	0	0	0	3,109	3,109
D - FinProp: Investment Property Rent	0	212,441	2,100	8,206	331	223,078
D - FinProp: Other	0	122,633	4,547	0	0	127,180
D - FinProp: Other Property Rent	0	4,625	9	0	0	4,634
D - Housing Income	-80	31,285	3,076	5,732	83,713	123,726
D - HR & Communications Misc Income	0	6,903	0	0	0	6,903
D - Migration	-1,267	4,346	0	0	1,819	4,899
D - Neighbourhood Quality Income	-1,991	2,292	0	935	592	1,828
D - OpServ Migration	0	3,655	0	0	3,304	6,959
D - OpServ: Beach Huts Income	0	0	0	0	5,059	5,059
D - OpServ: Open Spaces Income	0	0	0	114	1,793	1,907
D - OpServ: Other Income	0	384,000	0	0	0	384,000
D - OpServ: Waste Income	0	0	0	0	4,449	4,449
D - Revs & Bens Migration	0	0	0	0	4,317	4,317
D - Revs & Bens: Contractor Recharge Payments	0	19,062	0	0	0	19,062
D - Revs & Bens: Overpayments	0	18,687	0	0	0	18,687
<b>Grand Total</b>	<b>-£3,602</b>	<b>£1,221,696</b>	<b>£10,603</b>	<b>£25,866</b>	<b>£125,206</b>	<b>£1,379,769</b>