

Financial Performance of the Council in 2017/18

1. General Fund

The final outturn for service expenditure for the year 17/18 was £15.7m and is analysed as follows:

	Original Budget	Revised Budget	Actual 31.3.18	Variance
	£'000	£'000	£'000	£'000
Corporate Services	5,288	5,264	5,095	(169)
Community Services	5,896	5,444	5,305	(139)
Regeneration, Planning Policy and Assets	(336)	572	600	28
Tourism & Enterprise	3,763	3,125	3,130	5
Other Operating Income and Expenditure	(767)	(152)	-	152
Service Total	13,844	14,253	14,130	(123)
Capital Financing costs	1,833	1,959	1,648	(311)
TOTAL EXPENDITURE	15,677	16,212	15,778	(434)
Council Tax	(8,031)	(8,031)	(8,007)	24
Business Rates	(4,365)	(4,365)	(4,733)	(368)
Government Grants	(2,138)	(2,228)	(2,102)	126
TOTAL FUNDING	(14534)	(14624)	(14842)	(218)
Transfer to Reserves	1,143	1,588	936	(652)

The General Fund Revenue Budget outturn is a surplus of £434,000. When the budget was originally set in February 2017 the Council estimated it would need to make a contribution of £1,143,000 from the General Fund Reserve in order to balance the budget. The actual contribution was £936,000 which represents a saving of £652,000 against the revised budget.

As a result of this movement the General Fund Balance as at 31 March 2018 was £3.033m.

The main variances between the revised budget and the actual net expenditure are detailed below:

	£000
Farms and Lands Let - additional income over budget	(134)
Solarbourne income – overachievement of Feed-in-Tariff income	(122)
Refuse Collection - contract variations underspend	(107)
Systems Administration - staff savings	(91)
Bed and Breakfast - earmarked budget for block bookings underspent	(72)

Car Parking – additional car parking income	(68)
Development Control – additional staffing and consultancy costs and shortfall of pre planning advice income	92
Catering – Buccaneer – shortfall of sales income	149
Delay in achieving savings targets	175
Housing Benefits Payments & Subsidy-shortfall on debt raised and B&B cost	286

The balances as at 31.3.18 for usable general fund revenue reserves are as follows:

Reserve	31.3.18 £'000
General Fund	3,033
Repairs and Maintenance (Capital Programme) Reserve	1,306
Regeneration Reserve	532
Devonshire Park Reserve	1,488
Earmarked Reserves	472

2. HRA

HRA performance for the year 17/18 is as follows:

	Original Budget £'000	Revised Budget £'000	Actual 31.3.18 £'000	Variance £'000
HRA				
Income	(15,551)	(15,587)	(15,602)	(15)
Expenditure	12,717	12,653	12,449	(204)
Capital Financing & Interest	1,885	1,885	1,831	(54)
Contribution to Reserves	500	600	500	(100)
Total HRA	(449)	(449)	(822)	(373)

HRA performance shows a favourable variance of (£373,000), which is mainly due to:

Reduction in provision for Bad Debt requirement	(£112)
Take up of under occupation scheme	(£63k)
Average interest rates lower than budgeted	(£50k)
Depreciation lower than budget	(£32k)

The balance as at 31.3.18 on the usable Housing Revenue Accounts Reserves are as follows:

Reserve	31.3.18 £'000
HRA	5,188
Housing Regeneration and Investment Reserve	2,883
Major Repairs Reserve	510

3. Capital Expenditure

The revised capital for 2017/18 was £51.6m and the outturn was £51.3m, a variance of £0.3m. The capital expenditure was financed as follows:

	£000
Capital Receipts	1,432
Other Contributions	5,495
Earmarked Reserves	219
Government Grants & Contributions	5,244
Major Repairs Reserve	3,823
Revenue Financing	13
Financed from borrowing	35,037
Total	51,263

The main items of capital expenditure are set out below.

	Budget	Actual	Variance
	£000	£000	£000
Council Dwelling Improvements & building	7,108	6,274	(834)
Investment & Land Acquisition	20,851	21,281	430
Devonshire Park Development	14,600	13,839	(761)
Asset Improvements & building	2,283	1,798	(485)
Loans to Subsidiary Companies	2,917	2,910	(7)
IT & JTP	2,060	3,182	1,122
Grants to Provide Disabled Facilities & Private Sector Renewal Grants	699	887	188
Playground & Sports Facilities Improvements	285	318	33
Beach Management	268	315	47
Community Facilities	206	210	4
Other Schemes	290	249	(41)
Total Capital Programme Expenditure	51,567	51,263	(304)

The Council continues to invest in assets to support the local community and economy. The most significant planned capital schemes are:

- Improvements to the Council's housing stock;
- Economic regeneration;
- Asset improvements.

4. Collection Fund

The Council has, by law, to maintain a specific account called the Collection Fund which records all income from Council Tax and Non-Domestic Rates and its distribution to the major precepting authorities, being Central Government, East Sussex County Council, Sussex Police, East Sussex Fire Authority and Eastbourne Borough Council.

The overall Collection Fund is showing a deficit of £2,254,000 (Council tax surplus (£1.267m) and Business Rates deficit £3.521m) as at 31 March 2018 (compared to a deficit of £943,000 as at 31 March 2017). This change in the balance is due to a large refund having to be made as a result of a significant reduction in the rateable value of one property following a successful appeal backdated to 2010. This refund was in excess of the amount allowed for in the provision.

Collection Fund surpluses or deficits declared by the billing authority in relation to Council Tax are apportioned to the relevant precepting bodies in the subsequent financial year. The January 2018 forecast surplus for the Council Tax element of the fund of £0.92m will be distributed to precepting bodies pro rata to their Band D Council Tax during 2018/19 leaving a balance of £0.347m, to be distributed in 2019/20. This Council's share as at 31 March 2018 was £164,918.

The forecast deficit for the Business Rate element of the fund was £2.97m, which will be collected from preceptors in proportion to their share of the business rate income during 2018/19 leaving a balance of 1.82m to be distributed in 2019/20. This Council's share as at 31 March 2018 was £1.415m.

In 2014/15, the local government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Councils a greater incentive to grow businesses in the area. It does, however, also increase the financial risk due to non-collection and the volatility of the Business Rates Tax Base

5. Treasury Management

The Council's external loan debt at 31 March 2018, comprising long and short-term borrowing, stood at £105m excluding accrued interest payable. This is made up of £82m repayable in more than one year and £23m repayable in less than one year. This is a net increase of £39.9m over the previous year, mainly as a result of additional borrowing.

No short-term investments were held at 31 March 2018, the same as the previous year. The Council held cash balances as at 31 March 2018 of £3.6m, compared to £1.9m as at 31 March 2017.