

## Appendix 5

### FINANCIAL PERFORMANCE OF THE COUNCIL IN 2016/17

#### 1. General Fund

A summary of the General Fund position for 2016/17 is as follows:

	<b>Original Budget</b> £000	<b>Revised Budget</b> £000	<b>Actual</b> £000	<b>Variance</b> £000
Corporate Services	5,721	6,190	6,110	(80)
Community Services	6,071	6,166	5,820	(346)
Regeneration, Planning Policy and Assets	111	135	179	44
Tourism & Enterprise	3,217	3,198	3,079	(119)
Other Operating Income and Expenditure	(469)	(363)	-	363
<b>Service Total</b>	<b>14,651</b>	<b>15,326</b>	<b>15,188</b>	<b>(138)</b>
Capital Financing costs	1,834	1,320	774	(546)
<b>TOTAL EXPENDITURE</b>	<b>16,485</b>	<b>16,646</b>	<b>15,962</b>	<b>(684)</b>
Transfer from General Fund Balance	(1319)	(875)	(737)	138
<b>Budget Requirement</b>	<b>15,166</b>	<b>15,771</b>	<b>15,225</b>	<b>(546)</b>
Council Tax	(7,863)	(7,863)	(7,863)	-
Business Rates	(4,035)	(4,035)	(3,616)	419
Government Grants	(3,268)	(3,873)	(3,746)	127
<b>TOTAL FUNDING</b>	<b>(15166)</b>	<b>(15771)</b>	<b>(15225)</b>	<b>546</b>

The General Fund Revenue Budget outturn is a deficit of £943,000. When the budget was originally set in February 2016 the Council estimated it would need to make a contribution of £1,319,000 from the General Fund Reserve in order to balance the budget. The actual contribution was £737,000 which represents a saving of £138,000 against the revised budget.

As a result of this movement the General Fund Balance as at 31 March 2017 was £2.661m.

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

£000

Summons income above target	(105k)
Bereavement income above target	(101k)
IT contract and infrastructure savings	(97k)
Catering Admin saving plus increase in net income	(94k)
Solarbourne income above target	(78k)
Street Cleansing contract savings	(76k)
Car Parking income above target	(73k)
Development control income above target	(63k)
Events net income above target	(57k)
Theatres net income above target	(56k)
Recycling contract savings and credits over target	(47k)
Delay in achieving savings targets	363k
Increase in provision for bad debts for Housing Benefits overpayment	184k
Airbourne	69k
MMI scheme of arrangement levy	47k
PR Contract additional work	37k
Bed and Breakfast Accommodation	33k

The balances as at 31.3.17 for usable general fund revenue reserves are as follows:

<b>Reserve</b>	<b>31.3.17 £'000</b>
General Fund	2,661
Repairs and Maintenance (Capital Programme) Reserve	2,573
Regeneration Reserve	541
Devonshire Park Reserve	959
Earmarked Reserves	455

## 2. Housing Revenue Account

For 2016/17 the Housing Revenue Account net position shows an overall surplus of £688,000 for the year against an expected budgeted surplus of £417,000 resulting in a favourable variance of £271,000.

The following table compares movement in the HRA Balance from the budget to the outturn for 2016/17:

	<b>Original Budget £000</b>	<b>Revised Budget £000</b>	<b>Actual £000</b>	<b>Variance £000</b>
<b>HRA</b>				
Income	(15,586)	(15,703)	(15,744)	(41)
Expenditure	12,560	12,450	12,250	(200)
Capital Financing & Interest	1,809	1,809	1,779	(30)
Contribution to Reserves	924	1,027	1,027	-
<b>Total HRA</b>	<b>(293)</b>	<b>(417)</b>	<b>(688)</b>	<b>(271)</b>

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

	£000
Rental from new properties let at affordable rents	(59)
Reduction in provision for bad debt requirement	(148)
Take up of under occupation scheme	(48)

Also depreciation charged to the HRA is transferred the Major Repairs Reserves to fund the cost of major works capital expenditure, as the actual calculated cost of depreciation produced was lower than the budget by £102,700, this was transferred to the Housing Regeneration and Investment Reserve to support capital expenditure over the life of the HRA 30 year business plan.

At 31 March 2017 there were 3,423 dwellings provided for rent

The balance as at 31.3.17 on the usable Housing Revenue Accounts Reserves are as follows:

Reserve	31.3.17 £'000
HRA	4,366
Housing Regeneration and Investment Reserve	2,518
Major Repairs Reserve	514

### 3. Collection Fund

The overall Collection Fund resulted in a deficit of £943,000 (Council tax surplus (£1.434m) and Business Rates deficit £2,377m) as at 31 March 2017 (compared to a deficit of £203,000 as at 31 March 2016). 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 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 2017 forecast surplus for the Council Tax element of the fund of £0.97m will be distributed to precepting bodies pro rata to their Band D Council Tax during 2017/18 leaving a balance of £0.5m, to be distributed in 2018/19. This Council's share as at 31 March 2017 was £189,361.

The forecast deficit for the Business Rate element of the fund was £0.85m, which will be collected from preceptors in proportion to their share of the business rate income during 2017/18 leaving a balance of £1.5m to be distributed in 2018/19. This Council's share as at 31 March 2017 was £0.95m.

For 2016/17 the Council participated in, the East Sussex Business Rates Pool along with East Sussex County Council (ESCC), East Sussex Fire Authority (ESFA), Hastings Borough Council, Lewes District Council, Rother District Council and Wealden District Council. Pooling the business rates income from growth across a wider and economically coherent area ensures that all the authorities in the Pool can benefit from economic growth across the whole area. Additionally,

there is a financial benefit for each participating authority arising from the fact that the levy rate for the Pool as a whole is lower than the levy rates that would have applied to each authority individually. The total financial benefit achieved in 2016/17 was £1.459 million which is distributable to the Pool members on the basis of 40% to ESCC, 10% to ESFA and the remaining 50% shared by the billing authorities in proportion to the growth achieved in their areas. As this Council was below its baseline funding figure there was no payment made into the pool and therefore no distribution due. The Sussex Business Rates Pool ceased as at 31.3.17.

#### 4. Capital Spending

The Council's capital spending in the year was £26.9m compared with a revised budget of £45.1m. Capital expenditure has been financed as follows:

	£000
Capital Receipts	2,998
Other Contributions	567
Earmarked Reserves	352
Government Grants & Contributions	5,360
Major Repairs Reserve	3,496
Revenue Financing	(8)
Financed from borrowing	14,180
<b>Total</b>	<b><u>26,945</u></b>

The main items of capital expenditure are set out below:

	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	£000	£000	£000
Council Dwelling Improvements & building	6,829	5,762	(1,067)
Investment & Land Acquisition	22,824	4,653	(18,171)
Asset Improvements	5,990	6,660	670
Loan to Housing Investment Company	4,150	4,240	90
Community Facilities	221	240	19
Future Model, IT & JTP	1,930	2,456	526
Grants to Provide Disabled Facilities & Private Sector Renewal Grants	666	584	(82)
Playground & Sports Facilities Improvements	294	150	(144)
Pier Grant & CCF funded schemes	1,417	1,483	66
Beach Management	619	298	(321)
Other Schemes	126	419	293
<b>Total Capital Expenditure</b>	<b><u>45,066</u></b>	<b><u>26,945</u></b>	<b><u>(18,121)</u></b>

The main variance relates to £18m allocated for the purchase of the Hampden Retail Park which did not complete until after 31 March 2017.

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.

## **5. Treasury Management**

The Council's external loan debt at 31 March 2017, comprising long and short-term borrowing, stood at £65.1m. This is made up of £55.1m repayable in more than one year and £10.0m repayable in less than one year. This is a net increase of £12.8m over the previous year, mainly as a result of additional borrowing.

No short-term investments were held at 31 March 2017, the same as the previous year. The Council held cash balances as at 31 March 2017 of £1.8m, compared to £2.0m as at 31 March 2016.