

Summary financial report & accounts 2014/15



Central and democratic services | Cultural services | Economic development | Environmental waste | Highways and roads | Housing | Planning and building control | Recycling

How your council tax is spent



Our annual summary report

Hertsmere Borough Council, working with you, for you



Welcome to our summary report

Our annual financial report and statement of accounts have now been published and this document gives a summary of that report and explains what happens to your council tax and how we spend the money we receive.

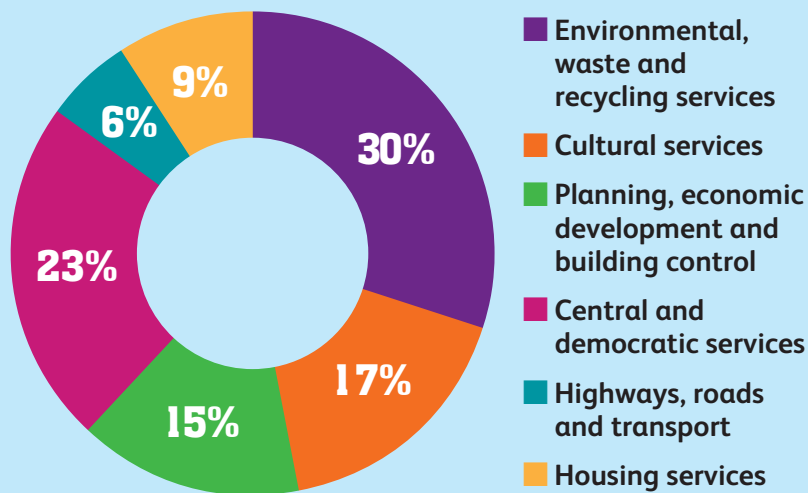
Hertsmere Borough Council plays a leading role in improving the quality of life for its residents and we recognise that now, more than ever before, we need to demonstrate to you what your council tax pays for. We've been working hard to deliver services which make a real difference to our communities, focusing on the things that you have been telling us you want.



ENVIRONMENTAL
WASTE AND
RECYCLING
£47
a year

The average household spend

In 2014/15 council services cost an average band D property around £157 per year (remaining unchanged since 2009/10), which was split as shown below.



While Hertsmere collects your total council tax (£1,447 for an average band D property), it does not keep it all. Just 11 pence in every pound is used by Hertsmere, while the rest of the money you pay goes to other public organisations. See the last page of this report.

In order to keep council tax as low as possible, please ensure that you are registered with your General Practitioner (GP) – registrations count when the government decides our grant.

ITEMS PURCHASED	% OF GROSS BUDGET	BAND D EQUIVALENT
ENVIRONMENTAL, WASTE AND RECYCLING SERVICES	30%	£47
CULTURAL SERVICES	17%	£27
PLANNING, ECONOMIC DEVELOPMENT AND BUILDING CONTROL	15%	£23
CENTRAL AND DEMOCRATIC SERVICES*	23%	£36
HIGHWAYS, ROADS AND TRANSPORT	6%	£10
HOUSING SERVICES	9%	£14
TOTAL	100%	£157

*excludes payment of housing benefit as this is funded by central government



PLANNING,
ECONOMIC
DEVELOPMENT AND
BUILDING CONTROL

£23
a year



HIGHWAYS,
ROADS AND
TRANSPORT

£10
a year

What the figures mean

Environmental, waste & recycling services

£47 a year

Hertsmere's priority is to protect and enhance the quality of its environments.

This portion of your council tax, almost one third of the total charge, pays for services that are most commonly associated with the council, such as street cleaning and waste and recycling collections.

The quality of service has been maintained, as seen in our kerbside recycling collections. Recycling is always high on the local and national agendas and we continuously review the service to help residents to reduce the amount of waste they send to landfill and to create good quality compost.

Your £47 a year also pays for cemeteries, engineering and drainage, pollution reduction, health and safety e.g. making sure that your food is safe, pest control, licensing of premises, provision of community toilets and community safety such as supporting Police Community Support Officers. We know from our regular consultations with residents that this area of expenditure is a priority for you.

Cultural services

£27 a year

The council has a responsibility to promote healthy living and to provide cultural and leisure opportunities to local residents.

This portion of your council tax pays for things like structural maintenance of the leisure centres in the borough (which are managed on our behalf by Hertsmere Leisure), schemes for young people, allotments, museums and galleries, theatres, community centres, parks and open spaces. Once again, the high quality of our parks and open spaces can be seen in the six Green Flag Awards we have maintained for another year.

Elstree & Borehamwood Museum, rehoused in the community hub 96 Shenley Road with funding assistance from the council, celebrates the history of the area including its long and proud association with the film industry.

Planning, economic development & building control

£23 a year

Planning permission is required for most alterations and developments and the planning department looks after all these issues to ensure that development is managed and that conservation areas are protected.

All of the borough's land outside the main towns is in the green belt and we know from surveys of residents' views that you want us to protect it for future generations so this is what we're trying to do.

We're also responsible for economic development – such as encouraging new

business to the area and helping existing businesses to identify opportunities to grow – and we have continued to provide funding to the Citizens Advice Bureau to help pay for a specialist money advisor to support debt counselling. Again we know that this is an area of expenditure which residents strongly support.

Our building control section ensures buildings are properly designed and constructed and meet health and safety regulations.

Highways, roads & transport

£10 a year

Although Hertfordshire County Council is responsible for the majority of roads, public transport and street lights, your £10 a year helps us to pay for certain highways issues, lighting in our parks, car parks and cycle ways. As part of our capital programme, we have started on a five-year cycle of repairs to our car parks which will entail reconstruction, resurfacing and environmental improvements.

How to get the full report

You can download the full annual financial report and statement of accounts from our website at www.hertsmere.gov.uk

If you have any questions, or would like a copy sent to you, please write to:

The Director of Resources
Hertsmere Borough Council
Civic Offices, Elstree Way
Borehamwood
Hertfordshire WD6 1WA

or phone 020 8207 2277 or email accountancy.finance@hertsmere.gov.uk

Central & democratic services

£36 a year

Your council tax helps pay for the running of borough elections and ensuring that the democratic process is upheld, collecting council tax and business rates and providing information to home buyers and agents about land in the borough.

This is a key service and we are committed to good corporate governance and transparency in all our activities. You will find reports and minutes of all our meetings on our website or you can get involved in our public meetings by attending or watching them live or afterwards via our webcast microsite at www.hertsmere.public-i.tv.

We are responsible for collecting business rates and council tax totalling £106m, (much of it paid electronically; our website payment facility is available 24/7), as well as paying out housing benefits of £41m. In order to let residents know what we spend our money on, and to ensure that our expenditure is transparent and open, we publish the details of all payments £500 or more on our website.

Housing services

£14 a year

We provide grants for disabled facilities, provide emergency accommodation and work with registered social landlords (RSLs) to develop good quality homes for our residents.

We have continued to reduce our reliance on the use of bed and breakfast accommodation by improving the supply of decent accommodation, using a mixture of private sector properties and our own accommodation. We are adding to the homes that we have available by using our capital resources.



HOUSING SERVICES

£14 a year



CENTRAL AND DEMOCRATIC SERVICES

£36 a year



CULTURAL SERVICES

£27 a year

A summary of the council's accounts 2014/15

The following pages provide details of the council's spending and income during 2014/15 and its financial position at 31 March 2015.

The council's statement of accounts has been prepared using recommended accounting practice.

The independent auditors, appointed by the Audit Commission, have provided their opinion that the accounts give a true and fair view of the financial position of the council at 31 March 2015, and its income and expenditure for the year.

The figures in this summary have been based on the audited accounts but some modifications have been made to provide more meaningful information.

A full copy of the council's statement of accounts is available on our website www.hertsmere.gov.uk



Income and expenditure

In 2014-15 the coalition Government's four-year spending review concluded and we have since had broad guidance about the financial settlements that we can expect during the 2015-2020 parliamentary term.

We had anticipated that our central government grant, already reduced by around 45% from 2010/11 levels, would be further cut by up to 40%. We now know that under the Chancellor's plans to devolve new powers from Whitehall to local areas to promote growth and prosperity, the core grant will be phased out in its entirety. In its place, local authorities will be able to retain all revenue from business rates instead of remitting half to central government. Clearly this will provide us with the incentive to continue to promote growth and attract businesses to the borough.

This income and expenditure account summarises the council's financial performance for both the current and previous financial year. The council tax has been frozen for the last six years and in 2014/15 we continued to pursue savings and efficiency measures such as partnership working with other local authorities, sharing back office services and managing the collection and recycling of waste. We continued to receive grants to help with the delivery of some of our services.

The council generated an operational surplus of £0.143m for the year. Very specific accounting requirements for local authorities mean that the surpluses and/or deficits which relate to the collection of council tax and business rates have to be held in a separate account before they are released. The effect of this is to cause temporary fluctuations in the amounts added to and drawn from the council's general fund. In total however, the amounts available for future spending rose from £7.78m to £7.92m as can be seen from the balance sheet on the following page.

2013/14		2014/15
£million	Net cost of services provided	£million
4.81	Environmental, waste and recycling services	4.97
3.29	Cultural services	2.57
(0.59)	Planning, economic development and building control	0.06
3.26	Central and democratic services	3.09
(0.34)	Highways, roads and transport	(0.27)
0.34	Housing services	0.68
1.43	Charges for depreciation, impairment and write-offs of assets	5.09
(0.87)	Grants credited to services	(0.81)
11.33	Total cost of services	15.38
0.63	Precepts and other operating income and expenditure	0.41
(0.15)	Finance and investment income and expenditure	0.70
11.81	Net expenditure	16.49
0.95	Additional amount (credited)/charged to the council fund as a result of legislative and accounting standards applied to local authorities	3.96
12.76	Net expenditure charged to the council fund	20.45

	Paid for by:	
(6.95)	Income from council tax	(7.14)
(4.53)	General government grants	(4.10)
(1.22)	Capital grants and contributions	(1.36)
(2.20)	Income from national non-domestic rates	(3.75)
(14.90)	Total income credited to the council fund	(16.35)

(2.14)	Council fund (surplus)/deficit for the year	4.10
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Balance sheet

The council's net worth increased from £94.2m at 31 March 2014 to £95.2m at 31 March 2015.

The overall value of our fixed, or non-current assets, rose by £1.05m and the amount by which our current assets (investments, cash and money owed to us) total more than our current liabilities (money we owe to others) rose by £3.15m. Much of this increase resulted from accounting for increased revenue on business rates. However, the Council's net pension fund deficit increased by £3.18m. The value of assets held within the scheme increased from £63.55m to £71.30m and the scheme's liabilities, based on actuarial assumptions, increased from £97.62m to £108.55m. It is important to recognise that the pension fund liability reflects the outlook using assumptions which cover an extremely long term. The fund is valued every three years and the most recent valuation for which results are available was carried out as at 31 March, 2013.

The council spent £2.89m on capital projects (see next section), including £0.62m on developing new housing which will help to accommodate the homeless. Further developments are planned which will provide more accommodation in themselves or will be sold at a profit to provide funding for homes. Not all capital expenditure is funded by the borough; just under half of our expenditure in 2014/15 (£1.35m) used grants and contributions from government and other partners.

As mentioned previously, the council made an operational surplus of £0.143m and overall funds available for future general expenditure amount to £7.92m. Such general reserves need to be maintained at an adequate level but are available if the need arises to fund any unforeseen contingencies.

The council also has restricted and earmarked reserves, of which £18.57m has been set aside for specific revenue and capital projects such as land drainage, the replacement of refuse vehicles and other plant and equipment and major works to leisure centres. Capital receipts and grants yet to

2013/14 £million	What the council owns:	2014/15 £million
108.05	Non-current assets: land, buildings, equipment, software	109.10
15.02	Investments	20.02
10.69	Cash and stock	17.62
8.97	Money owed to the council	6.84
142.73	Total owned by the council	153.58

	What the council owes:	
(14.46)	Money owed by the council	(21.11)
(34.07)	Pension fund deficit	(37.25)
(48.53)	Total owed by the council	(58.36)

94.20	Net worth of the council	95.22
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	This has been financed by:	
9.41	General fund	5.31
(1.63)	Collection fund: balances in respect of council tax and business rates	2.61
7.78	Total available for future spending if required	7.92
86.42	Other restricted and earmarked reserves	87.30
94.20	Total reserves	95.22

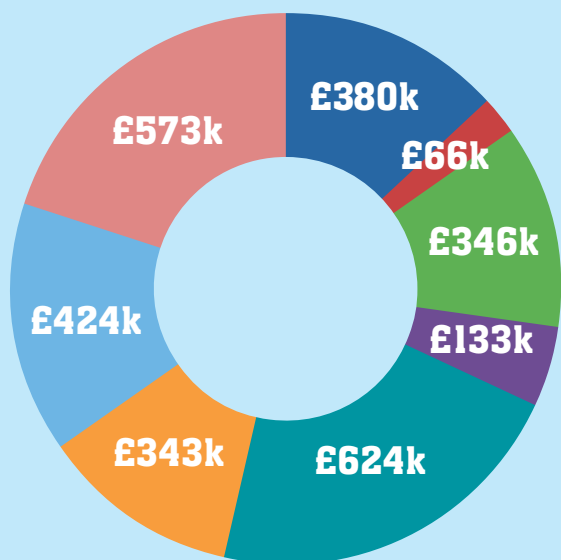
be applied to expenditure total £6.91m. Other reserves, referred to as 'unusable', represent funding for capital expenditure incurred to date.

The council is able to withstand the financial pressures of the financial settlement in part because of these healthy reserves but their use must be planned and our medium-term financial strategy looks ahead for the next four years and sets out our assumptions about future expenditure and funding in both a national and a regional context. You can read more about this on our website www.hertsmere.gov.uk.



Capital spending

Capital spending during the year amounted to £2.889m which can be classified into the following types of assets:



- Vehicles, plant and equipment
- Completion of construction of police accommodation
- Improvements at Elstree Film Studios
- Construction of Radlett Café
- Development of housing
- Car park refurbishment
- Other improvements, replacement and refurbishment
- Disability access grants



The council commissioned the construction of four new homes in Borehamwood's Grove Road to help meet the demand for housing in the borough

Some of the main projects undertaken during the year:

Department	Project	2014/15 £'000
Environmental, waste and recycling services	Replacement of refuse and recycling vehicles	164
	Replacement of car parks	343
	Other projects	382
Cultural services	Contribution to Elstree & Borehamwood museum	18
Property, legal and support services	Enhancement to facilities at Elstree Film Studios	346
	Construction of Radlett Café	133
	Planning control system	29
	Development of housing (for sale at a profit or to provide affordable rented accommodation)	624
	Completion of construction of police accommodation (50% funded by Police and Crime Commissioner)	66
	Refurbishment of Civic Offices: heating and ventilation	25
	Refurbishment of other council-owned properties	44
	Disability access grants	573
	Replacement of office equipment	121
	Other projects	21
Total expenditure on capital projects		2,889

Moving forward to 2015/16 and beyond the council has committed funds to the following projects:

Capital Commitments:	£'000
Enhance sports pitches and pavilions	238
Enhancements to facilities at Elstree Film Studios	434
Wyllyotts Centre improvements	995
Radlett Café	37
Disability access grants	207
Purchase of street scene vehicles	966
Development of housing (for sale at a profit or to provide affordable rented accommodation)	1,338
Car park resurfacing	820
Refurbishment of council owned properties	104
Enhancements to finance software	136
Civic Offices refurbishment	205
Other capital projects	499
Total	5,979

These projects will be paid for by:	
The council's earmarked reserves and grants	2,662
The council's useable capital receipts reserve	3,317
Total	5,979

Collection fund and council tax

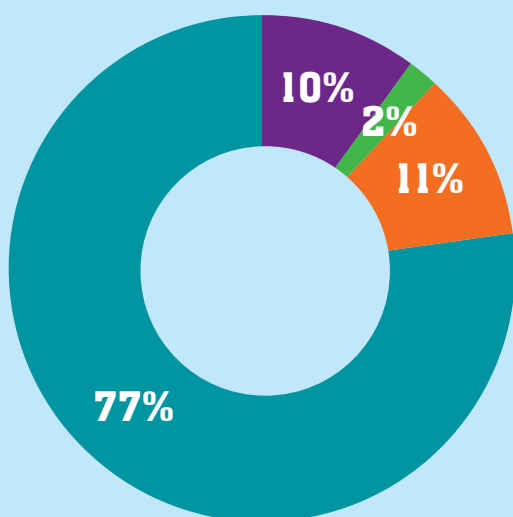
Hertsmere Borough Council is responsible for collecting council tax and business rates from tax payers in its area.

Council tax is collected to pay for the council's services and also on behalf of Hertfordshire County Council, the Hertfordshire Police and Crime Commissioner and town and parish councils.

Of the total charged to its residents approximately 11% is kept by Hertsmere Borough Council to help fund its services. The rest is split as shown in the diagram.

During 2014/15, we collected £1,447 for an average Band D property, of which Hertsmere received £157.

Council tax collection rates	2013/14	2014/15
Hertsmere Borough Council	97.7%	98.2%
County average	97.4%	97.7%
National average	97.0%	97.0%



- Hertfordshire County Council
- Hertsmere Borough Council
- Police and Crime Commissioner
- Town/parish councils

Business rates

Business rates are calculated using local rateable values (£114.8m in 2014/15) multiplied by nationally set rates (in 2014/15, 47.1p with small business relief and 48.2p without).

All money collected is shared amongst the council, Hertfordshire County Council and central government. Central government assesses the council's share according to local need.

During the year, after allocating available reliefs, the council collected £48.06m in business rates. From this the council retained £3.7m which represented 25% of its external funding (excluding capital grants) for the year.

Business rates collection rates	2013/14	2014/15
Hertsmere Borough Council	98.1%	98.5%
County average	98.0%	98.1%
National average	97.9%	98.1%

Financial management and value for money

Our auditors have confirmed that they are satisfied that we have in place proper arrangements to secure value for money.

Financial management	2012/13	2013/14	2014/15
Operating surplus for the year*	£104k	£188k	£143k
Annual accounts submitted on time	Yes	Yes	Yes
Number of audit qualifications on accounts	Nil	Nil	Nil

* After taking account of statutory accounting regulations

Have your say

We want to provide the best information for our residents and would like to know what you thought of this document.

If you would like to provide feedback, please complete our survey and return it to:

Finance Manager
Hertsmere Borough Council
FREEPOST RTJG-KEBG-ZEYJ
Civic Offices, Elstree Way
Borehamwood, Herts WD6 1WA

(No stamp required). Or you can complete an online comment, compliments or complaints form at www.hertsmere.gov.uk

Please tick ✓ the response which most matches your views about this summary document:	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
The summary was interesting	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It was easy to understand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It had an appealing design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It had too many financial charts	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It had too much non-financial information	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Any other comments