

Summary financial report & accounts 2015/16



Welcome to Hertsmere Borough Council's summary accounts, which show a more concise version of the final audited set of accounts. This document also explains what happens to your council tax and how we have spent the money we receive in a way that is more easily understood.

Our accounts received a clean bill of health and were certified by our auditors Ernst & Young LLP on 7 September 2016 at the Audit Committee meeting. The full set of accounts can be viewed at www.hertsmere.gov.uk

What money did we receive and pay out?

Collection Fund

We collect council tax and business rates on behalf of Hertfordshire County Council, the Police and Crime Commissioner for Hertfordshire and Central Government. We also collect council tax for parish and town councils.

The Collection Fund account shows separately our transactions as a billing authority. Money collected from council tax and business rates are paid into the account, and payments to Hertfordshire County Council, Police and Crime Commissioner for Hertfordshire and Central Government for their services are made from it. A summary of this activity is shown below.

While we collect your total council tax (£1,470.36 for an average band D property) just 11 pence in every pound is used by us, that is the equivalent of £157.29 per year or 43p per day for an average band D property in the borough. The majority share (77 per cent) goes to Hertfordshire County Council, the police receive 10 per cent and the parish and town councils two per cent.



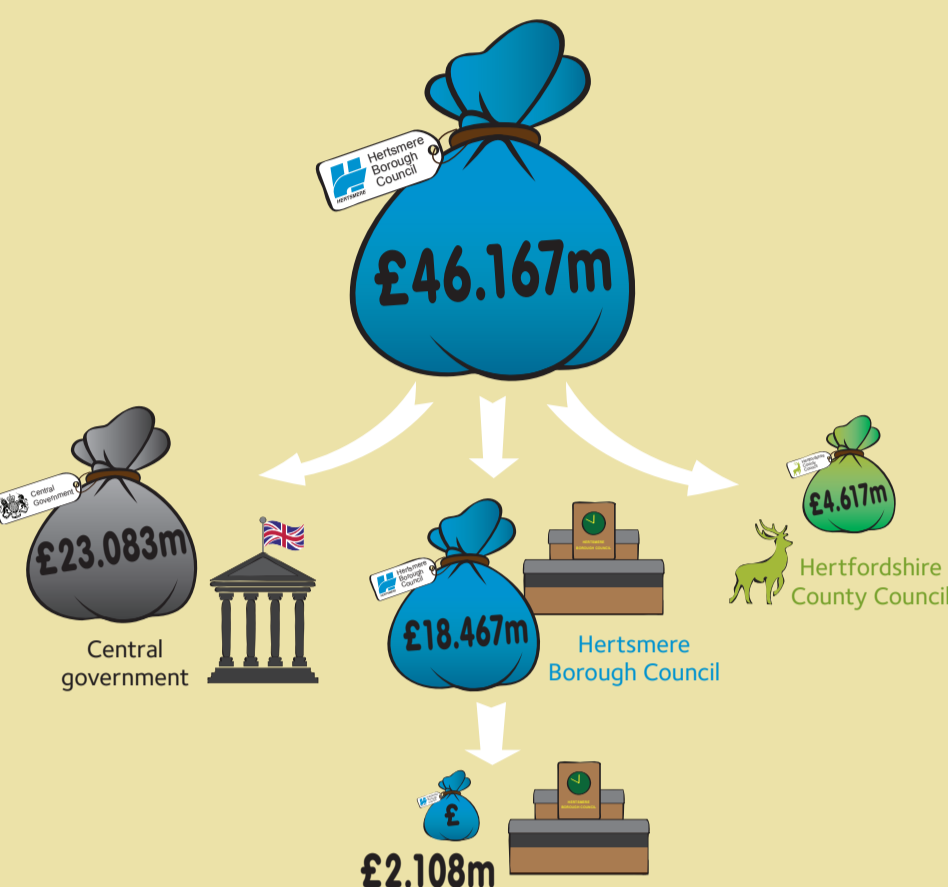
Collection Fund	2015/16 £M	2014/15 £M
Income from Council Tax	(59.3)	(57.6)
Income from Business Ratepayers (NNDR)	(47.5)	(48.0)
Total Income	(106.8)	(105.6)
Precepts and Demands for Council Tax	57.3	55.4
Precepts and Demands for Business Rates	46.2	42.3
Other	3.8	0.6
Contribution towards previous year's estimated Collection Fund surplus/(deficit)	5.4	(4.1)
Total Expenditure	112.7	94.2
Movement on Fund	5.9	(11.4)
Movement on Fund apportioned to:		
Hertsmere Borough Council	2.3	(4.2)
Hertfordshire County Council	0.7	(2.0)
Hertfordshire Police and Crime Commissioner	-	(0.1)
Central government	2.9	(5.1)
	5.9	(11.4)

How we spend your money



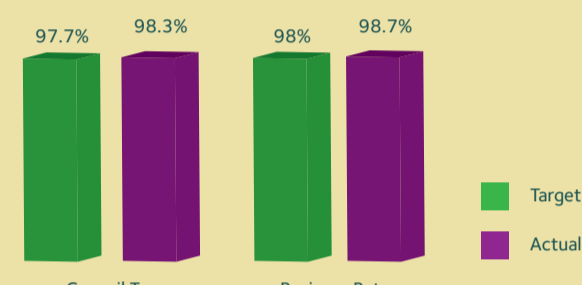
Business rates

All money collected from business rates is shared between us (40 per cent), Hertfordshire County Council (10 per cent) and central government (50 per cent).



Collection rates

These are strong collection rate figures considering challenging targets were set in these difficult economic times for local residents and businesses.



Central government assesses our share according to what our local community needs and sets a pre-determined funding level. It then applies a tariff, which is the amount by which our share exceeds that funding level. For 2015/16 the tariff was set at £15.091m. Of the £46.167 million we collected in business rates in 2015/16 we retained only £2.108m after deduction of the tariff plus an additional levy for business rates growth.

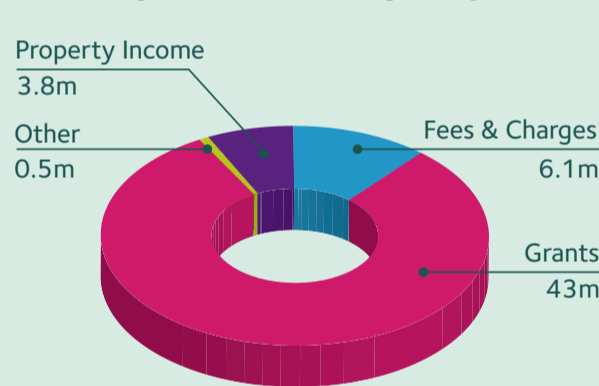
How we spend your money

Day to day revenue spend

Revenue expenditure is generally spent on items that are consumed within the year. The cost of running our services is shown in our income and expenditure account. This account has prescribed headings for the various types of expenditure. Expenditure is recorded when the cost is incurred, rather than when paid. Likewise, income is accounted for (accrued) when it is due, rather than when received.

During the year the council incurred gross expenditure of £69m (£41m related to Housing Benefit Payments) whilst generating some £53m in income. This income consisted of service related grants of £43m with a further £10m from fees, charges and property related income.

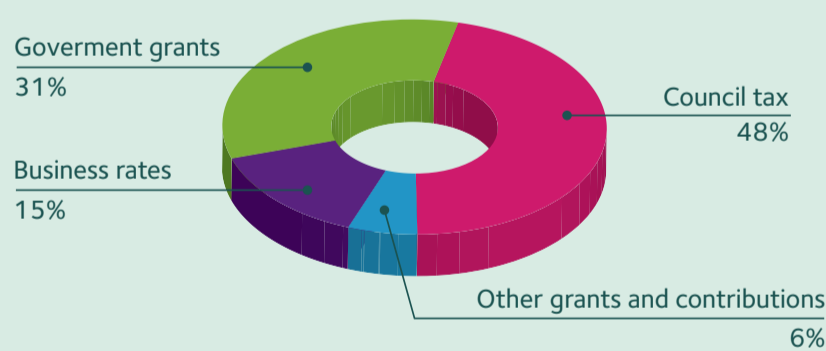
Income generated during the year £



Service Costs (Income) / Expenditure	2015/16 £M gross expenditure	2015/16 £M gross income	2015/16 £M net expenditure	2014/15 £M net expenditure	Services included
Central	5.9	(2.7)	3.2	2.8	Council tax administration, elections, corporate management and democratic representation
Cultural & Related	4.9	(0.4)	4.5	4.6	Museums, sport and leisure
Environmental & Regulatory	6.8	(1.5)	5.3	5.1	Household waste collection and recycling, street cleansing, grass cutting
Highways	1.2	(1.6)	(0.4)	0.4	Road maintenance and parking
Housing	44.8	(43.4)	1.4	1.5	Support for housing to non-council tenants, homelessness services
Planning	5.6	(3.7)	1.9	1.0	Planning
Net Cost of Services	69.2	(53.3)	15.9	15.4	
Other operating income and expenditure			0.4	0.4	Parish precepts less gain on disposal of assets
Finance and investment income and expenditure			0.3	0.7	Net interest cost less investment property income
Contribution to / (from) reserves			(1.6)	3.3	(Use) of / contribution to earmarked reserves and general fund balances
Net cost on provision of services			15.0	19.8	
Add / (less): Statutory Adjustments			0.0	(3.4)	Costs that cannot be charged against council tax e.g. depreciation
Cost of services to be met by council tax, grants and reserves			15.0	16.4	

How did we pay for our revenue expenditure?

We incurred net expenditure of £15m on running services after allowing for income and statutory adjustments. We funded the remainder of our spending using local taxes and business rates as follows:

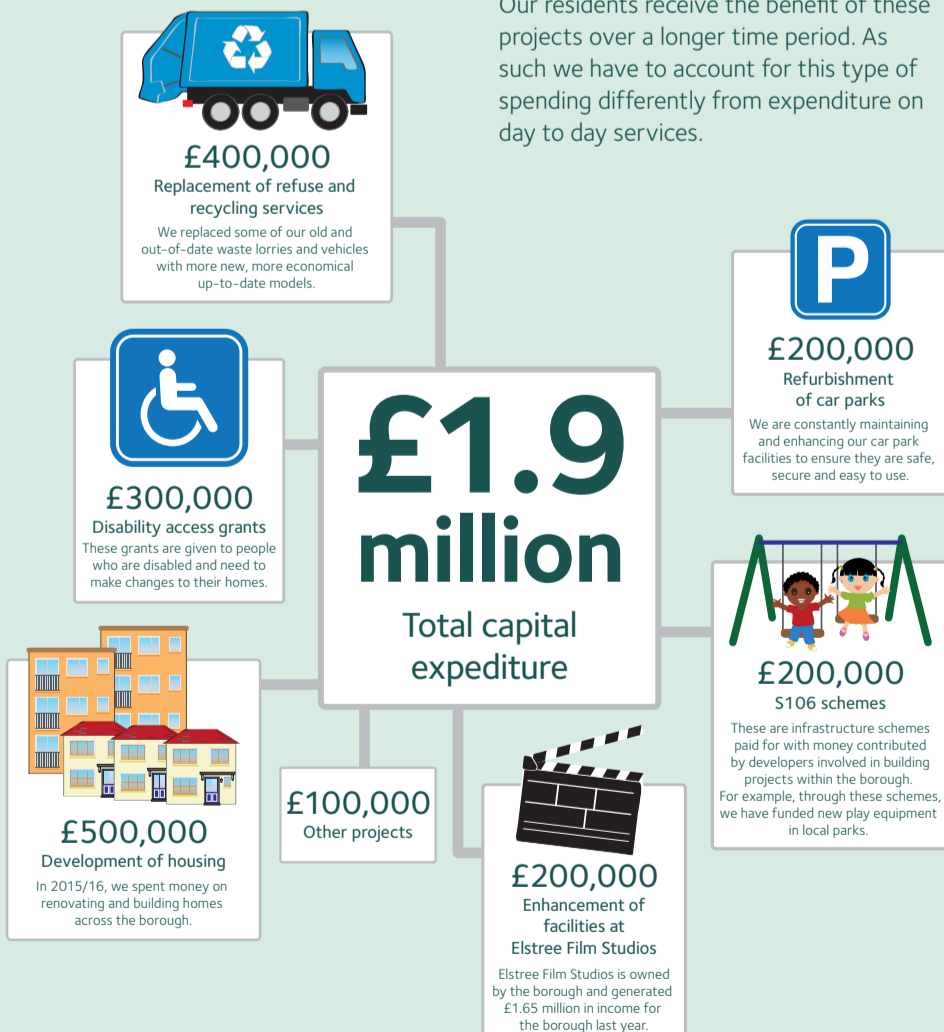


Income from council tax, business rates and grants	2015/16 £M	2014/15 £M
Council tax income	7.3	7.1
Business rates income	2.2	3.2
Non ring-fenced government grants including - revenue support grant, new homes bonus grant, council tax freeze grant and small business relief grants	4.6	4.7
Grants and other contributions	0.9	1.4
Total Income	15.0	16.4

Capital spending

Capital spending is money we spent on buying, upgrading and improving our assets, such as land, buildings and equipment.

Our residents receive the benefits of these projects over a longer time period. As such we have to account for this type of spending differently from expenditure on day to day services.



How did we pay?

We spent £1.9m on our assets and this is how we paid for it.

How we paid	2015/16 £M	2014/15 £M
Earmarked reserves, revenue contribution and grants	1.2	2.2
Receipts from sale of land, buildings, plant and equipment	0.7	0.7
Total capital income	1.9	2.9

The cash flow shows the amount of cash that has passed through the authority during the year. The net movement in cash between the start and end of the year is what has been used in running the council.

Cash equivalents	2015/16 £M	2014/15 £M
Cash and cash equivalents* at start of year	17.5	10.6
Net inflow / (outflow) of cash	(5.7)	6.9
Cash and cash equivalents* at end of year	11.8	17.5

*Cash equivalents are investments held for three months or less

Investments	2015/16 £M	2014/15 £M
Investments* at start of year	20.0	15.0
Net inflow / (outflow) of cash	10.1	5.0
Investments* at end of year	30.1	20.0

*Investments are held for longer than three months

What are we worth?

At the end of each financial year, we draw up a balance sheet that represents how much our assets are worth, what is owed to us, what we owe to others and how much cash we have.

Net assets	2015/16 £M	2014/15 £M
Value of assets held *	115.0	109.2
Cash and investments	41.9	37.6
Money owed by the Council	(55.1)	(58.4)
Money owed to the Council	6.6	6.8
Total assets less total liabilities	108.4	95.2

*Value of assets held includes property, plant and equipment, heritage assets, investment properties, intangible assets and inventories.

Further Information

Our Statement of Accounts has been prepared in accordance with the Accounting Code of Practice and has been audited by Ernst & Young.

Our auditors concluded that we have put in place proper arrangements to secure value for money in our use of resources

A summary has been produced from this audited statement with some changes made for purely presentational purposes. A full Statement of Accounts, including the auditor's opinion, is available on the our website www.hertsmere.gov.uk.

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

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