

**REPORT TO THE AUDIT AND RISK COMMITTEE ON 04 JULY 2016**

**DRAFT STATEMENT OF ACCOUNTS 2015/16.**

**Submitted by:** Head of Finance

**Portfolio:** Finance ICT and Customer

**Ward(s) affected:** All

**Purpose of the Report**

To report upon the General Fund outturn for 2015/16 and the financial position as at 31 March 2016 as shown in the draft statement of accounts. The report highlights key issues arising, including a commentary on the General Fund outturn, the Collection Fund and the Balance Sheet and to note the position regarding the Council's reserves.

Reference is also made to the revised earlier deadlines for public inspection, auditing, approval and publication of the statement of accounts prescribed by the Accounts and Audit Regulations 2015.

**Recommendations**

**(a) That the information in respect of the outturn and key issues in respect of the Council's financial position as at 31 March 2016 be noted.**

**Reasons**

The completion of the draft statement of accounts provides an opportunity to report upon the outturn position and key issues. In addition, the Accounts and Audit Regulations 2015 have revised the deadlines for events leading up to the publication of the statement of accounts.

**1. Background**

- 1.1 The Accounts and Audit Regulations 2015 govern the way in which a local authority should present its financial affairs. The regulations require that a local authority must produce a statement of accounts for each financial year detailing its financial transactions for the year. They set out procedures which must be followed with regard to public inspection rights, audit, approval and publication of the statement.
- 1.2 The Regulations introduce earlier deadlines for these events, with the intention of ensuring that publication is achieved much earlier than the date set by the previous regulations, issued in 2011, largely to fit in with the publication of the national accounts, which incorporate those of local authorities, but also to achieve timely accountability for the use and custody of public funds and assets by local authorities. The new regulations now require publication in two stages, firstly prior to completion of the audit to facilitate public inspection, and finally once the audit has been completed and members have approved the statement. With effect from the statement of accounts relating to the 2017/18 accounts, initial publication will have to take place by 1 June and final publication of a statement of accounts which has been approved by members must be by 31 July. This is much earlier than the date specified by the previous regulations, which was to publish the audited statement as

soon as practicable after approval by members, which had to be given by 30 September. There are, however, transitory provisions to allow authorities time to prepare for meeting the earlier deadline, whereby for the 2015/16 and 2016/17 accounts, initial publication must be by 1 July and final publication by 30 September.

The table below summarises the changes in respect of the key deadlines:

Action	2011 Reglins	2015 Regulations	
	2014/15 Accounts & Earlier	2015/16 & 2016/17 Accounts	2017/18 Accounts Onwards
Production of draft statement of accounts (illustrative dates) *	24-Jun	24-Jun	24-May
Certification of draft statement of accounts by responsible financial officer	30-Jun	01-Jul	01-Jun
Publication of draft Statement of Accounts	No requirement	01-Jul	01-Jun
Public Inspection period commences	Date determined by external auditor	01-Jul	01-Jun
Audit of draft statement of accounts commences *	July	July	June
Audit Findings report (illustrative dates) *	15-Sep	15-Sep	15-Jul
Approval of statement of accounts by Audit and Risk Committee	30-Sep	30-Sep	31-Jul
Audit Certificate	30-Sep	30-Sep	31-Jul
Audited statement of accounts published	30-Sep	30-Sep	31-Jul
* No statutory deadline - these dates are those which need to apply to enable other deadlines to be met			

Except where noted, the dates shown are the latest by which the actions may take place to comply with regulations. In practice some will need to occur earlier, for example the Audit and Risk Committee meeting to approve the accounts needs to be at least a day prior to the deadline for publication.

- 1.3 It should be noted that this means that, in practical terms, with effect from the 2017/18 accounts, the statement of accounts will have to be produced at least a week before the end of May to allow time for review by the Executive Director (Resources and Support Services) to enable him to certify the statement for publication on 1 June.
- 1.4 The 2015/16 statement of accounts has been published on the Council's website, certified by the Council's responsible financial officer, the Executive Director (Resources and Support Services), as presenting a true and fair view of the financial position of the authority and its income and expenditure for the year, as required by the regulations. The period during which the public have the right to inspect the accounts commenced on 1 July 2016.
- 1.5 The audit of the 2015/16 statement of accounts will commence on 11 July and is scheduled to take around three weeks to complete in terms of the on-site auditing process, leading up to the production of the auditor's final audit findings report by the end of August. This will allow time for a final version of the Statement of Accounts to be produced for submission to the committee for scrutiny and approval at the meeting scheduled for 26 September 2016, following which the statement can be published to meet the 30 September deadline.
- 1.6 In recent years it has been the practice to present the statement of accounts to the Audit and Risk committee on two occasions, firstly at its July meeting, for information, and secondly at its September meeting for formal approval to be given. However, it is

now felt that it is preferable to submit the full statement of accounts once only, for formal approval in September, thereby avoiding duplication and enabling members to concentrate on reviewing an audited rather than draft statement. Indeed once the provisions for earlier approval are in place in respect of the 2017/18 accounts and thereafter, there will only be the one opportunity to review the statement at the July meeting. Should members wish to view the draft statement, this can be accessed via the Council's website and in addition a copy has been placed in the members' room. Instead, it is felt that it would be more beneficial to concentrate at this stage on reporting upon the outturn position and the key elements of the Council's financial position as at 31 March.

- 1.7 Accordingly, the rest of this report consists of commentary on the outturn and information and explanation in respect of key areas in relation to the financial position. Appendix 1 shows the income and expenditure account, movement in reserves statement, balance sheet, and collection fund account, together with the table from Note 2.3.7 in relation to useable reserves balances and movements, as included in the published draft statement of accounts, to provide background information and context for what is discussed in the report.
- 1.8 Training will be provided for members of the committee to assist them in carrying out their role of approving the statement of accounts. This is likely to be scheduled for some time during the couple of weeks prior to the 26 September meeting to approve the statement.
- 1.9 Elsewhere on your agenda the Annual Governance Statement is being submitted for approval. Whilst the Accounts and Audit Regulations do not require this to be included in the Statement of Accounts, they require it to be published, firstly at the same time that the statement of accounts is first published for public inspection purposes (i.e. 1 July in respect of the 2015/16 statement) and finally by 30 September, if the initial publication was of an unapproved governance statement. It is intended to include it in the audited Statement of Accounts to be published in September, as in previous years.

## **2. The General Fund Budget**

- 2.1 The General Fund is the main account of the Council and relates to all of those services which are funded by the Council Tax, Retained Business Rates and Revenue Support Grant from the Government.
- 2.2 The budget for the General Fund for 2015/16 was originally set in February 2015 and amounted to a net total of £13,830,450. The eventual outturn for the year was a positive variance against this figure, of £1,648.

## **3. The General Fund Outturn**

- 3.1 As mentioned above, the outturn in respect of the General Fund Revenue Account was £1,648 better than the original estimate. Whilst there were adverse variances against some budget heads, these have been offset by positive variances against others.

A number of areas of income, the majority being ones that are sensitive to the state of the local and national economy, were particularly adversely affected as shown in the following table:

Type of Income	Budget	Outturn	Variance
	£000s	£000s	£000s
Land Charges Search Fees	245	220	25
Commercial Portfolio Rents	1,188	1,111	77
Newcastle Open Market Stall Fees	198	160	38
Car Parking Income	1,076	948	128
Commercial Refuse Fees	513	455	58
Jubilee 2 Income	1,462	1,367	95
Kidsgrove Sports Centre Income	716	592	124
Cemeteries Income	350	322	28
<b>Total</b>	<b>5,748</b>	<b>5,175</b>	<b>573</b>

There was also additional expenditure on a number of headings, which is outlined in the following table:

Item	Additional expenditure
	£000s
Terms and Conditions Savings not achieved	31
Kidsgrove Sports Centre costs	34
Household Waste - short term vehicle hire	27
<b>Total</b>	<b>92</b>

These adverse variances, shown in the two tables above, have however, been met by favourable variances on other budget heads, the more significant of which are highlighted in the table below.

Item	Saving or additional income
	£000s
<b>Additional Income:</b>	
Right to Buy Receipts less than £10k (not capital receipts)	39
Reimbursement by government of Search Fees refunds	78
Crematorium Income	14
<b>Procurement Savings:</b>	
Vehicle Fuel and Tyres	81
<b>Good Housekeeping Efficiencies:</b>	
Housing Advice Contract	45
Pollution Control & Contaminated Land - Other Fees for Services/Equipment	28
Corporate Training expenditure	10
External Audit Fee	18
Water Courses expenditure	11

<b>Staffing Efficiencies:</b>	
Overall employee costs savings	40
<b>Corporate:</b> e.g. additional government grant, further Heritable Bank repayments, additional interest receipts	266
<b>Other Variances</b>	37
<b>Total</b>	<b>667</b>

The outturn reflects the monitoring statements provided to members throughout the year.

3.2 An amount of £1,648 has been transferred into the Budget Support Fund in respect of the positive variance. As can be seen in Note 2.3.7 to the Accounts, the balance on the Budget Support Fund now stands at £0.341m, an increase of £0.044m from the 1 April 2015 balance, which apart from the above transfer is accounted for by payments into the reserve in respect of commitments carried forward.

3.3 Some income streams continue to be affected by the adverse economic climate in the current financial year. The ongoing situation will be monitored and any significant shortfalls will be reported in the quarterly monitoring reports to Cabinet. The likely levels of income will also be considered during the compilation of the Medium Term Financial Strategy which is part of the budget setting process for 2017/18.

#### 3.4 Business Rates Retention

3.4.1 There was a positive benefit to the Council arising from the Business Rates Retention Scheme in 2015/16, which is the third year that these arrangements have applied. The Council collects business rates and is able to retain in the General Fund a share of the income after paying part to the government, Staffordshire County Council and the Staffordshire Fire Authority. The amount retained by the Borough Council exceeded the amount budgeted for by £0.043m. This was set aside via a transfer to the Business Rates Reserve (shown at Note 2.3.7 to the Statement of Accounts).

3.4.2 In the current year it is not expected that there will be a significant variance compared to the budgeted amount for retained business rates income, based on the initial NNDR1 return to the government, compiled in January 2016 which forecast the estimated business rates income for 2016/17 and was the basis for the budget calculation. It should be noted, however, that business rates income is subject to considerable volatility, particularly owing to successful appeals in relation to rateable values which may occur and businesses closing down etc leading to rates no longer being payable.

3.4.3 Various anomalies and grey areas exist within the business rates system which from time to time result in ratepayers making representations that they are entitled to reductions in the amounts payable by them, for example applications for downwards revaluation of their properties or for the granting of reliefs which they assert they are entitled to and, if successful, refunds of amounts already paid. In 2015/16 the basis for the valuation of some types of doctors' surgeries was questioned and resulted in the Valuation Office accepting that a much lower valuation was appropriate. This did not significantly affect the amount of tax collectable by the Borough Council, although for some authorities it amounted to a much larger loss of income. Looking forward, a more significant claim for a reduction in the amounts payable is being

made by National Health Service Trusts, which contend that they are entitled to mandatory charitable relief in relation to their properties, which would reduce the amount payable by 80%. This contention is not accepted by the Council, in common with other authorities, and the Local Government Association has obtained a legal opinion which does not support the NHS Trusts' view, therefore, NHS properties will continue to be billed for the full amount. Fortunately there are no major NHS facilities within the Borough Council boundaries so the impact would be nowhere near as severe as it could be for some other authorities. It looks likely that this issue will take some time to resolve, probably through the courts. Instances such as these, unless they involve large amounts of income loss, are presently of limited significance to the Borough Council because the loss of income is shared with the government and the County Council and Fire Authority with this Council suffering only 40 per cent of the loss. However, from 2020 local authorities will be permitted to retain 100 per cent of business rates collected, so will suffer the whole of any losses, with 80 per cent of the amount lost being attributable to the Borough Council. As a result of the new arrangements Revenue Support Grant will no longer be paid to authorities by the government so business rates, along with council tax, will become one of the two largest sources of income for the Council. The exact details of the new arrangements have yet to be determined so the precise impact on the Council's finances cannot currently be determined.

- 3.4.4 The Business Rates Reserve will be available to meet any such shortfalls in business rates income and to meet the Council's share of business rates Collection Fund deficits, of which the Council's share in relation to 2015/16 was £0.292m. The regulations concerning the Collection Fund require this deficit share to be made good by a transfer from the General Fund into the Collection Fund in subsequent years, which will be the first call upon the Reserve. Because of the previously mentioned volatility in income and the time required to assess the longer term workings of the new rates retention system, it is considered prudent that the remaining balance on the Reserve should remain unused for the time being.
- 3.4.5 It is worth noting that by participating in the Stoke on Trent and Staffordshire Business Rates Pool, along with Staffordshire County Council, Stoke on Trent City Council, Stafford Borough Council, Staffs Moorlands DC, South Staffs DC and the Fire Authority, and thereby avoiding the payment of a levy to the government, the Borough Council has achieved a worthwhile increase in the amount of rates retained. The amount of levy that would otherwise have been paid in 2015/16 was £0.381m. Of this £0.152m (40%) has been retained by the Borough Council, with the balance of £0.229m being paid over to the Pool, £0.077m (20%) to be held as a reserve to meet any future business rates income shortfalls experienced by Pool members, and £0.152m (40%) in a reserve to fund economic development projects in Staffordshire.

#### **4. The Collection Fund**

- 4.1 The Collection Fund is a separate account which contains the financial details which refer to the collection of Council Tax and Business Rates. The purpose of the account is to illustrate how much of the above income has been collected and to see how this compares to the amounts of the levies and other pre-determined payments that have been made for the Borough Council, the County Council, the Office of the Police and Crime Commissioner and the Fire Authority and to central government.
- 4.2 Overall the Fund experienced a surplus of £1.397m for the year, leaving a balance of an accumulated surplus of £0.412m at the year-end. Separating this out into its individual components, the respective positions were as follows:

	Council Tax		Business Rates		Total
	£m	£m	£m	£m	£m
Balance Brought Forward - Surplus/(Deficit)		1.137		(2.122)	(0.985)
Contribution towards previous year's surplus/deficit (A)	(1.143)		2.000		
Surplus/(Deficit) relating to 2015/16 (B)	1.149		(0.609)		
Overall Surplus/(Deficit) for Year (A + B)		0.006		1.391	1.397
Balance Carried Forward - Surplus/(Deficit)		1.143		(0.731)	0.412

More details of the Collection Fund transactions are shown in the Collection Fund Account at Appendix 1.

4.3 As can be seen the Council Tax element of the Fund achieved a surplus of £1.149m for the year, which compares to an in-year surplus of £0.968m in 2014/15. This will be shared with the precepting authorities (Newcastle Borough Council, Staffordshire County Council, Office of the Police and Crime Commissioner, Fire Authority) and will be used in calculating how much Council Tax will be levied in 2017/18.

4.4 The Business Rates element of the Fund experienced an in-year deficit of £0.609m. The deficit must be made good in subsequent years by the four participants in the business rates retention scheme, the Borough Council (40%), Staffordshire County Council (9%), the Fire Authority (1%) and central government (50%). The amounts each body must contribute are shown in brackets and are prescribed by regulations. The Borough Council's 40% share of the deficit amounts to £0.244m and will be met from the Business Rates Reserve referred to in paragraph 3.4. The deficit arose because the Fund is required to pay a sum to each of the four bodies equating to their share of the estimated business rates which will be collected in the year. The estimate is made before the start of the year and if the actual rates collected are less than the estimated amount, there will be a deficit, which is what occurred in 2015/16. The reduced collectable amount occurred because of various factors, chiefly changes in reliefs, exemptions and appeals.

4.5 A provision has been created in relation to business rates property value appeals to the Valuation Agency which it is considered likely to represent the amount which may have to be refunded in respect of payments already made by ratepayers. This is intended to provide for appeals already lodged and appeals which may arise in the future relating to bills which have been paid. Movements on the Provision in 2015/16 were as follows:

	£m
Balance Brought Forward at 1 April 2015	0.865
Used in 2015/16	(0.865)
Contribution to Provision	1.932
Balance at 31 March 2016	<u>1.932</u>

The balance of £1.932m was assessed, using data supplied by a specialist firm, as being a prudent amount to set aside to meet future appeals. The arrangements for business rates retention mean that only 40% of the cost of contributions to the provision is borne by the Borough Council (because it affects the amount of rates retained), the rest falling to the other participants in the arrangements. The value included in the balance sheet is also 40%, i.e. £0.773m. The amount has increased

due to the high level of appeals currently being experienced, reflecting the volatility referred to in paragraph 3.4.

## **5. The Balance Sheet**

5.1 The main features of the Balance Sheet, which is shown in full at Appendix 1, are as follows

- There are Net Tangible Fixed Assets of £57.304m (£57.427m at 31 March 2015) which consist of Plant, Property and Equipment, Investment Properties and Heritage Assets.
- Investments (all short term at 31 March 2016 - i.e. with less than 1 year to run from that date) show a small decrease, amounting to £7.549m compared to £8.808m at 31 March 2015.
- The amount owed to the Council by its short term debtors (after a deduction for the estimated amount which might be at risk of non-payment) is £9.306m. Short Term Debtors have decreased by £1.382m compared with 31 March 2015. The main reasons for this are the debtor relating to the government's share of the business rates deficit was £1.061m at 31 March 2015 but only £0.365m at 31 March 2016. Also there was an outstanding debtor account, amounting to £0.227m in relation to Staffordshire County Council in respect of locality commissioning, which is not present at 31 March 2016 and the level of sundry debtors has decreased by £0.522m at 31 March 2016.
- The amount the Council owes to its creditors is £5.495m. Creditors have decreased by £3.705m compared to 31 March 2015. At 31 March 2015 an amount of £1.923m was included in creditors in respect of the Department for Work and Pensions (DWP) relating to housing benefits reimbursements for 2014/15, which the DWP had overpaid. At 31 March 2016, however, DWP owe the Council £0.042m in respect of 2015/16 reimbursements, which amount is included in debtors. There was also a creditor of £0.906m at 31 March 2015 relating to the DWP because a payment relating to 2015/16 had been received in 2014/15. Payments accrued for in relation to housing benefit payments paid in April but relating to March was £0.562m at 31 March 2015 but only £0.020m at 31 March 2016.
- Provisions have increased overall (£1.290m compared with £0.799m). The NNDR Appeals Provision has increased by £0.427m for reasons outlined in paragraph 4.5. The Employee Benefits Provision has increased from £0.188m to £0.366m owing to a re-definition of the data used to calculate the provision to be made. The Land Charges Provision has been extinguished because outstanding claims have been settled.
- The Net Liability relating to Defined Benefit Pension Schemes (i.e. the difference between liabilities and assets of the pension scheme) decreased from £74.019m to £68.428m. Normally this decrease would be mirrored by an increase in the Pensions Reserve balance of the same amount, the two accounts appearing in the balance sheet as equal and opposite amounts. However, this is not the case because of the prepayment of pension contributions in respect of 2016/17 totalling £1.200m. These, together with an amount for 2015/16, were paid in 2014/15 in return for a discount paid by the pension fund which significantly reduced the cost to the Borough Council and



consequently the amounts to be charged in the 2015/16 and 2016/17 revenue account as pension contributions. In order to account for this transaction, the prepayment must be charged directly to the Pensions Liability, without any corresponding equal and opposite transaction in the Pensions Reserve. In 2016/17 the prepayment relating to that year will be transferred to the general fund revenue account via a transfer from the Pensions Reserve. After these transactions have occurred, the two accounts will once more be mirror images of each other. Without the charge of £1.200m, the Pensions Liability would have shown a decrease of £4.391m, reflecting other factors. The change mainly arises as a result of an increase in the net discount rate applied to pension fund assets over this period, the positive impact of which has outweighed the lower than expected pension fund asset returns. These amounts are required to be included in the Council's accounts as a result of the application of International Accounting Standard 19 (IAS19) and the CIPFA Code of Accounting Practice. Neither directly relate to Borough Council transactions - they relate to those of the Staffordshire County Council Pension Fund of which the Council is a member and represent the Council's share of net scheme liabilities (after deduction of the value of scheme assets). Whilst the net liability indicates the Council's long term commitment to pay retirement benefits, statutory arrangements for funding the deficit mean that its financial position remains healthy.

## **6. Reserves**

6.1 The Council has usable reserves totalling £10.982m. The note included in Appendix 1 shows a full analysis of all these reserves. The main items, with their balances at 31 March 2016, are:

- General Fund Balance (£1.200m)
- Capital Receipts Reserve (£6.586m)
- Capital Grants Unapplied (£0.889m)
- Budget Support Fund (£0.341m)
- Contingency Reserve Fund (£0.226m)
- ICT Development Fund (£0.225m)
- Renewal and Repairs Fund (£0.002m)
- Equipment Replacement Fund (£0.376m)
- Revenue Investment Fund (£0.071m)
- Business Rates Reserve (£0.718m)

6.2 The General Fund Balance remains the same (£1.200m) as at 31 March 2015. The amount required to be held in this reserve is assessed each year when the revenue budget is compiled, by identifying and quantifying the risks applicable to the revenue budget and using this information as the basis to calculate a prudent sum to keep in reserve to meet those risks should they arise.

6.3 The Capital Receipts Reserve is fully committed to financing the currently approved capital programme, the year-end balance reflecting underspending in relation to the 2015/16 capital programme, as discussed at paragraphs 7.2 and 7.3, and will all need to be spent in 2016/17. The majority of the balance on the Capital Grants Unapplied Reserve is either already committed to finance current schemes or is earmarked for future schemes. The ICT Development Fund is also committed to finance new or replacement ICT software and hardware.

- 6.4 The balance of the Contingency Reserve remains above its agreed minimum level of £0.100m.
- 6.5 The Budget Support Fund and Business Rates Reserve are discussed at paragraphs 3.2 above and 3.4, respectively.
- 6.6 The levels of reserves will be considered as part of the budget preparation process for 2017/18. Some may require “topping up”, either from the revenue budget or a transfer from another reserve. In particular, the Renewals and Repairs Fund balance is insufficient to meet likely commitments. An additional contribution of £0.050m was approved by Full Council in February 2016 and will be made in the 2016/17 accounts.

## **7. Capital Expenditure**

- 7.1 Capital expenditure totalled £2.543m in 2015/16.
- 7.2 The capital programme approved by Full Council on 25 February 2015 provided for an amount of £5.564m to be spent in 2015/16. However, the budget report to Full Council on 24 February 2016 revised the estimated spend for 2015/16 to £3.731m owing to slippage on a number of projects, particularly arising from the requirement to include budget provision in 2015/16 for the ordering of the new vehicles required for the new waste service although actual expenditure will not be incurred until the vehicles are delivered in 2016/17 and replacement vehicles where purchase has been delayed until the current vehicle becomes unserviceable.
- 7.3 As can be seen, the actual outturn for the year was lower than the forecast reported to Full Council. The main reasons for the further slippage are: more vehicle replacements were deferred until 2016/17 (£0.750m), some of the work to enable the new waste service was not completed until 2016/17 (£0.174m) and some stock condition works were delayed or not completed by 31 March (£0.145m).
- 7.4 Projects in progress or committed which are included in the slippage will be completed or commenced in 2016/17. The remainder will be reviewed to confirm they are still required and considered in the context of available resources to finance the capital programme, particularly in view of the uncertainty regarding the timing of receipts from land sales, upon which much of the financing of the capital programme is dependent, owing to the delay in commencing the assets disposal programme. The new projects included in the 2016/17 programme will also need to be reviewed for the same reason.
- 7.5 The expenditure of £2.543m was financed as shown below:

	£m
Capital Receipts	1.047
New Homes Bonus	0.392
BetterCare Funding (re Disabled Facilities Grant)	0.654
Contributions from Other Bodies	0.062
Section 106 payments	0.086
Reserves - ICT Development Fund	0.090
Sport England Grant (Clayton Sports Centre)	0.212
Total Financing	<u>2.543</u>

## **8. List of Appendices**

Appendix 1: Extracts from Draft Statement of Accounts

**9. Link to Draft Statement of Accounts**

- 9.1 Please click on the following link for the appendix - [Statement of Accounts 2015-16](https://www.newcastle-staffs.gov.uk/sites/default/files/IMCE/YourCouncil/Accounts/Statement%20of%20Accounts%202015-16%20UNAUDITED.pdf) or <https://www.newcastle-staffs.gov.uk/sites/default/files/IMCE/YourCouncil/Accounts/Statement%20of%20Accounts%202015-16%20UNAUDITED.pdf>

A hard copy is also available in the Member's Room

**APPENDIX 1****Comprehensive Income and Expenditure Statement**

Gross Expenditure	2014/15			2015/16		
	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
2,315	1,349	966	Central Services to the Public	2,515	1,413	1,102
7,112	2,257	4,855	Cultural & Related Services	7,152	2,736	4,416
10,608	3,971	6,637	Environmental & Regulatory Services	10,963	3,898	7,065
2,812	824	1,988	Planning Services	2,533	772	1,761
1,334	1,518	(184)	Highways & Transport Services	1,243	1,352	(109)
32,445	31,095	1,350	Housing Services	33,621	32,561	1,060
2,106	92	2,014	Corporate & Democratic Core	2,246	267	1,979
86	-	86	Non-Distributed Costs	186		186
<b>58,818</b>	<b>41,106</b>	<b>17,712</b>	<b>Cost of Services</b>	<b>60,459</b>	<b>42,999</b>	<b>17,460</b>
297	362	(65)	Other Operating Expenditure (Note 2.2.1, page 24)	460	541	(81)
2,017	1,248	769	Financing & Investment Income/Expenditure (Note 2.2.2, page 24)	1,698	1,463	235
-	15,643	(15,643)	Taxation & Non-Specific Grant Income (Note 2.2.3, page 25)	-	15,146	(15,106)
		<b>2,773</b>	<b>(Surplus)/Deficit on Provision of Services</b>			<b>2,508</b>
		(201)	(Surplus)/Deficit on Revaluation of Property, Plant & Equipment Assets			(253)
		4,055	Remeasurement of the Net Defined Benefit Liability/Asset			(8,680)
		<b>3,854</b>	<b>Other Comprehensive Income &amp; Expenditure</b>			<b>(8,933)</b>
		<b>6,627</b>	<b>Total Comprehensive Income &amp; Expenditure</b>			<b>(6,425)</b>

**Note**

The pension liability of the Council decreased during the financial year 2015/16 (remeasurement of the net defined benefit liability/asset). This is as a result of an increase in the net discount rate applied to pension fund assets over this period, the positive impact of which has outweighed the lower than expected pension fund asset returns.

**Movement in Reserves Statement**

	General Fund Balance	Earmarked General Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2015 B/Fwd</b>	(1,200)	(3,084)	(6,365)	(868)	(11,517)	18,099	6,582
<b>Movement in Reserves 2015/16</b>							
Surplus/(Deficit) on Provision of Services	2,508	-	-	-	2,508	-	2,508
Other Comprehensive Income & Expenditure	-	-	-	-	-	(8,933)	(8,933)
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>2,508</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,508</b>	<b>(8,933)</b>	<b>(6,425)</b>
Adjustments Between Accounting & Funding Basis (Note 2.1.1, page 22)	(1,948)	-	(221)	(21)	(2,190)	2,190	-
<b>Net Increase/Decrease Before Transfers to Earmarked Reserves</b>	<b>560</b>	<b>-</b>	<b>(221)</b>	<b>(21)</b>	<b>318</b>	<b>(6,743)</b>	<b>(6,425)</b>
Transfers to/from Earmarked Reserves	(560)	777	-	-	217	(217)	-
<b>Increase/Decrease in Year</b>	<b>-</b>	<b>777</b>	<b>(221)</b>	<b>(21)</b>	<b>535</b>	<b>(6,960)</b>	<b>(6,425)</b>
<b>Balance at 31 March 2016 C/Fwd</b>	<b>(1,200)</b>	<b>(2,307)</b>	<b>(6,586)</b>	<b>(889)</b>	<b>(10,982)</b>	<b>11,139</b>	<b>157</b>

**Balance Sheet**

31/03/2015		Note	31/03/2016	
£000	£000		£000	£000
40,755	Property, Plant & Equipment	2.3.1	40,323	
1,025	Surplus Assets	2.3.1	1,025	
14,218	Investment Property	2.3.2	14,527	
1,429	Heritage Assets	2.3.3	1,429	
217	Intangible Assets		158	
676	Long Term Debtors	2.3.4	591	
<b>58,320</b>	<b>Long Term Assets</b>		<b>58,053</b>	
8,808	Short Term Investments	3.7.1	7,549	
162	Inventories		206	
10,688	Short Term Debtors	2.3.4	9,306	
319	Cash and Cash Equivalents		595	
<b>19,977</b>	<b>Current Assets</b>		<b>17,656</b>	
(9,200)	Short Term Creditors	2.3.5	(5,495)	
(36)	Short Term Borrowing	3.7.1	(59)	
(196)	Deposits		(198)	
<b>(9,432)</b>	<b>Current Liabilities</b>		<b>(5,752)</b>	
(799)	Provisions	2.3.6	(1,290)	
(74,019)	Net Pensions Liability	3.4	(68,428)	
(155)	Deferred Liabilities		-	
(74,174)			(68,428)	
(474)	Capital Grants Receipts in Advance		(396)	
<b>(75,447)</b>	<b>Long Term Liabilities</b>		<b>(70,114)</b>	
<b>(6,582)</b>	<b>Net Assets</b>		<b>(157)</b>	
	<b>Usable Reserves</b>	2.3.7		
1,200	General Fund Balance		1,200	
3,084	Other Usable Reserves		2,307	
6,365	Capital Receipts Reserve		6,586	
868	Capital Grants Unapplied Account		889	
<b>11,517</b>	<b>Total Usable Reserves</b>		<b>10,982</b>	
	<b>Unusable Reserves</b>	2.3.8		
14,458	Revaluation Reserve		14,711	
43,916	Capital Adjustment Account		43,634	
690	Deferred Capital Receipts Reserve		620	
(76,309)	Pensions Reserve		(69,628)	
(666)	Collection Fund Adjustment Account		(110)	
(188)	Accumulated Absences Account		(366)	
<b>(18,099)</b>	<b>Total Unusable Reserves</b>		<b>(11,139)</b>	
<b>(6,582)</b>	<b>Total Reserves</b>		<b>(157)</b>	

**Usable Reserves**

	At 31 March 2014 £000	Transfers Out 2014/15 £000	Transfers In 2014/15 £000	At 31 March 2015 £000	Transfers Out 2015/16 £000	Transfers In 2015/16 £000	At 31 March 2016 £000
<b>Capital:</b>							
Capital Receipts Reserve	3,395	(456)	3,426	6,365	(1,047)	1,268	6,586
Capital Grants Unapplied	1,153	(460)	175	868	(221)	242	889
<b>Both Revenue and Capital:</b>							
Equipment Replacement Fund	350	(588)	614	376	(141)	141	376
Renewals and Repairs Fund	55	(412)	360	3	(431)	430	2
ICT Development Fund	321	(138)	70	253	(118)	90	225
New Homes Bonus Reserve	18	(363)	345	-	(186)	186	-
New Initiatives Fund	75	(18)	-	57	(57)	-	-
<b>Revenue:</b>							
General Fund Balance	1,200	-	-	1,200	-	-	1,200
Insurance Fund	215	(215)	-	-	-	-	-
Contingency Reserve Fund	291	(15)	-	276	(50)	-	226
Budget Support Fund	333	(77)	41	297	(28)	72	341
Conservation and Heritage Fund	62	(25)	-	37	(12)	10	35
Museum Purchases Fund	66	-	2	68	(8)	-	60
Maintenance Contributions	78	(17)	15	76	(50)	35	61
Mayors Charities Reserve	12	-	-	12	(1)	-	11
Standards Fund	15	(9)	-	6	-	-	6
Deposit Guarantee Scheme Reserve	32	-	4	36	-	-	36
Revenue Investment Fund	89	(77)	100	112	(76)	35	71
Keele Master Plan Reserve	-	-	-	-	-	139	139
Business Rates Reserve	1,353	(332)	454	1,475	(800)	43	718
<b>Total</b>	<b>9,113</b>	<b>(3,202)</b>	<b>5,606</b>	<b>11,517</b>	<b>(3,226)</b>	<b>2,691</b>	<b>10,982</b>

**Collection Fund Account**

2014/15 Council Tax £'000	2014/15 Business Rates £'000	2014/15 Total £'000		2015/16 Council Tax £'000	2015/16 Business Rates £'000	2015/16 Total £'000
<b>Income</b>						
(52,198)	-	(52,198)	Council Tax Payers	(53,488)	-	(53,488)
-	(33,075)	(33,075)	Business Rates Payers	-	(33,588)	(33,588)
<i>Transfer of Previous Years Deficit</i>						
-	(332)	(332)	- Newcastle-under-Lyme Borough Council	-	(800)	(800)
-	(75)	(75)	- Staffordshire County Council	-	(180)	(180)
-	-	-	- Office of Police & Crime Commissioner	-	-	-
-	(8)	(8)	- Staffordshire Fire and Rescue Authority	-	(20)	(20)
-	(415)	(415)	- Central Government	-	(1,000)	(1,000)
<b>(52,198)</b>	<b>(33,905)</b>	<b>(86,103)</b>	<b>Total Income</b>	<b>(53,488)</b>	<b>(35,588)</b>	<b>(89,076)</b>
<b>Expenditure</b>						
<i>Council Tax Precepts</i>						
6,466	-	6,466	- Newcastle-under-Lyme Borough Council	6,541	-	6,541
35,841	-	35,841	- Staffordshire County Council	36,907	-	36,907
6,197	-	6,197	- Office of Police & Crime Commissioner	6,259	-	6,259
2,360	-	2,360	- Staffordshire Fire and Rescue Authority	2,430	-	2,430
<i>Business Rates Apportionment</i>						
-	13,035	13,035	- Newcastle-under-Lyme Borough Council	-	13,144	13,144
-	2,933	2,933	- Staffordshire County Council	-	2,958	2,958
-	326	326	- Staffordshire Fire and Rescue Authority	-	328	328
-	16,293	16,293	- Central Government	-	16,430	16,430
<i>Other Expenditure</i>						
-	142	142	Cost of Collection	-	141	141
-	131	131	Transitional Protection	-	(230)	(230)
366	221	587	Provision for Bad Debts	202	359	561
-	865	865	Provision for Appeals	-	1,067	1,067
<i>Transfer of Previous Years Surplus</i>						
98	-	98	- Newcastle-under-Lyme Borough Council	140	-	140
567	-	567	- Staffordshire County Council	809	-	809
98	-	98	- Office of Police & Crime Commissioner	140	-	140
37	-	37	- Staffordshire Fire and Rescue Authority	54	-	54
<b>52,030</b>	<b>33,946</b>	<b>85,976</b>	<b>Total Expenditure</b>	<b>53,482</b>	<b>34,197</b>	<b>87,679</b>
<b>(168)</b>	<b>41</b>	<b>(127)</b>	<b>Deficit/(Surplus) for the Year</b>	<b>(6)</b>	<b>(1,391)</b>	<b>(1,397)</b>
<b>(969)</b>	<b>2,081</b>	<b>1,112</b>	<b>Balance Brought Forward at 1 April</b>	<b>(1,137)</b>	<b>2,122</b>	<b>985</b>
<b>(168)</b>	<b>41</b>	<b>(127)</b>	<b>Deficit/(Surplus) for the year</b>	<b>(6)</b>	<b>(1,391)</b>	<b>(1,397)</b>
<b>(1,137)</b>	<b>2,122</b>	<b>985</b>	<b>Balance Carried Forward at 31 March</b>	<b>(1,143)</b>	<b>731</b>	<b>(412)</b>
<b>Allocation of Collection Fund Balance</b>						
(145)	849	704	- Newcastle-under-Lyme Borough Council	(144)	292	148
(801)	191	(610)	- Staffordshire County Council	(809)	66	(743)
(53)	21	(32)	- Staffordshire Fire and Rescue Authority	(53)	7	(46)
-	1,061	1,061	- Central Government	-	366	366
(138)	-	(138)	- Office of Police & Crime Commissioner	(137)	-	(137)
<b>(1,137)</b>	<b>2,122</b>	<b>985</b>		<b>(1,143)</b>	<b>731</b>	<b>(412)</b>