

REPORT TO THE AUDIT AND STANDARDS COMMITTEE ON 3 JULY 2017

DRAFT STATEMENT OF ACCOUNTS 2016/17.

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 2016/17 and the financial position as at 31 March 2017 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.

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 2017 be noted.

Reasons

The completion of the draft statement of accounts provides an opportunity to report upon the outturn position and key issues.

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 the Council to produce a statement of accounts for the financial year detailing its financial transactions for the year and its position at the year end and that this Statement be scrutinised and approved by an appropriate committee, in this case the Audit and Standards Committee, by 30 September. The Statement is produced in a standardised form in line with CIPFA (the Chartered Institute of Public Finance and Accountancy) guidelines. 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 require the draft Statement of Accounts to be certified by the responsible financial officer, who is the Executive Director (Resources and Support Services), as presenting a true and fair view of the Council's financial position by 1 July and this was done on 25 May. On presentation to the committee for approval the final audited version of the Statement will be recertified by him. The period during which the public have the right to inspect the accounts commences on 3 July 2017.
- 1.3 The audit of the 2016/17 statement of accounts will commence on 17 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 25 September 2017, following which the statement can be published to meet the 30 September deadline.
- 1.4 The full statement of accounts will be submitted to the Committee for formal approval at the 25 September meeting, when members can concentrate on reviewing an audited rather than draft statement. Should members wish to view the draft statement at this stage, it can be accessed via the Council's website and in addition a copy has been placed in the members' room. This report, therefore, concentrates on reporting upon the outturn position and the key elements of the Council's financial position as at 31 March.

- 1.5 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 3.3.7 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. It should be noted that the 2016/17 CIPFA Accounting Code of Practice has made some changes to the format of the Statement of Accounts and the way that some of the information is presented. This is particularly relevant in relation to the income and expenditure account and the changes are outlined in the appendix.
- 1.6 As outlined in the report to your Committee on 4 July 2016 in relation to the 2015/16 accounts, the Regulations provide for earlier approval and publication of the Statement of Accounts, commencing with the 2017/18 Statement. This means that, in practical terms, these and future 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 the earlier date of 1 June. The approval of the Statement by the Audit and Standards Committee will be required prior to 31 July to enable it to be published by the revised deadline of 31 July. This will mean that the Statement of Accounts and outturn details will be reported to the Committee once only, rather than in July for information and later in September for formal approval.
- 1.7 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 weeks prior to the 25 September meeting to approve the statement.
- 1.8 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 2016/17 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 2016/17 was originally set in February 2016 and amounted to a net total of £14,138,550. The eventual outturn for the year was a positive variance against this figure, of £6,037.

3. The General Fund Outturn

- 3.1 As mentioned above, the outturn in respect of the General Fund Revenue Account was £6,037 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	230	214	16

Commercial Portfolio Rents	1,150	1,014	136
Waste Services	1,730	1,575	155
Newcastle Open Market Stall Fees	198	159	39
Car Parking Income	1,228	1,037	191
Jubilee 2 Income	1,459	1,370	89
Kidsgrove Sports Centre Income	393	298	95
Cemeteries Income	350	322	28
Council Tax Court Costs	680	470	210
Total	7,418	6,459	959

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

Item	Additional expenditure
	£000s
New Waste Service costs	220
Kidsgrove Sports Centre costs	54
Total	274

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
Additional Income:	
Bereavement Service Income	49
Planning Applications Fees	255
Street Naming and Numbering Income	16
Income from Business Improvement District levy collection	19
Procurement Savings	
Vehicle Fuel	68
Good Housekeeping Efficiencies:	
Jubilee 2 Expenditure	60
Parks and Open Spaces expenditure	65
Corporate Training expenditure	10
CCTV expenditure	16
Staffing Efficiencies:	
Overall employee costs savings	337
Corporate:	
New Homes Bonus	210
Miscellaneous additional government grant income	38
Minimum Revenue Provision not required	100
Other Variances	-4
Total	1,239

3.2 An amount of £6,037 has been transferred into the Budget Support Fund in respect of the positive variance. As can be seen in Note 3.3.7 to the Accounts, the balance on the Budget Support Fund now stands at £0.269m, a decrease of £0.072m from the 1 April 2016 balance, which apart from the above transfer is accounted for by payments out of the reserve in respect of commitments brought forward and to finance invest to save projects.

3.3 Some income streams continue to suffer adverse variances 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 2018/19.

3.4 Business Rates Retention

- 3.4.1 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. Excess income above the amount budgeted for in 2016/17 amounted to £0.072m.
- 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 2017 which forecast the estimated business rates income for 2017/18 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. Looking forward, a 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.
- 3.4.4 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, most likely from 2021/22, 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 2016/17 was £0.052m. 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 2016/17 was £0.510m. Of this £0.204m (40%) has been retained by the Borough Council, with the balance of £0.306m being paid over to the Pool, £0.102m (20%) to be held as a reserve to meet any future business rates income shortfalls experienced by Pool members, and £0.204m (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 deficit of £0.179m for the year, leaving a balance of an accumulated surplus of £0.233m 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)		1.143		(0.731)	0.412
Contribution to previous years (surplus)/deficit (A)	(0.968)		0.690		
Surplus/(deficit) relating to 2016/17 (B)	0.189		(0.090)		
Overall surplus/(deficit) for year (A + B)		(0.779)		0.600	(0.179)
Balance Carried Forward – surplus/(deficit)		0.364		(0.131)	0.233

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 £0.189m for the year, which compares to an in-year surplus of £1.149m in 2015/16. 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. The main reason for the reduced surplus is a revision to the method of calculating the council tax base, first applied to the 2016/17 year, which more accurately reflects underlying changes in the tax base data and as a result makes large surplus or deficit amounts less likely.
- 4.4 The Business Rates element of the Fund experienced an in-year deficit of £0.090m. 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 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 2016/17. 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 2016/17 were as follows:

	£m
Balance Brought Forward at 1 April 2016	1.932
Used in 2016/17	(1.731)
Contribution to Provision	1.611
Balance at 31 March 2017	<u>1.812</u>

The balance of £1.812m 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. £0.725m. 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 £65.246m (£57.304m at 31 March 2015) which consist of Plant, Property and Equipment, Surplus Assets, Investment Properties and Heritage Assets. The main reasons for the increase are increases in Plant, Property and Equipment (£3.576m) which includes the purchases of new vehicles for the waste recycling service and an increase in investment properties (£4.366m) primarily due to revaluations.
- Investments (all short term at 31 March 2017 - i.e. with less than 1 year to run from that date) show a decrease, amounting to £3.460m compared to £7.549m at 31 March 2016. The amount invested at any one time reflects the prevailing cash flow situation but as reserves and capital receipts balances are reducing the sums available for investment correspondingly reduce.
- 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 £8.000m. Short Term Debtors have decreased by £1.306m compared with 31 March 2016. The main reasons for this are a decrease in amounts owed by central government to the Council of £1.383m, this primarily relates to the reduced share of the business rates deficit owed. Additionally, the level of sundry debtors relating to other entities and individuals (including NHS bodies) has decreased by £0.441m at 31 March 2016. Offsetting this, the amounts owed by other local authorities has increased (£0.518m) this is due to an increase in the cash amount owed by precepting authorities in respect of council tax due to arrears remaining relatively constant but the collection fund surplus decreasing.
- The amount the Council owes to its creditors is £5.738m. Creditors have increased by £0.045m compared to 31 March 2016.
- Provisions are £1.270m compared with £1.290m at 31 March 2016. This overall total comprises four provisions (31 March 2016 balance in brackets): NNDR Appeals £0.725m (£0.773m); Insurance Claims Provision £0.148m (£0.072m); Municipal Mutual Insurance (MMI) Provision £0.025m (£0.079m); Employee Benefits Provision £0.372m (£0.366m).
- The Net Liability relating to Defined Benefit Pension Schemes (i.e. the difference between liabilities and assets of the pension scheme) increased from £68.428m to £71.709m. The variance between the two years comprises a £1.200m decrease in the liability arising from the final year's payment in respect of the "prepayment" agreement whereby the Council received a discount on payments into the Pension Fund in return for paying the amounts due in advance and a £4.481m increase in the liability arising from changes in demographic and financial assumptions. The balance on the Pensions Liability is mirrored by a corresponding balance on the Pensions Reserve included in the balance sheet under unusable reserves. The £4.481m change mainly arises as a result of a significant decrease in the net discount rate applied to pension fund assets over this period (3.4% down to 2.5%), the negative impact of which has outweighed the much higher 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 £5.812m. The note included in Appendix 1 shows a full analysis of all these reserves. The main items, with their balances at 31 March 2017, are:

- General Fund Balance (£1.200m)
- Capital Receipts Reserve (£1.611m)
- Capital Grants Unapplied (£1.126m)
- Budget Support Fund (£0.269m)
- Contingency Reserve Fund (£0.135m)

- ICT Development Fund (£0.068m)
- Renewal and Repairs Fund (£0.002m)
- Equipment Replacement Fund (£0.481m)
- Revenue Investment Fund (£0.105m)
- Business Rates Reserve (£0.442m)

The majority of these balances are committed to various projects and initiatives and are not available for other use.

- 6.2 The General Fund Balance remains the same (£1.200m) as at 31 March 2017. 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 almost entirely committed to financing the currently approved capital programme plus slippage from 2016/17, the year-end balance reflecting underspending in relation to the 2016/17 capital programme, as discussed at paragraphs 7.2 and 7.3, and will almost all need to be spent in 2017/18. 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.

7. Capital Expenditure

- 7.1 Capital expenditure totalled £8.729m in 2016/17.
- 7.2 The capital programme approved by Full Council on 24 February 2016 provided for an amount of £14.249m to be spent in 2016/17. However, the budget report to Full Council on 23 February 2017 revised the estimated spend for 2016/17 to £11.744m. This was largely due to the need to curtail the capital programme by putting around £2.400m of projects on hold because of a lack of capital receipts to finance them.
- 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 this are: some vehicle replacements were deferred until 2017/18 (£0.646m) and £2.248m of payments in relation to the construction of Castle House did not become due until 2017/18.
- 7.4 Projects in progress or committed will be completed or commenced in 2017/18. 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 continuing 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 2017/18 programme will also need to be reviewed for the same reason.
- 7.5 The expenditure of £8.729m was financed as shown below:

	£m
Capital Receipts	5.519
New Homes Bonus	0.165
BetterCare Funding (re Disabled Facilities Grants)	0.988
Contributions from Other Bodies	0.015
Section 106 payments	0.087
Reserves - ICT Development Fund	0.216
Sport England Grant (Clayton Sports Centre)	0.016
Internal Borrowing	1.723
Total Financing	<u>8.729</u>

8. List of Appendices

Appendix 1: Extracts from Draft Statement of Accounts

9. Link to Draft Statement of Accounts

9.1 An electronic copy of the 2016/17 Statement of Accounts is available as one of the agenda documents on the Council's website.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost of providing services in accordance with accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement and the Expenditure and Funding Analysis.

2015/16				2016/17		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
3,987	959	3,028	Chief Executive	3,791	948	2,843
36,024	32,461	3,563	Resources & Support Services	35,123	31,441	3,682
7,482	4,189	3,293	Regeneration & Development	9,656	4,346	5,310
13,521	6,010	7,511	Operational Services	12,720	6,153	6,567
646	180	466	Corporate	870	226	644
61,660	43,799	17,861	Cost of Services	62,160	43,114	19,046
460	541	(81)	Other Operating Expenditure (Note 3.2.1-p26)	395	312	83
4,616	4,782	(166)	Financing & Investment Income/Expenditure (Note 3.2.2-p26)	2,176	4,901	(2,725)
9,469	24,575	(15,106)	Taxation & Non-Specific Grant Income (Note 3.2.3-p27)	9,951	25,436	(15,485)
		2,508	(Surplus)/Deficit on Service Provision			919
		(253)	(Surplus)/Deficit on Revaluation of Assets			(144)
		(8,680)	Remeasurement of the Defined Benefit Liability/Asset (Note 4.4-p42-p45)			312
		(8,933)	Other Income & Expenditure			168
		(6,425)	Total Income & Expenditure			1,087

Note

Resources and Support Services includes housing benefits expenditure and housing benefits grant income of circa £30m.

Restatement

As a result of the application of changes in the 2016/17 Accounting Code of Practice, the format of the Comprehensive Income and Expenditure Statement has changed compared with that for 2015/16. Accordingly, the amounts for 2015/16 have been restated where necessary. The changes concern:

- The segmental information in the top section of the Statement has changed from a service based analysis to an analysis based on the way in which expenditure and income is reported to those charged with governance, i.e. the Council's management structure.
- The above analysis does not include recharges between accounts, showing instead expenditure and income directly attributable to the headings shown before any recharges are made.

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other unusable reserves. The movements in the year are broken down between gains and losses incurred in accordance with accounting practices and statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000	£000	£000	£000	£000	£000
2016/17						
Balance at 31 March 2016 B/Fwd	(3,507)	(6,586)	(889)	(10,982)	11,139	157
Movement in Reserves 2016/17						
Total Comprehensive Income & Expenditure	919			919	168	1,087
Adjustments Between Accounting & Funding Basis (Note 3.1.1-p24-p25)	(487)	4,975	(237)	4,251	(4,251)	-
Increase/Decrease in Year	432	4,975	(237)	5,170	(4,083)	1,087
Balance at 31 March 2017 C/Fwd	(3,075)	(1,611)	(1,126)	(5,812)	7,056	1,244
2015/16						
Balance at 31 March 2016 B/Fwd	(4,284)	(6,365)	(868)	(11,517)	18,099	6,582
Movement in Reserves 2015/16						
Total Comprehensive Income & Expenditure	2,508	-	-	2,508	(8,933)	(6,425)
Adjustments Between Accounting & Funding Basis (Note 3.1.1-p24-p25)	(1,731)	(221)	(21)	(1,973)	1,973	-
Increase/Decrease in Year	777	(221)	(21)	535	(6,960)	(6,425)
Balance at 31 March 2016 C/Fwd	(3,507)	(6,586)	(889)	(10,982)	11,139	157

Note

The General Fund Balance includes £1.875m of Earmarked Reserves (2015/16 £2.307m), therefore leaving a general balance of £1.200m.

Restatement

As a result of the changes in the 2016/17 Accounting Code of Practice, the format of the Movement in Reserves Statement has changed compared with that for 2015/16. Accordingly, the amounts for 2015/16 have been restated where necessary. The changes concern:

- The inclusion of earmarked reserves in the General Fund Balance which means that there is no longer a requirement to show movements in relation to these reserves in the Statement;
- One line showing the balance on the Comprehensive Income and Expenditure Statement is now shown rather than splitting this between the Surplus or Deficit on Provision of Services and Other Comprehensive Income and Expenditure.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31/03/2016 £000		31/03/2017 £000
40,323	Property, Plant & Equipment (Note 3.3.1-p29)	43,899
1,025	Surplus Assets (Note 3.3.1-p29)	1,025
14,527	Investment Property (Note 3.3.2-p32)	18,893
1,429	Heritage Assets (Note 3.3.3-p33)	1,429
158	Intangible Assets	81
591	Long Term Debtors (Note 3.3.4-p33)	545
58,053	Long Term Assets	65,872
7,549	Short Term Investments (Note 4.6.1-p46-p47)	3,460
206	Inventories	236
9,306	Short Term Debtors (Note 3.3.4-p33-p34)	8,000
595	Cash/Cash Equivalents (Note 4.6.1-p46-p47)	376
17,656	Current Assets	12,072
(5,693)	Short Term Creditors (Note 3.3.5-p34)	(5,738)
(59)	Short Term Borrowing (Note 4.6.1-p46-p47)	(70)
(5,752)	Current Liabilities	(5,808)
(1,290)	Provisions (Note 3.3.6-p34)	(1,270)
(68,428)	Net Pensions Liability (Note 4.4-p42-p45)	(71,709)
(396)	Capital Grants Receipts in Advance	(401)
(70,114)	Long Term Liabilities	(73,380)
(157)	Net Assets	(1,244)
	Usable Reserves (Note 3.3.7-p35-p36)	
1,200	General Fund Balance	1,200
2,307	Other Usable Reserves	1,875
6,586	Capital Receipts Reserve	1,611
889	Capital Grants Unapplied Account	1,126
10,982	Total Usable Reserves	5,812
	Unusable Reserves (Note 3.3.8-p36-p39)	
14,711	Revaluation Reserve	14,855
43,634	Capital Adjustment Account	49,632
620	Deferred Capital Receipts Reserve	545
(69,628)	Pensions Reserve	(71,709)
(110)	Collection Fund Adjustment Account	(7)
(366)	Accumulated Absences Account	(372)
(11,139)	Total Unusable Reserves	(7,056)
(157)	Total Reserves	(1,244)

Usable Reserves

	31/03/2015	Transfers	Transfers	31/03/2016	Transfers	Transfers	31/03/2017
	£000	Out	In	£000	Out	In	£000
		£000	£000		£000	£000	
Capital:							
Capital Receipts Reserve	6,365	(1,047)	1,268	6,586	(6,112)	1,137	1,611
Capital Grants Unapplied	868	(221)	242	889	(443)	680	1,126
Both Revenue and Capital:							
Equipment Replacement Fund	376	(141)	141	376	(107)	212	481
Renewals and Repairs Fund	3	(431)	430	2	(390)	390	2
ICT Development Fund	253	(118)	90	225	(247)	90	68
New Homes Bonus Reserve	-	(186)	186	-	(165)	165	-
New Initiatives Fund	57	(57)	-	-	-	-	-
Revenue:							
General Fund Balance	1,200	-	-	1,200	-	-	1,200
Contingency Reserve Fund	276	(50)	-	226	(91)	-	135
Budget Support Fund	297	(28)	72	341	(80)	8	269
Conservation and Heritage Fund	37	(12)	10	35	-	10	45
Museum Purchases Fund	68	(8)	-	60	-	4	64
Maintenance Contributions	76	(50)	35	61	(30)	44	75
Mayors Charities Reserve	12	(1)	-	11	(3)	-	8
Standards Fund	6	-	-	6	-	-	6
Deposit Guarantee Scheme Reserve	36	-	-	36	-	-	36
Revenue Investment Fund	112	(76)	35	71	(1)	35	105
Keele Master Plan Reserve	-	-	139	139	-	-	139
Business Rates Reserve	1,475	(800)	43	718	(276)	-	442
Total	11,517	(3,226)	2,691	10,982	(7,945)	2,775	5,812

Note 3.1.2 (page 26) shows the movements on Usable Reserves involving transactions with the General Fund Revenue Account. The nature and purpose of these reserves is as set out below:

- The Capital Receipts Reserve contains the balance of unapplied capital receipts arising from the disposal of fixed assets.
- The Capital Grants Unapplied Reserve contains the balance of unused grants and contributions available for use, i.e. they have no conditions or conditions have been met;
- The Equipment Replacement Fund is maintained to provide for the replacement of certain items of equipment, such as the crematorium cremators and gym equipment;
- The Renewals and Repairs Fund is used for the repair and maintenance of Council-owned buildings, structures and fixed plant. It is funded through a contribution from the General Fund revenue account, based on the estimated frequency and amount of future expenditure on repairs and maintenance.
- The ICT Development Fund is to be used to meet the costs of new IT requirements and the replacement of IT equipment;
- The New Homes Bonus Reserve was created to hold unused balances in relation to New Homes Bonus grant.
- The New Initiatives Fund was established to fund new initiatives, both capital and revenue, not currently provided for in the Council's budgets;
- The General Fund Balance exists to meet the cost of any unexpected occurrences affecting the General Fund revenue budget or any of the occurrences materialising which are identified in the risk assessment relating to that budget;
- The Contingency Reserve Fund is used to finance expenditure in respect of contingencies that may arise in the future, for example redundancy payments consequent upon service reviews;

- The Budget Support Fund was created by crediting to it surpluses arising on the General Fund Revenue Account. It is to be used to support the revenue budget and Invest to Save initiatives. It is also used to enable budget provision to be carried forward to future years by appropriating to it unspent balances where a commitment exists;
- The Conservation and Heritage Fund exists to provide grants to the owners of buildings of historical significance to enable them to be maintained properly;
- The Museum Purchases Fund was established by a small bequest which has been added to by contributions and proceeds from the sale of exhibits. It is used to purchase exhibits for the museum and to conserve and enhance the display of existing exhibits;
- Maintenance Contributions are received from developers of housing and other schemes and are to be used to fund the maintenance of open spaces taken over from those developers;
- The Mayors Charities Reserve represents the balance on the Mayors Charities activity;
- The Standards Fund is used to ensure that the Council meets its responsibilities under the Ethical and other standards frameworks;
- The Deposit Guarantee Reserve was created to hold the unspent balances relating to the Guarantee Scheme for landlord deposits in respect of homeless persons;
- The Revenue Investment Fund is used to fund projects in support of corporate priorities;
- The Keele Master Plan reserve was created to hold funds for expenditure incurred with the sale or development of land owned by various stakeholders including the land of the former Keele Golf Course site;
- The Business Rates Reserve was created as a consequence of the new rates retention arrangements. It will receive excess rates income above the budgeted amount. It may be used for any purpose but particularly to meet Business Rates Collection Fund deficits and future rate income shortfalls.

Collection Fund Account

2015/16 Council Tax £'000	2015/16 Business Rates £'000	2015/16 Total £'000		2016/17 Council Tax £'000	2016/17 Business Rates £'000	2016/17 Total £'000
(53,488)	-	(53,488)	Income			
-	(33,588)	(33,588)	Council Tax Payers	(55,571)		(55,571)
			Business Rates Payers		(34,678)	(34,678)
			Transfer of Previous Years Deficit			
-	(800)	(800)	- Newcastle-under-Lyme Borough Council	-	(276)	(276)
-	(180)	(180)	- Staffordshire County Council	-	(62)	(62)
-	-	-	- Office of Police & Crime Commissioner	-	-	-
-	(20)	(20)	- Staffordshire Fire and Rescue Authority	-	(7)	(7)
-	(1,000)	(1,000)	- Central Government	-	(345)	(345)
(53,488)	(35,588)	(89,076)	Total Income	(55,571)	(35,368)	(90,939)
			Expenditure			
			Council Tax Precepts			
6,541	-	6,541	- Newcastle-under-Lyme Borough Council	6,906	-	6,906
36,907	-	36,907	- Staffordshire County Council	39,276	-	39,276
6,259	-	6,259	- Office of Police & Crime Commissioner	6,408	-	6,408
2,430	-	2,430	- Staffordshire Fire and Rescue Authority	2,537	-	2,537
			Business Rates Apportionment			
-	13,144	13,144	- Newcastle-under-Lyme Borough Council	-	13,571	13,571
-	2,958	2,958	- Staffordshire County Council	-	3,054	3,054
-	328	328	- Staffordshire Fire and Rescue Authority	-	339	339
-	16,430	16,430	- Central Government	-	16,964	16,964
			Other Expenditure			
-	141	141	Cost of Collection	-	139	139
-	(230)	(230)	Transitional Protection	-	373	373
202	359	561	Provision for Bad Debts	255	448	703
-	1,067	1,067	Provision for Appeals	-	(120)	(120)
			Transfer of Previous Years Surplus			
140	-	140	- Newcastle-under-Lyme Borough Council	116	-	116
809	-	809	- Staffordshire County Council	690	-	690
140	-	140	- Office of Police & Crime Commissioner	117	-	117
54	-	54	- Staffordshire Fire and Rescue Authority	45	-	45
53,482	34,197	87,679	Total Expenditure	56,350	34,768	91,118
(6)	(1,391)	(1,397)	Deficit/(Surplus) for the Year	779	(600)	179
(1,137)	2,122	985	Balance Brought Forward at 1 April	(1,143)	731	(412)
(6)	(1,391)	(1,397)	Deficit/(Surplus) for the year	779	(600)	179
(1,143)	731	(412)	Balance Carried Forward at 31 March	(364)	131	(233)
			Allocation of Collection Fund Balance			
(144)	292	148	- Newcastle-under-Lyme Borough Council	(46)	52	6
(809)	66	(743)	- Staffordshire County Council	(259)	12	(247)
(53)	7	(46)	- Staffordshire Fire and Rescue Authority	(42)	1	(41)
-	366	366	- Central Government	-	66	66
(137)	-	(137)	- Office of Police & Crime Commissioner	(17)	-	(17)
(1,143)	731	(412)		(364)	131	(233)