

**DRAFT STATEMENT OF ACCOUNTS 2017/18.**

**Submitted by:** Head of Finance

**Portfolio:** Finance and Efficiency

**Ward(s) affected:** All

**Purpose of the Report**

To report upon the General Fund outturn for 2017/18 and the financial position as at 31 March 2018 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 2018 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 31 July. 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 31 May and this was done on 29 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 commenced on 1 June 2018 and closes on 12 July.
- 1.3 The audit of the 2017/18 statement of accounts is planned to commence on 2 July leading up to the production of the auditor's final audit findings report. The final version of the Statement of Accounts will then be submitted to the committee for scrutiny and approval at the meeting scheduled for 30 July 2018, following which the statement can be published to meet the 31 July deadline set out in the Regulations.
- 1.4 The full statement of accounts will be submitted to the Committee for formal approval at the 30 July 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.

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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.

1.7 Training has been provided for members of the committee to assist them in carrying out their role of approving the statement of accounts.

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 June in respect of the 2017/18 statement) and finally by 31 July, 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 at the end of July, 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 2017/18 was originally set in February 2017 and amounted to a net total of £13,825,060. The eventual outturn for the year was a positive variance against this figure, of £4,868.

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

3.1 As mentioned above, the outturn in respect of the General Fund Revenue Account was £4,868 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:

<b>Type of Income</b>	<b>Budget</b>	<b>Outturn</b>	<b>Variance</b>
	£000s	£000s	£000s
Newcastle Open Market Stall Fees	200	134	66
Car Parking Income	1,127	985	142
Jubilee 2 Income	1,448	1,370	78
Council Tax Court Costs	670	473	197
Waste Service - Recycling Credits and Material Sales	2,025	1,627	398
<b>Total</b>	<b>5,470</b>	<b>4,589</b>	<b>881</b>

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

<b>Item</b>	<b>Additional expenditure</b>
	£000s
Elections	163
Kidsgrove Sports Centre Net Costs	39
<b>Total</b>	<b>202</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>	
Land Charges Search Fees	21
Planning Applications Fees	122
Bereavement services - Cemeteries	26
Bereavement Services - Crematorium	104
<b>Procurement Savings</b>	
ICT - Computer Hardware/Software	37
Cemeteries - Supplies and services	28
<b>Good Housekeeping Efficiencies:</b>	
Community Chest and Third Sector Commissioning Grants	42
<b>Staffing Efficiencies:</b>	
Overall employee costs savings	335
<b>Corporate:</b>	
Additional government grants	157
Capital financing Costs not required (re Castle House)	200
<b>Other Variances</b>	16
<b>Total</b>	<b>1,088</b>

3.2 An amount of £4,868 has been transferred into the Budget Support Fund in respect of the positive variance. As can be seen in Appendix I usable reserves, the balance on the Budget Support Fund now stands at £0.355m.

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 2019/20.

#### 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 £0.217m for the year, leaving a balance of an accumulated surplus of £0.016m 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)		0.364		(0.131)	0.233
Contribution to previous years (surplus)/deficit (A)	(0.365)		(0.024)		
Surplus/(deficit) relating to 2017/18 (B)	2.000		(1.828)		
Overall surplus/(deficit) for year (A + B)		1.635		(1.852)	(0.217)
<b>Balance Carried Forward – surplus/(deficit)</b>		<b>1.999</b>		<b>(1.983)</b>	<b>0.016</b>

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

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4.3 As can be seen the Council Tax element of the Fund as at 31 March 2018 shows a surplus of £1.999m, which compares to a surplus of £0.364m at 31 March 2017. 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 2019/20. The main reason for the increased surplus is a revision to the method of calculating the amount that is required to be provided for bad debts.

4.4 The Business Rates element of the Fund as at 31 March 2018 shows a deficit of £1.983m. 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 due to a significant increase in the required provision for appeals (see paragraph 4.5).

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 2017/18 were as follows:

	£m
Balance Brought Forward at 1 April 2017	1.812
Used in 2017/18	(1.140)
Contribution to Provision	4.023
<b>Balance at 31 March 2018</b>	<b>4.695</b>

The balance of £4.695m 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. £1.878m. The amount has increased during 2017/18 to reflect appeals that may be settled in years after the financial year 2018/19, in previous years only appeals that were likely to be settled during the following financial year had been provided for.

## 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 £62.931m (£65.246m at 31 March 2017) which consist of Plant, Property and Equipment, Surplus Assets, Investment Properties and Heritage Assets. The reduction of £2.315m largely arises from revaluations in relation to car parks (-£0.689m) and the civic offices (-£1.544m).
- Investments (all short term at 31 March 2018 - i.e. with less than 1 year to run from that date) were £0.081m at 31 March 2018 compared to £3.460m at 31 March 2017. 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. This situation is reflected in an increase in short term borrowing which was £0.070m at 31 March 2017 and £2.555m at 31 March 2018.
- There is an increase in Cash and Cash Equivalents of £0.554m.
- 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 £10.399m, an increase of £2.040m compared with 31 March 2017. The main reason for this is an increase in amounts owed by central government to the Council of £1.293m, this primarily relates to an increase in the amount owed to the Council by the Department for Work and Pensions of £0.485m in respect of Housing Benefits, the balance relating to NNDR transactions with the Department of Housing, Communities and Local Government.

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- The amount the Council owes to its creditors is £7.705m. Creditors have increased by £1.236m compared to 31 March 2017. Within this, amounts owed to central government bodies have increased by £2.162m, largely due to the apportionment to the Department of Housing, Communities and Local Government of the increased amount in the NNDR Appeals Provision, as referred to in paragraph 4.5. Amounts owed to other local authorities have decreased by £0.446m primarily due to sums owing to Staffordshire County Council in respect of the construction of Castle House included in the March 2017 balance. Amounts due to other entities have decreased by £0.455m largely due to a reduction in the sundry creditors balance at 31 March 2018.
- Provisions are £2.051m compared with £0.898m at 31 March 2017. This overall total comprises three provisions (31 March 2017 balance in brackets): NNDR Appeals £1.878m (£0.725m); Insurance Claims Provision £0.148m (£0.148m); Municipal Mutual Insurance (MMI) Provision £0.025m (£0.025m). See paragraph 4.5 for further details in relation to the NNDR Appeals provision.
- The Net Liability relating to Defined Benefit Pension Schemes (i.e. the difference between liabilities and assets of the pension scheme) decreased from £71.709m to £68.025m. Normally this decrease would be mirrored by a decrease 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 2018/19 and 2019/20 totalling £3.130m. These were paid in 2017/18 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 2018/19 and 2019/20 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 2018/19 the prepayment relating to that year will be transferred to the general fund revenue account via a transfer from the Pensions Reserve with a similar transaction in 2019/20. After these transactions have occurred, the two accounts will once more be mirror images of each other. Without the charge of £3.130m, the Pensions Liability would have shown a small decrease of £0.554m, reflecting other factors. 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 £7.339m. The note included in Appendix 1 shows a full analysis of all these reserves. The main items, with their balances at 31 March 2018, are:

- General Fund Balance (£1.200m)
- Capital Receipts Reserve (£2.162m)
- Capital Grants Unapplied (£1.158m)
- Budget Support Fund (£0.355m)
- Contingency Reserve Fund (£0.210m)
- ICT Development Fund (£0.067m)
- Equipment Replacement Fund (£0.552m)
- Business Rates Reserve (£1.353m)

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 2018. 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.

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6.3 The Capital Receipts Reserve is almost entirely committed to financing the currently approved capital programme plus slippage from 2017/18, the year-end balance reflecting the small underspending in relation to the 2017/18 capital programme, as discussed at paragraph 7.2 and increased receipts from right to buy sales, 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 2019/20. Some may require “topping up”, either from the revenue budget or a transfer from another reserve. In particular, the Renewals and Repairs Fund was exhausted in 2017/18.

**7. Capital Expenditure**

7.1 Capital expenditure totalled £6.296m in 2017/18.

7.2 The capital programme approved by Full Council on 22 February 2017 provided for an amount of £3.047m to be spent in 2017/18. However, the budget report to Full Council on 21 February 2018 revised the estimated spend for 2017/18 to £5.938m. This was due to the addition of £2.891m slippage from 2016/17. Since then £0.451m additional Disabled Facilities Grant funding has been received which would support further expenditure of this amount. These changes result in a revised capital programme of £6.389m for 2017/18.

7.3 As can be seen, the actual outturn for the year was in line with the revised programme.

7.4 Projects in progress or committed will be completed or commenced in 2018/19. 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 2018/19 programme will also need to be reviewed for the same reason.

7.5 The expenditure of £6.296m was financed as shown below:

	£m
Capital Receipts	0.871
BetterCare Funding (re Disabled Facilities Grants)	1.452
Contributions from Other Bodies	0.215
Section 106 payments	0.110
Reserves - ICT Development Fund	0.071
Internal Borrowing	3.577
Total Financing	<u>6.296</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 2017/18 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.

2016/17				2017/18		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
3,791	1,090	2,701	Chief Executive	3,352	968	2,384
35,123	31,469	3,654	Resources & Support Services	35,186	30,782	4,404
9,656	4,653	5,003	Regeneration & Development	10,396	5,457	4,939
12,720	6,161	6,559	Operational Services	11,988	5,726	6,262
870	226	644	Corporate	584	169	415
<b>62,160</b>	<b>43,599</b>	<b>18,561</b>	<b>Cost of Services</b>	<b>61,506</b>	<b>43,102</b>	<b>18,404</b>
395	312	83	Other Operating Expenditure (Note 3.2.1-p26)	411	981	(570)
6,964	9,204	(2,240)	Financing & Investment Income/Expenditure (Note 3.2.2-p26)	6,447	4,281	2,166
9,951	25,436	(15,485)	Taxation & Non-Specific Grant Income (Note 3.2.3-p27)	9,279	24,251	(14,972)
		<b>919</b>	<b>(Surplus)/Deficit on Service Provision</b>			<b>5,028</b>
		(144)	(Surplus)/Deficit on Revaluation of Assets			1,083
		312	Remeasurement of the Defined Benefit Liability/Asset (Note 4.4-p42-p45)			(1,632)
		<b>168</b>	<b>Other Income &amp; Expenditure</b>			<b>(549)</b>
		<b>1,087</b>	<b>Total Income &amp; Expenditure</b>			<b>4,479</b>

**Note**

Resources and Support Services includes housing benefits expenditure and housing benefits grant income of circa £29m.

Resources and Support Services net expenditure for 2017/18 includes impairment of £0.844m relating to expenditure on Castle House.

**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
<b>2017/18</b>						
<b>Balance at 31 March 2017 B/Fwd</b>	<b>(3,075)</b>	<b>(1,611)</b>	<b>(1,126)</b>	<b>(5,812)</b>	<b>7,056</b>	<b>1,244</b>
<b>Movement in Reserves 2017/18</b>						
Total Comprehensive Income & Expenditure	5,028	-	-	5,028	(549)	4,479
Adjustments Between Accounting & Funding Basis ( <a href="#">Note 3.1.1-p24-p25</a> )	(5,972)	(551)	(32)	(6,555)	6,555	-
<b>Increase/Decrease in Year</b>	<b>(944)</b>	<b>(551)</b>	<b>(32)</b>	<b>(1,527)</b>	<b>6,006</b>	<b>4,479</b>
<b>Balance at 31 March 2018 C/Fwd</b>	<b>(4,019)</b>	<b>(2,162)</b>	<b>(1,158)</b>	<b>(7,339)</b>	<b>13,062</b>	<b>5,723</b>
<b>2016/17</b>						
<b>Balance at 31 March 2016 B/Fwd</b>	<b>(3,507)</b>	<b>(6,586)</b>	<b>(889)</b>	<b>(10,982)</b>	<b>11,139</b>	<b>157</b>
<b>Movement in Reserves 2016/17</b>						
Total Comprehensive Income & Expenditure	919	-	-	919	168	1,087
Adjustments Between Accounting & Funding Basis ( <a href="#">Note 3.1.1-p24-p25</a> )	(487)	4,975	(237)	4,251	(4,251)	-
<b>Increase/Decrease in Year</b>	<b>432</b>	<b>4,975</b>	<b>(237)</b>	<b>5,170</b>	<b>(4,083)</b>	<b>1,087</b>
<b>Balance at 31 March 2017 C/Fwd</b>	<b>(3,075)</b>	<b>(1,611)</b>	<b>(1,126)</b>	<b>(5,812)</b>	<b>7,056</b>	<b>1,244</b>

**Notes**

- The General Fund Balance includes £2.819m of Earmarked Reserves (2016/17 £1.875m), therefore leaving a general balance of £1.200m;
- The increase in this balance is primarily due to a contribution into the Business Rates Reserve (£0.911m) to provide for the future repayment of the deficit balance on the Business Rates collection fund;



**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'.

31/03/2017 £000		31/03/2018 £000
43,899	Property, Plant & Equipment (Note 3.3.1-p29)	42,837
1,025	Surplus Assets (Note 3.3.1-p29)	830
18,893	Investment Property (Note 3.3.2-p32)	17,835
1,429	Heritage Assets (Note 3.3.3-p33)	1,429
81	Intangible Assets	77
545	Long Term Debtors (Note 3.3.4-p33)	444
<b>65,872</b>	<b>Long Term Assets</b>	<b>63,452</b>
3,460	Short Term Investments (Note 4.6.1-p46-p47)	81
236	Inventories	194
8,359	Short Term Debtors (Note 3.3.4-p33)	10,399
376	Cash/Cash Equivalents (Note 4.6.1-p46-p47)	930
<b>12,431</b>	<b>Current Assets</b>	<b>11,604</b>
(6,469)	Short Term Creditors (Note 3.3.5-p34)	(7,705)
(70)	Short Term Borrowing (Note 4.6.1-p46-p47)	(2,555)
(725)	Provisions (Note 3.3.6-p34)	(1,878)
<b>(7,264)</b>	<b>Current Liabilities</b>	<b>(12,138)</b>
(173)	Provisions (Note 3.3.6-p34)	(173)
(71,709)	Net Pensions Liability (Note 4.4-p42-p45)	(68,025)
(401)	Capital Grants Receipts in Advance	(443)
<b>(72,283)</b>	<b>Long Term Liabilities</b>	<b>(68,641)</b>
<b>(1,244)</b>	<b>Net Assets</b>	<b>(5,723)</b>
	<b>Usable Reserves (Note 3.3.7-p35-p36)</b>	
1,200	General Fund Balance	1,200
1,875	Other Usable Reserves	2,819
1,611	Capital Receipts Reserve	2,162
1,126	Capital Grants Unapplied Account	1,158
<b>5,812</b>	<b>Total Usable Reserves</b>	<b>7,339</b>
	<b>Unusable Reserves (Note 3.3.8-p36-p39)</b>	
14,855	Revaluation Reserve	13,772
49,632	Capital Adjustment Account	44,819
545	Deferred Capital Receipts Reserve	443
(71,709)	Pensions Reserve	(71,155)
(7)	Collection Fund Adjustment Account	(558)
(372)	Accumulated Absences Account	(383)
<b>(7,056)</b>	<b>Total Unusable Reserves</b>	<b>(13,062)</b>
<b>(1,244)</b>	<b>Total Reserves</b>	<b>(5,723)</b>

**Usable Reserves**

	31/03/2016	Transfers	Transfers	31/03/2017	Transfers	Transfers	31/03/2018
	£000	Out	In	£000	Out	In	£000
		£000	£000		£000	£000	
<b>Capital:</b>							
Capital Receipts Reserve	6,586	(6,112)	1,137	1,611	(2,791)	3,342	2,162
Capital Grants Unapplied	889	(443)	680	1,126	(157)	189	1,158
<b>Both Revenue and Capital:</b>							
Equipment Replacement Fund	376	(107)	212	481	(120)	191	552
Renewals and Repairs Fund	2	(390)	390	2	(272)	270	-
ICT Development Fund	225	(247)	90	68	(71)	70	67
New Homes Bonus Reserve	-	(165)	165	-	-	-	-
<b>Revenue:</b>							
General Fund Balance	1,200	-	-	1,200	-	-	1,200
Contingency Reserve Fund	226	(91)	-	135	(72)	147	210
Budget Support Fund	341	(80)	8	269	(83)	169	355
Conservation and Heritage Fund	35	-	10	45	(10)	10	45
Museum Purchases Fund	60	-	4	64	(3)	-	61
Maintenance Contributions	61	(30)	44	75	(42)	42	75
Mayors Charities Reserve	11	(3)	-	8	-	5	13
Standards Fund	6	-	-	6	-	-	6
Deposit Guarantee Scheme Reserve	36	-	-	36	(36)	-	-
Revenue Investment Fund	71	(1)	35	105	(105)	-	-
Keele Master Plan Reserve	139	-	-	139	(57)	-	82
Business Rates Reserve	718	(276)	-	442	-	911	1,353
<b>Total</b>	<b>10,982</b>	<b>(7,945)</b>	<b>2,775</b>	<b>5,812</b>	<b>(3,819)</b>	<b>5,346</b>	<b>7,339</b>

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 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;

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- 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**

2016/17 Council Tax £'000	2016/17 Business Rates £'000	2016/17 Total £'000		2017/18 Council Tax £'000	2017/18 Business Rates £'000	2017/18 Total £'000
(55,571)	-	(55,571)	<b>Income</b>	(58,343)	-	(58,343)
	(34,678)	(34,678)	Council Tax Payers			
			Business Rates Payers	-	(34,777)	(34,777)
			<b>Transfer of Previous Years Deficit</b>			
-	(276)	(276)	- Newcastle-under-Lyme Borough Council	-	-	-
-	(62)	(62)	- Staffordshire County Council	-	-	-
-	-	-	- Office of Police & Crime Commissioner	-	-	-
-	(7)	(7)	- Staffordshire Fire and Rescue Authority	-	-	-
-	(345)	(345)	- Central Government	-	-	-
<b>(55,571)</b>	<b>(35,368)</b>	<b>(90,939)</b>	<b>Total Income</b>	<b>(58,343)</b>	<b>(34,777)</b>	<b>(93,120)</b>
			<b>Expenditure</b>			
			<b>Council Tax Precepts</b>			
6,906	-	6,906	- Newcastle-under-Lyme Borough Council	7,188	-	7,188
39,276	-	39,276	- Staffordshire County Council	41,748	-	41,748
6,408	-	6,408	- Office of Police & Crime Commissioner	6,620	-	6,620
2,537	-	2,537	- Staffordshire Fire and Rescue Authority	2,615	-	2,615
			<b>Business Rates Apportionment</b>			
-	13,571	13,571	- Newcastle-under-Lyme Borough Council	-	12,946	12,946
-	3,054	3,054	- Staffordshire County Council	-	2,913	2,913
-	339	339	- Staffordshire Fire and Rescue Authority	-	324	324
-	16,964	16,964	- Central Government	-	16,182	16,182
			<b>Other Expenditure</b>			
-	139	139	Cost of Collection	-	138	138
-	373	373	Transitional Protection	-	907	907
255	448	703	Provision for Bad Debts	(1,828)	288	(1,540)
-	(120)	(120)	Provision for Appeals	-	2,883	2,883
			<b>Transfer of Previous Years Surplus</b>			
116	-	116	- Newcastle-under-Lyme Borough Council	44	19	63
690	-	690	- Staffordshire County Council	260	4	264
117	-	117	- Office of Police & Crime Commissioner	44	1	45
45	-	45	- Staffordshire Fire and Rescue Authority	17	-	17
-	-	-	- Central Government	-	24	24
<b>56,350</b>	<b>34,768</b>	<b>91,118</b>	<b>Total Expenditure</b>	<b>56,708</b>	<b>36,629</b>	<b>93,337</b>
<b>779</b>	<b>(600)</b>	<b>179</b>	<b>Deficit/(Surplus) for the Year</b>	<b>(1,635)</b>	<b>1,852</b>	<b>217</b>
<b>(1,143)</b>	<b>731</b>	<b>(412)</b>	<b>Balance Brought Forward at 1 April</b>	<b>(364)</b>	<b>131</b>	<b>(233)</b>
<b>779</b>	<b>(600)</b>	<b>179</b>	<b>Deficit/(Surplus) for the year</b>	<b>(1,635)</b>	<b>1,852</b>	<b>217</b>
<b>(364)</b>	<b>131</b>	<b>(233)</b>	<b>Balance Carried Forward at 31 March</b>	<b>(1,999)</b>	<b>1,983</b>	<b>(16)</b>
			<b>Allocation of Collection Fund Balance</b>			
(46)	52	6	- Newcastle-under-Lyme Borough Council	(235)	793	558
(259)	12	(247)	- Staffordshire County Council	(1,445)	178	(1,267)
(17)	1	(16)	- Staffordshire Fire and Rescue Authority	(229)	20	(209)
-	66	66	- Central Government	-	992	992
(42)	-	(42)	- Office of Police & Crime Commissioner	(90)	-	(90)
<b>(364)</b>	<b>131</b>	<b>(233)</b>		<b>(1,999)</b>	<b>1,983</b>	<b>(16)</b>