
REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE (SPECIAL – FINAL ACCOUNTS)	AGENDA ITEM: 7
DATE OF MEETING:	25th JUNE 2015	CATEGORY: RECOMMENDED
REPORT FROM:	DIRECTOR OF FINANCE and CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE 01283 595811 Kevin.stackhouse@south-derbys.gov.uk	DOC: <small>u/ks/accounts/final accounts1415/ out-turn reports/budget out-turn report 2015</small>
SUBJECT:	BUDGET OUT-TURN and FINAL ACCOUNTS 2014/15	REF:
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

1.1 To approve the final out-turn position for:

- The General Fund Revenue Account 2014/15
- The Housing Revenue Account 2014/15
- Capital Expenditure and Financing 2014/15
- The Collection Fund 2014/15
- The Balance of Reserves and Provisions at 31st March 2015.

1.2 That a net appropriation of £328,000 in 2014/15 is made from the General Fund Reserve to other Earmarked Reserves as detailed in the report.

1.3 That the following contributions are made to Bad Debt Provisions in 2014/15:

Sundry Debtors	£66,040	General Fund
Bed and Breakfast Charges	£49,375	General Fund
Housing Benefit Overpayments	£28,139	General Fund
Council Tax Arrears	£396,309	Collection Fund
Business Rates Arrears	£64,452	Collection Fund
Business Rates Appeals	£54,180	Collection Fund
Housing Rent Arrears	£9,610	Housing Revenue Account

1.4 That the following Provisions are increased in accordance with Accounting Standards and charged to the General Fund in 2014/15:

Planning Appeals	£122,000
Personal Search Refunds	£56,000

2.0 Purpose of Report

2.1 To detail the final out-turn position for 2014/15 on the Council's main revenue and capital accounts. The report also details the financial position on these accounts as at 31st March 2015 compared to that estimated in the Council's Medium-Term Financial Plan (MTFP).

Background – The Accounts Process

2.2 The Council's Draft Annual Accounts and Financial Statements (prior to Audit) will be signed off by the Chief Finance Officer for External Audit on 30th June 2015. In accordance with the Account and Audit Regulations, the accounts will be reported to the Committee, in September, after the Audit has been completed.

2.3 During the interim period, the draft (unaudited) accounts are available for inspection with the Auditor themselves, being available to receive questions and comments from the Public, from July 29th onwards. This "public right" is advertised in the local press and on the Council's web site.

2.4 The Auditor's detailed report will be considered by the Audit Sub Committee on 23rd September. The audited accounts, together with the auditor's opinion, will be reported at a meeting of this Committee on 24th September 2015.

2.5 The Financial Statements are prepared and reported to fulfil statutory requirements and are based on accepted accounting standards. The statements provide detail regarding the Council's assets and liabilities and analyse income and expenditure for the year.

2.6 This report summarises the financial performance against the Council's approved budgets on the General Fund, Housing Revenue and Capital Accounts. It also provides details of the Collection Fund position, together with details of provisions and reserves.

2.7 This report is divided into the following sections:

- Section 3 – General Fund Revenue Account and Collection Fund 2014/15
- Section 4 – Housing Revenue Account
- Section 5 – Capital Expenditure and Financing 2014/15
- Section 6 – Provisions and Reserves as at 31st March 2015
- Section 7 – Performance against financial indicators

- Appendix 1 - General Fund Account 2014/15
- Appendix 2 – General Fund Budget Variances 2014/15
- Appendix 3 – The Collection Fund 2014/15
- Appendix 4 – Capital Expenditure and Financing 2014/15
- Appendix 5 – Earmarked Reserves 2014/15

3.0 GENERAL FUND REVENUE ACCOUNT

- 3.1 Apart from Council Housing, day to day income and expenditure on the Council's services is accounted for in the General Fund. The net expenditure is financed from Government Grant and Council Tax, with any shortfall/deficit being transferred to/financed from the Council's Reserves.
- 3.2 The original budget, which was approved in February 2014, estimated a budget surplus of £170,310 in 2014/15. As in previous years, the Budget included contingent sums set-aside for inflation, growth and the implementation of the local pay and grading review.
- 3.3 During the year, £22,866 was transferred from the HRA into the General Fund. This was in respect of a post identified as non-HRA following a restructuring in Housing Services.
- 3.4 The Budget was again updated in the year; this followed savings arising out of approved staffing restructures in Legal and Democratic Services.
- 3.5 When the updated Medium Term Financial Plan (MTFP) was approved by the Committee in February 2015, this estimated a budget **surplus** in 2014/15 of £149,585 as summarised in the following table.

Net Expenditure on Services	£10,623,426
Less Capital Accounting Charges (in above)	-£515,369
Minimum/Voluntary Revenue Provisions	£352,143
Provisions and Contingencies	£432,795
Total Estimated Spending	£10,892,995
Less Financing from Grant and Council Tax	-£11,042,580
Estimated Surplus	-£149,585

Final Budget Out-turn 2014/15

- 3.6 **Appendix 1** details the final out-turn on the General Fund for 2014/15 with a comparison to the approved budget. This shows that the General Fund achieved a surplus of approximately £1.1m for the year.
- 3.7 As expected, this was substantially higher than that budgeted, mainly due to additional income from planning fees and business rates. The third quarter's monitoring report reported to the Committee in March, had estimated a surplus of £1.3m.
- 3.8 The actual surplus of £1.1m was lower, mainly due to the payment of the Efficiency Dividend. Although this is not due to be paid to Council Tax payers until 2015/16, it has been accrued and charged to the General Fund in 2014/15 to recognise the commitment in accordance with accounting practice. Clearly, this is a timing difference and does not affect the overall MTFP.

3.9 The amount set-aside to meet the Dividend is £270,000 as approved by the Council on 1st March 2015.

Overview of Income and Expenditure 2014/15

3.10 The main variances between the actual out-turn and the Budget are detailed in **Appendix 2**. Although there is an overall surplus, this is after meeting some additional cost pressures. Many of the variances had been reported in monitoring reports during the year.

3.11 In addition, following these variances, some adjustments are made between the General Reserve and other earmarked reserves, such as transferring grant income received in 2014/15; this is carried forward to defray costs in future years.

3.12 In addition, a drawdown is made from other earmarked reserves that had been set-aside to meet additional liabilities in the year. This includes costs associated with the Local Plan and Green Bank Leisure Centre. An analysis of the major variances is provided in the following sections.

Favourable Variances (compared to the Budget)

3.13 There were increases in income from planning fees and additional income from business rates; this had been expected. In total, these income streams generated approximately £850,000 of additional income in the year.

Contingent Sums

3.14 In addition, the amount set-aside as a contingent sum in the year to meet inflation, growth, together with the pay and grading review, was not fully utilised. However, in practice, these sums are effectively used to offset additional contributions to provisions; these are detailed later in the report.

3.15 The total amount set-aside is detailed in the following table.

Pay and Grading Review	£164,000
Inflation	£91,179
Growth	£100,000
Total - Contingent Sums 2014/15	£355,179

3.16 The sum set-aside for the Pay and Grading Review is an on-going amount in the MTFP.

3.17 Other favourable variances arose from additional income in Land Charges, Building Regulations and Licensing, together with vacant posts in several

areas and budget savings made from a service restructure in Legal and Democratic Services in April 2014.

Adverse Variances (compared to the Budget)

3.18 Besides the Efficiency Dividend and the costs at Green Bank Leisure Centre (see below) the main increases were associated with additional provisions being made for bad debts and planning appeals.

Planning Appeals

3.19 In addition, a provision for costs associated with a planning appeal has been made, totalling £172,000. However, this has partly been offset by writing back a provision made in 2013/14 of £70,000 for a separate appeal.

3.20 In regards to the appeal in 2013/14, although some additional fees were incurred, costs were not awarded against the Council and £50,000 has been recredited back to the General Fund from the original provision of £70,000.

3.21 The net increase in the provision of £122,000 has effectively been met from the additional planning fees received in the year.

Personal Searches

3.22 A provision in the accounts of £100,000 was made in 2012/13 for the refund of personal searches. This followed a legal case affecting all councils which determined that charges for personal searches should not have been made as they were outside Environmental Information Regulations.

3.23 Therefore, all personal searches fees dating back to 2005 need to be refunded. Over the last two years, legal firms have acted on behalf of councils to determine actual liabilities. No payments have yet been made.

3.24 However, the Council has recently been notified of its final liability. This includes interest and legal fees. In total, costs have been settled at £156,000. Therefore, this provision has been increased accordingly from £100,000.

Green Bank Leisure Centre

3.25 As reported to the Committee during 2014/15, parts of the roof, together with air conditioning units were replaced following the capital refurbishment and centre upgrade. These were unforeseen works.

3.26 In addition, some additional contractor payments were made to the management company. These were for agreed compensation for loss of income and additional utility costs, following the previous refurbishment.

- 3.27 In addition, general maintenance work was required on replacement windows, heating and alarm systems all of which arose from the main refurbishment.
- 3.28 In total, additional costs of approximately £190,000 were incurred. However, a proportion of these costs (£102,000) will be financed from an earmarked reserve previously set-aside for this eventuality.

Net Cost of Housing Benefits

- 3.29 This increased by approximately £100,000 compared to the Budget. This was mainly due to loss of subsidy arising from processing error and backlogs. As previously reported to the Committee, this will be subject to Audit and the degree of liability falling on the Council's service provider.

Waste and Cleansing Services, Transport Costs

- 3.30 During the year, running costs in these services were in excess of the Budget and at one point, it was projected that overall costs could increase by up to £200,000. The additional costs were being incurred on labour, especially the employment of agency workers, together with the maintenance of vehicles.
- 3.31 By the year end, additional costs had been managed downwards, with the eventual increase being nearer £100,000. However, this included some additional contractor costs associated with Recycling and the cost of Gulley Cleaning. This service has recently been retendered at a lower cost.
- 3.32 Income from Recycling following the extension of the kerbside collection service in October 2013 was lower than anticipated. A publicity campaign to increase awareness has recently commenced.

Transfers to/from Earmarked Reserves

- 3.33 This is split between expenditure that is incurred and financed from earmarked reserves together with amounts received in advance, which need to be transferred into earmarked reserves to meet future expenditure.
- 3.34 In addition, certain budget managers have made requests to transfer underspends from budgets in the year into 2015/16, to meet on-going commitments. These mainly relate to repairs and maintenance. All proposed transfers are detailed in the following table.

Transfers between General Reserve and other Reserves 2014/15

Transfers from General Fund to Earmarked Reserves	£'000
Transfer to Planning Reserve to meet staffing costs (as approved)	167
Transfer Sports Development Grants to Earmarked Reserve	83
Corporate Fraud Grant transferred to Earmarked Reserve	92
Transfer to Civic Offices Reserve to meet future maintenance costs	32
Transfer Community Safety Grants to Earmarked Reserve	31
Transfer to Innovation Fund from procurement savings	29
Revenue Contribution to Capital Schemes at Greenbank and Skate Park	25
Transfer of Salary savings in Economic Development to the SDP Reserve	22
Transfer of Land and Asset sales to General Capital Receipts Reserve	21
Transfer to Corporate Training Reserve to meet 3-year contract	20
Profit Share at Rosliston café transferred to Earmarked Reserve	11
Transfer of Grant to Community Right to Bid Reserve	8
Transfer of Grant to Community Right to Challenge Reserve	8
Transfer to Leisure Maintenance Reserve	5
Transfer balance on Heritage Grants Reserve	-10
Transfers from Earmarked Reserves to the General Reserve	
Transfer from Green Bank Reserve to meet additional costs	-102
Transfer from Welfare Reform Reserve to meet administration costs	-46
Transfer from Local Plan Reserve to meet consultation costs (as approved)	-36
Transfer from New Build Reserve to cover professional fees	-32
TOTAL NET TRANSFER TO EARMARKED RESERVES	<u>328</u>

3.35 These amounts are adjusted through reserve transfers as detailed in **Appendix 5**. The overall effect on the General Reserve following the surplus on the General Fund, together with these transfers to earmarked reserves, is detailed in Section 6.

THE COLLECTION FUND

3.36 The Collection Fund is the statutory account that records the collection of Council Tax and Business Rates and shows how that income has been distributed to the Government and other Preceptors on the Fund, including this Council.

3.37 During the year, both the Council Tax and Business Rates accounts continued to perform better than estimated and surpluses were expected to be achieved. As at the third quarter, these surpluses were estimated at approximately £1/2m for Council Tax and just over £1m for Business Rates.

3.38 The final out-turn on the Fund for 2014/15 is detailed in **Appendix 3**.

Council Tax

- 3.39 This achieved a surplus for the year of just over £1/2m as expected. As previously reported, the amount of Council Tax collectable exceeded the estimated amount mid-way through the year.
- 3.40 Although the rate of Council Tax was frozen for 2014/15, the estimated income for 2014/15 allowed for a 3% increase on that collected in 2013/14; this was based on new properties.
- 3.41 It was estimated that the number of properties liable for Council Tax would grow to 40,500 properties (estimated in December 2013). The actual number of properties liable to Council Tax had grown to 41,125 by March 2015.
- 3.42 In addition, the cost of the Local Council Tax Support Scheme continued to reduce. In 2012/13, the first year of the scheme, the cost was £4.95m, reducing to £4.65m in 2013/14. The final cost was £4.48m in 2014/15.
- 3.43 Due to the surplus achieved in the year, the balance on the Collection Fund as at 31st March 2015 is just under £700,000. This is after allowing for an increase in the provision for bad debts.
- 3.44 The amount due to South Derbyshire is approximately £75,000; this remains in the Collection Fund pending the 2016/17 Budget Round, when the surplus on the Fund has to be declared in setting the Council Tax for the following year. Depending on the on-going performance of Council Tax, at this point any surplus due to the General Fund is transferred.

Business Rates

- 3.45 The surplus in the year was approximately £1.5m. As expected, this was due to not having to set up a provision for bad debts and appeals as was the case for 2013/14 – the first year of the Business Rates Retention System.
- 3.46 The balance on the Business Rates Account is approximately £660,000. The Council's share is approximately £1/2m and excludes the Levy payable to the Government of £1/2m.
- 3.47 Similar to Council Tax, the remaining surplus balance on the Account will be considered in setting the Budget for 2016/17.

Growth in Rates and Section 31 Grants

- 3.48 The increase in income transferred to the General Fund in 2014/15 was £378,000 as shown in Appendix 2. This was mainly attributable to the Section 31 Government Grants which were payable to the Council.
- 3.49 These grants compensate the Council for the various reliefs that are applied to support certain businesses such as small business rate relief, together with capping inflation increases.

3.50 These reliefs are funded by the Government under their policy of increasing and supporting business growth. The Grants effectively make-up the reduction in income suffered by the Council in granting reliefs.

3.51 After adding in the total grants received in the year, the real growth in business rates is shown in the following table.

	2013/14 £'000	2014/15 £'000	Change £'000
Business Rates Received	22,015	22,737	722
Add Section 31 Grants	261	455	194
Total Business Rates	22,276	23,192	916

3.52 The growth between 2013/14 and 2014/15 is mainly due to the expansion of a large business within the District.

4.0 HOUSING REVENUE ACCOUNT (HRA)

4.1 The Council is required to account separately for income and expenditure in providing Council Housing. The approved HRA Budget was set with a deficit to finance from HRA reserves of £173,000.

4.2 At the end of the third quarter, the deficit was projected to be higher at £383,000. However, this was due to the early termination cost incurred on the repayment of an outstanding HRA loan in October 2014, as previously reported (see below).

Final Out-turn 2014/15

4.3 Final performance on the HRA is shown in the following table.

Summary HRA 2014/15	Budget £	Actual £	Variance £
Supervision and Management Costs	1,535,611	1,517,900	-17,711
Housing Repairs	3,259,923	3,290,161	30,238
Interest on Debt	1,614,555	1,820,293	205,738
Supported Housing	353,244	354,157	913
Depreciation and Capital Charges	2,805,432	3,671,962	866,530
Pensions - Accounting Cost	0	188,142	188,142
Rent and other Income	-12,376,321	-12,356,225	20,096
Surplus on Income and Expenditure	-2,807,556	-1,513,612	1,293,944
Adjustments			
Reverse Pension Accounting Cost (above)	0	-188,142	-188,142
Reverse Capital Charges (above)	-2,805,432	-3,671,962	-866,530
Contribution to Major Repairs Reserve	5,500,000	5,500,000	0
Contribution to New Build Reserve	286,800	286,800	0
Deficit on HRA 2014/15	173,812	413,085	239,273

4.4 The table shows that the HRA incurred a deficit of £413,085. However, after excluding the early termination payment of £242,959 in the cost of debt, this equates to a deficit of £170,126, just below that budgeted. Besides the debt payment, the other main variances on the HRA during 2014/15 were as follows:

HRA Variances 2014/15 (compared to Budget)

	£'000
Part-year saving on interest for market loan	-37
Increase in Housing Repairs	18
Lower rental income due to council house sales	20
	<u><u>1</u></u>

Money Market Loan

- 4.5 This loan was at a fixed rate 4.875%, maturing in 2032 with interest payments of £48,750 per year.
- 4.6 The loan contained a break clause, whereby the lender had the option of reviewing the interest rate at any time and increasing it if they so wished. However, the Council then had the option of rejecting this and instead choosing to repay without incurring any penalty.
- 4.7 The Strategy was that should the lender exercise their option to increase the interest rate, the loan should be repaid at that time.
- 4.8 During 2014/15, the lender approached the Council to see what price it was willing to pay to repay the loan early. Following recent bank restructurings, the Bank was effectively being directed, under regulation, to clear loan instruments such as these.
- 4.9 Therefore, the Council's treasury advisors negotiated a deal for the Council to buy-out of the loan early. The price negotiated had to be at such a level that savings in interest in later years were greater than the early termination fee.
- 4.10 Agreement was reached and the loan was repaid on 2nd October 2014. The termination fee was £242,959.
- 4.11 The saving in interest over the remaining life of the loan is approximately £828,000 (17 years at £48,750) with "pay-back" within 5 years. The principal repaid has been financed within the HRA's Capital Financing Requirement.
- 4.12 Overall, the effect of the HRA deficit on the HRA's General Reserve is detailed in **Section 6**.

5.0 **CAPITAL EXPENDITURE and FINANCING 2014/15**

5.1 The final out-turn is detailed in **Appendix 4** with a summary in the following table.

Capital Spending: Final Out-turn 2014/15

Services	Budget £	Actual £	Variance £
Council House Improvements	5,812,297	5,609,212	-203,085
Private Sector Housing Renewal	502,311	359,393	-142,918
Leisure and Community Schemes	2,034,452	1,441,296	-593,156
Environmental Development	13,119	8,545	-4,574
Property, Plant and Equipment	61,960	148,229	86,269
Total Spending	8,424,139	7,566,675	-857,464

5.2 The table highlights that expenditure on schemes of approximately £0.8m is still to be incurred. Once all schemes are completed, it is anticipated that there will be no major under or over spends; outstanding budgets will be carried forward into 2015/16 to complete schemes.

5.3 The main area of underspend (£1/2m) is on the redevelopment of Grove Hall into an extreme sports facility. Following approval of the project in October 2014, works were expected to commence early in 2015.

5.4 However, the final funding package took longer to complete than anticipated. The works have now commenced and will be completed later in 2015.

5.5 In addition, initial works (£0.3m) on the New Build Phase 1 programme did not commence until April 2015; this followed the procurement process and sealing of contracts.

5.6 Update reports on progress against schemes in the Capital Programme continue to be reported to Policy Committees on a regular basis.

Financing Capital Expenditure

5.7 The expenditure was financed as summarised in the following table.

Capital Financing: Final Out-turn 2014/15

Funding Source	Budget £	Actual £	Variance £
Government Grants	394,118	382,899	-11,219
External/Partnership Contributions	1,259,087	717,109	-541,978
Council Reserves/Earmarked Funds	5,927,722	5,940,690	12,968
Housing Capital Receipts	312,297	31,555	-280,742
General Capital Receipts	530,915	494,422	-36,493
Total - Financing	8,424,139	7,566,675	-857,464

5.8 The variance reflects expenditure outstanding and this will be drawn down as schemes are progressed and external funding is received.

6.0 RESERVES, BALANCES AND PROVISIONS

Provisions

6.1 In accordance with accounting standards, provisions are made in the accounts by charging the income and expenditure account in the year that a potential liability becomes known.

6.2 A provision should be made where a known liability exists that has arisen from normal day to day operations. The liability will normally be one-off and is more than likely to occur. However, the timing and amount may not be certain, but can be reasonably estimated.

6.3 In these circumstances, accounting standards direct that it is prudent to make a provision in the accounts.

Bad Debt Provisions

6.4 These are made based on the age and profile of debt outstanding. Any provision for writing off older debt is also made. The provisions are made based on a formula that calculates a percentage based on the likelihood of a debt or category of debt being collected.

6.5 The longer the debt has been outstanding or where no account has had any transactions for some time, the greater the provision that has to be made. The following provisions have been made in 2014/15.

Sundry Debtors	£66,040	General Fund
Bed and Breakfast Charges	£49,375	General Fund
Housing Benefit Overpayments	£28,139	General Fund
Council Tax Arrears	£396,309	Collection Fund
Business Rates Arrears	£64,452	Collection Fund
Business Rates Appeals	£54,180	Collection Fund
Housing Rent Arrears	£9,610	Housing Revenue Account

6.6 The provision for Council Tax arrears amounts to less than 1% of that collectable and is contained within the overall surplus balance on the Collection Fund, as detailed earlier in the report.

6.7 Besides on-going provisions for bad debts and business rates appeals, the following specific provisions have been made.

- £156,000 relating to Local Land Charges for the refund of personal searches as detailed in Section 3 of the report.
- £172,000 for costs associated with an appeal against planning permission, also as detailed in Section 3 of the report.

General Fund Reserve

6.8 Following the out-turn figures detailed in **Section 3**, the position on the General Fund Reserve Balance is summarised in the following table.

General Fund Reserve as at 31st March 2015	Budget £	Actual £	Variance £
Balance b/fwd (1st April 2014)	5,910,325	5,910,325	0
Add: Surplus for the Year	149,585	1,103,327	953,742
Contribution to the Vehicle Renewals Fund	-20,000	-20,000	0
Contribution to Pensions Reserve	-182,000	-182,000	0
Net transfer to Earmarked Reserves	0	-328,000	-328,000
Closing Balance as at 31st March 2015	5,857,910	6,483,652	625,742

6.9 The table shows that the level of general reserves is greater than estimated at March 2015 by £625,742 after allowing for the transfer to earmarked reserves as detailed in Section 3 of the report. This is due to the better out turn position as detailed in Section 3.

6.10 As highlighted, the cost of the Efficiency Dividend, due to be paid in July 2015, is included in this figure. In the MTFP, the cost was budgeted for in 2015/16. Therefore, effectively, reserves are an additional £270,000 better than estimated as at 31st March 2015.

Earmarked Reserves

6.11 The Council maintains earmarked reserves that are held, at the Council's discretion, for specific purposes. These are to meet one-off items of expenditure, together with areas where costs are incurred over several years, for example, Vehicle and IT replacements together with repairs and maintenance and where external funding may be received in advance of expenditure.

6.12 Yearly contributions are made to these reserves each year from other accounts and reserves and they are drawn down to finance expenditure in revenue and capital accounts as required.

6.13 Once established, earmarked reserves can only be used for that specific purpose and to meet policy/strategy commitments, such as IT. Other reserves may be established through a legal agreement or contractual commitment.

6.14 The Council's earmarked reserves are detailed in **Appendix 5**. This shows the overall change on the balances during 2014/15, including the appropriations detailed earlier in the report in Section 3.

Housing Revenue Account (HRA) Reserve

6.15 Section 4 detailed the final account of the HRA and this highlighted a deficit for 2014/15 of £413,085.

6.16 The HRA reserve balance totals £2.39m as at 31st March 2015. This is £239,273 lower than estimated - mainly due to the early termination payment of the market loan as detailed in Section 4.

6.17 The reserve balance is shown in the following table.

HRA GENERAL RESERVE 2014/15	Budget £	Actual £	Variance £
Balance b/f 1-4-14	2,809,999	2,809,999	0
Deficit 2014/15 (as Section 4)	-173,812	-413,085	-239,273
Balance c/f 31-3-15	2,636,187	2,396,914	-239,273

Major Repairs Reserve

6.18 This reserve is used to finance the investment in the housing stock and the reserve is funded by transfers from the HRA (through the Capital Expenditure Requirement). The status of the reserve as at 31 March 2015 is shown in the following table.

Balance as at 1 st April 2014	£1,648,376
Add: Transfer from the HRA	£5,500,000
Less: Capital Expenditure 2014/15 (Appendix 4)	-£5,445,037
Balance as at 31st March 2015	£1,703,339

General Capital Receipts Reserve

6.19 The position on this reserve during 2014/15 is shown in the following table.

GENERAL CAPITAL RECEIPTS 2014/15	Estimate £	Actual £	Variance £
Balance b/fwd 1st April 2014	2,151,721	2,151,721	0
Add Land and Asset Sales	15,000	21,000	6,000
Add Transfer of Land at Coton Park to HRA New Build	200,000	200,000	0
Add Sale of Phase 1 Land - William Nadin Way	0	1,855,000	1,855,000
Less - Contribution to Vehicle Renewals Fund	-250,000	-250,000	0
Less - Amount required to Fund Gen Fund Programme	-530,915	-494,422	36,493
Balance c/fwd 31st March 2015	1,585,806	3,483,299	1,897,493

6.20 The above table shows this reserve is approximately £1.9m greater as at 31st March 2015 compared to that estimated. However, the receipt from the land sale at William Nadin Way has been earmarked for the payment of development costs and the capital costs for relocating the Council's depot.

6.21 In addition, the variance on the amount to finance the General Fund Programme is still earmarked to fund the appropriate schemes when completed.

Housing Capital Receipts Reserve

6.22 This is the reserve that is being built up for the New Build programme, for which work on 3 sites is about to commence to provide up to 50 new properties. In accordance with Council policy, all sale proceeds (net of any pooling payment) from existing council houses and HRA land are transferred to this reserve.

6.23 The position on this reserve during 2014/15 is shown in the following table.

HOUSING CAPITAL RECEIPTS RESERVE 2014/15	Estimate £	Actual £	Variance £
Balance b/fwd 1st April 2014	1,331,011	1,331,011	0
Add - transfer from HRA Reserve	286,800	286,800	0
Add - transfer balance from Sheltered Housing		17,380	17,380
Add - Repayment of Discounts	0	-13,764	
Add - receipts from Council House sales	300,000	928,225	628,225
Less - amount pooled	-100,000	-269,300	-169,300
Less - costs incurred in New Build preparation	0	-32,000	-32,000
Less - purchase of land from General Fund	-200,000	-200,000	0
Balance c/fwd 31st March 2015	1,617,811	2,048,352	444,305

6.24 The table shows that the balance on the Reserve is higher than estimated at the end of the year. As reported during the year, this is due to the number of council house sales, which totalled 18 compared to an estimate of 7.

Supported Housing Capital Reserve

6.25 An amount of £17,380 remained in this reserve at the end of 2013/14. Resources previously in this reserve had been used to provide improvements in sheltered accommodation.

6.26 These works have now been completed and the remaining balance has been transferred into the general housing capital receipts reserve as shown in the above table.

7.0 Financial Implications

7.1 As set out and detailed in the report.

8.0 Corporate Implications

8.1 As detailed in the report.

9.0 Community Implications

9.1 The production of financial information in a timely manner is an important part of stewardship and accountability for public resources. It aims to give electors, those subject to locally levied taxes and charges, members of the Council, employees and other interested parties clearer information about the Council's finances and its financial standing.

10.0 Background Papers

10.1 None

GENERAL FUND REVENUE - INCOME and EXPENDITURE 2014/15

Cost Centre	Amount	Budget	Variance
Democratic Representation & Management	£161,337	£236,090	-£74,753
Corporate Management	£78,122	£80,898	-£2,777
Corporate Finance Management	£48,343	£77,743	-£29,399
Funded Pension Schemes	£225,106	£241,505	-£16,399
Planning Agreements (Section 106)	-£3,035,995	£0	-£3,035,995
Increase/Decrease in Provision for Bad or Doubtful Debts	£143,555	£0	£143,555
Council Tax Collection	-£62,452	-£6,207	-£56,245
Non Domestic Rates Collection	£49,656	£48,843	£813
Elected Members	£307,953	£296,950	£11,003
Registration of Electors	£5,926	£22,326	-£16,400
Conducting Elections	£157,958	£172,496	-£14,538
Emergency Planning	£1,232	£0	£1,232
Local Land Charges	£65,578	£59,769	£5,809
General Grants to Voluntary and Community Groups	£288,740	£277,645	£11,095
Parish Councils	£327,101	£318,108	£8,992
Capital Expenditure – Fees - Housing New Build Programme	£31,555	£0	£31,555
Melbourne Leisure Centre	-£3,500	£2,006	-£5,506
Arts Development & Support	£17,373	£24,671	-£7,297
Heritage	-£9,866	£9,334	-£19,200
Christmas Lights	£45,542	£42,646	£2,895
Events Management	£87,003	£93,422	-£6,420
Community Centres	£113,563	£113,782	-£219
Get Active in the Forest	£37,712	£34,557	£3,154
Sports Development & Community Recreation	£156,982	£239,614	-£82,632
Indoor Sports & Recreation Facilities	£656,296	£336,410	£319,886
Outdoor Sports & Recreation Facilities (SSP)	£54,830	£49,926	£4,904
Playschemes	£53,416	£52,222	£1,194
Grounds Maintenance	£672,228	£727,867	-£55,639
Countryside Recreation & Management	£14,339	£16,086	-£1,747
Allotments	-£693	£9	-£703
Tourism Policy, Marketing & Development	£55,502	£59,118	-£3,616
Village Halls	£4,649	£7,510	-£2,861
Rosliston Forestry Centre	£114,116	£159,085	-£44,969
Cemeteries	£41,557	£43,523	-£1,966
Closed Churchyards	£4,206	£3,871	£335
Food Safety	£195,009	£199,169	-£4,160
Pollution Reduction	£324,562	£342,597	-£18,035
Housing Standards	£89,943	£110,066	-£20,123
Pest Control	£17,704	£27,287	-£9,583
Public Health	-£1,001	£399	-£1,400
Licensing	£11,187	£60,729	-£49,542
Public Conveniences	£42,362	£46,860	-£4,498
Community Safety (Crime Reduction)	£189,703	£199,770	-£10,067
Community Safety (Safety Services)	£140,052	£161,146	-£21,094
Defences Against Flooding	£68,777	£68,316	£461

Street Cleansing (not chargeable to highways)	£322,385	£311,157	£11,228
Household Waste Collection	£2,352,010	£2,141,737	£210,273
Trade Waste Collection	-£126,699	-£79,771	-£46,928
Recycling	£381,801	£318,193	£63,608
Building Regulations	£156,445	£204,592	-£48,147
Other Building Control Work	-£22,550	-£4,043	-£18,506
Dealing with Development Control Applications	£24,769	£362,975	-£338,206
Development Control Enforcement	£103,034	£101,176	£1,858
Planning Policy	£591,170	£555,176	£35,994
Environmental Education	£138,150	£138,776	-£627
Market Undertakings	-£9,962	-£4,614	-£5,349
Promotion and Marketing of the Area	£221,785	£248,099	-£26,314
Community Development	£36,340	£30,690	£5,650
Environmental Maintenance (Other Roads)	£32,664	£4,088	£28,576
Off-Street Parking	-£39,991	£75,825	-£115,816
Concessionary Fares (Gold Card Scheme Admin)	-£1,520	£100	-£1,620
Housing Strategy	£117,878	£142,593	-£24,715
Housing Advice	£51,665	£45,994	£5,671
Administration of Renovation & Improvement Grants	£91,081	£131,322	-£40,241
Bed / Breakfast Accommodation	£19,031	£20,254	-£1,223
Homelessness Administration	£243,102	£184,694	£58,408
Rent Allowances Paid	£276,315	£191,309	£85,006
Rent Rebates	£106,131	£84,700	£21,431
Housing Benefits Administration	£85,657	£82,341	£3,316
Travellers' Sites	-£0	£4,940	-£4,940
Welfare Services	£112	£1,609	-£1,497
Caretaking	£111,460	£136,651	-£25,191
Community Parks & Open Spaces	£274,664	£252,737	£21,928
Debt Recovery Costs	£134,553	£134,008	£545
Public Transport	£22,412	£30,147	-£7,735
Estate Management	-£403,889	-£167,696	-£236,193
Taxation & non-specific grant income (GF)	-£12,145,572	-£11,692,681	-£452,891
Interest & Investment Income (GF)	-£46,252	-£46,935	£683
IAS19 Pensions Adjustment (GF)	£749,858	£0	£749,858
External Interest Payable (GF)	£2,529	£10,050	-£7,521
Other Operating Income & Expenditure (GF)	£714,016	£650,101	£63,915
Total - Net Income before Adjustments	-£3,448,150	-£341,538	-£3,106,612

Adjustments

Planning Agreements (transfer to Section 106 Reserve)	£3,035,995	£0	£3,035,995
Reverse out Depreciation	-£888,721	-£515,369	-£373,352
Reverse out Revaluations	£231,500	£0	£231,500
Reverse out Impairments	£205,917	£0	£205,917
Council Tax Surplus transferred to Collection Fund	£38,412	£0	£38,412
Business Rates Surplus transferred to Collection Fund	£204,446	£0	£204,446
Pensions Adjustment (as above)	-£749,858	£0	-£749,858
Reverse out Loss on Disposal of Fixed Assets	-£85,011	£0	-£85,011
Minimum and Voluntary Revenue Provisions	£352,143	£352,143	£0
Provisions and Contingencies	£0	£355,179	-£355,179
Total - Net Income Transferred to General Reserve	-£1,103,327	-£149,585	-£953,742

Summary of the major variances compared to budget in 2014/15

Favourable Variances (compared to Budget)	£'000
Business Rates Income	-378
Planning and Development - fee income	-493
Contingent sums set-aside	-355
Sports Development Grants (to be carried forward)	-83
Cost of Democratic Services, including staff restructure	-75
Debt Recovery - Court Fees	-54
Trade Waste income	-49
Building Regulations - income	-47
Grounds Maintenance - chargeable work for redevelopment site	-38
Restructure and staff vacancies in Environmental Health	-38
Other Government Grants	-34
Civic Offices - lower maintenance and utility costs	-32
Community Safety Grants (to be carried forward)	-31
Audit Fees, early payment discounts, turnover share (Rosliston)	-29
Financial Services - vacant posts	-27
Licensing - approved restructure savings	-26
Economic Development - staff vacancy	-26
Land Charges income	-25
Land Charges - approved restructure savings	-25
Housing Strategy - reduction in professional fees	-25
Disabled Facility Grants - technical work bought in-house	-25
Licensing Service - additional income	-24
Building Regulations - staff vacancies	-20
Corporate Training	-20
Contributions for Heritage Grants paid in previous years	-19
Pensions Deficit - lower cost	-16
Total - Favourable Variances	<u>-2,014</u>
Adverse Variances (compared to Budget)	
Increase in Bad Debts Provisions	144
Efficiency Dividend	270
Green Bank leisure Centre - maintenance, utilities and capital works	190
Increase in Provision for Planning Appeals	122
Net increase in cost of Housing Benefits	106
Increase in provision for personal search refunds	56
Vehicles - repairs, maintenance and spare parts	38
Local Plan - development and consultation costs	36
Planning - increase in staffing and support costs to meet demand	33
Legal Services - approved cost of restructure	33
New Build - professional and technical fees	32
Lower income from Recycling	32
Recycling - additional contractor payments	31
Increase costs of Gulley Cleaning	29
Total - Adverse Variances	<u>1,152</u>

Total - Major Variances	-862
All other Variances	-91
Total - Net Variance (compared to Budget) - Overall Reduction	-953

Appendix 3

COLLECTION FUND FINAL OUT-TURN 2014/15

	Actual 2013/14	Estimate 2014/15	Final Out- turn 2014/15	Variance
	£'000	£'000	£'000	£'000
COUNCIL TAX - INCOME & EXPENDITURE				
INCOME				
Council Tax Collectable	44,151	45,480	45,728	248
EXPENDITURE				
County Council Precept	31,627	32,657	32,657	0
Police and Crime Commissioner Precept	4,901	5,059	5,059	0
Fire Authority Precept	1,972	2,034	2,034	0
SDDC Precept	4,411	4,466	5,072	606
SDDC Parish Precepts	603	606	0	-606
Increase in Bad Debts Provision	347	359	396	37
Total Expenditure	43,861	45,181	45,218	37
Surplus for the Year - Council Tax	290	299	510	211
COUNCIL TAX BALANCE				
Opening Balance 1st April 2014	84	359	359	0
Share of Previous Surplus to County Council	0	-126	-126	0
Share of Previous Surplus to Police	0	-19	-19	0
Share of Previous Surplus to Fire Authority	0	-8	-8	0
Share of Previous Surplus to SDDC	0	-20	-20	0
Surplus for Year (as above)	290	299	510	211
Closing Balance as at 31st March 2015	374	485	696	211
BUSINESS RATES - INCOME & EXPENDITURE				
INCOME				
Business Rates Collectable	22,015	22,930	22,737	-193
EXPENDITURE				
Central Government Precept	10,365	10,540	10,540	0
SDDC Precept	8,292	8,332	8,332	0
Derbyshire County Council Precept	1,866	1,897	1,897	0
Fire and Rescue Service Precept	207	211	211	0
Cost of Collection	91	91	91	0
Increase in Bad Debts Provision	1,453	1,187	64	-1,123
Provision for Appeals	627	584	54	-530
Total Expenditure	22,901	22,842	21,189	-1,653

Surplus / Deficit (-) - Business Rates

-886	88	1,548	1,460
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BUSINESS RATES BALANCE

Opening Balance 1st April 2014	0	-886	-886	0
Surplus / Deficit (-) for the Year as above	-886	88	1,548	1,460
Closing Balance as at 31st March 2015	-886	-798	662	1,460

LEVY/SAFETY NET CALCULATION

SDDC Precept	8,292	8,332	8,332	0
Less Tariff Payment	-5,968	-6,084	-6,084	0
Add Section 31 Relief Grants	261	362	455	93
Share of Business Rate Surplus / Deficit (-) at 40%	-354	-319	619	938
Retained Rates before Levy	2,231	2,291	3,322	1,031
<i>Less Assumed Rates in the Funding Formula</i>	<i>-2,205</i>	<i>-2,248</i>	<i>-2,248</i>	<i>0</i>
Additional Net Rates Generated	26	43	1,074	1,031
Less Government Levy (50%)	-13	-21	-537	-516
Additional Amount Retained by SDDC	13	21	537	516

CAPITAL EXPENDITURE & FINANCING 2014/15

	Budget £	Actual £	Variance £
COUNCIL HOUSE IMPROVEMENTS			
Major Improvements under Self-financing	5,150,000	5,254,587	104,587
Major Disabled Facilities Grant (Council Houses MRA)	300,000	290,450	-9,550
Minor Disabled facilities Grant (Council - HRA)	50,000	0	-50,000
Sheltered Housing	0	-17,380	-17,380
Purchase of Property - Lime Tree Avenue	0	50,000	50,000
Council New Build Programme Phase 1	312,297	31,555	-280,742
Total Expenditure	5,812,297	5,609,212	-203,085

Financed from

Major Repairs Reserve	5,500,000	5,445,037	-54,963
Sheltered Housing Reserve	0	-17,380	-17,380
HCA Grant	0	100,000	100,000
Housing Capital Receipts Reserve	312,297	81,555	-230,742
Total Financing	5,812,297	5,609,212	-203,085

PRIVATE SECTOR HOUSING RENEWAL

Disabled Facility Grants and other Works	389,618	320,700	-68,918
DECC Funded Project - Fuel Poverty	4,500	4,382	-118
Housing Strategy Enforcement Work	2,500	0	-2,500
Public Sector Stock Condition Survey	22,750	17,250	-5,500
Empty Property Landlord Grants	42,943	745	-42,198
Strategic Housing Market Assessment	40,000	16,316	-23,684
Total Expenditure	502,311	359,393	-142,918

Financed from

External Contributions	0	42,300	42,300
General Fund	2,500	0	-2,500
Government and County Council Grants	394,118	282,899	-111,219
Earmarked Reserve	0	16,316	16,316
General Capital Receipts	105,693	17,878	-87,815
Total Financing	502,311	359,393	-142,918

**GENERAL FUND INVESTMENT PROGRAM
COMMUNITY SERVICES**

Hilton Village Hall Extension	38,082	-1,293	-39,375
Melbourne Leisure Centre	48,400	48,400	0
Melbourne Sports Partnership	200,000	190,399	-9,601
Eureka Park - Community Programme	470,078	482,347	12,269
Grove Hall Active Zone Redevelopment	500,000	0	-500,000
Community Partnership Scheme	104,968	7,268	-97,700
Rosliston Forestry Centre - Enterprise Centre	0	12,547	12,547
Open Space Development Project	4,068	19,184	15,116
Get Active Zone	0	20,172	20,172
Swadlincote Skate Park	55,320	55,320	0
Green Bank Leisure Centre Refurbishment - Phase 2	613,536	606,952	-6,584

ENVIRONMENTAL AND DEVELOPMENT SERVICES

Swadlincote Heritage Opportunities project	139	8,716	8,577
Noise and Antisocial Behaviour Prevention	9,900	0	-9,900
Tree Schemes	0	-3,251	-3,251
Partnership Schemes in Conservation Areas	3,080	3,080	0

PROPERTY AND OTHER ASSETS

Land Redevelopments - Professional Fees	14,762	64,339	49,577
Vehicle Replacements	47,198	66,300	19,102
Purchase of Market Stalls	0	17,590	17,590
Total Expenditure - General Fund	2,109,531	1,598,070	-511,461

Financed from

External Funding (Growth Point)	38,082	-1,293	-39,375
External Contributions - Rosliston Enterprise Centre	0	20,000	20,000
Partnership Funding	0	45,115	45,115
ESC Lottery Fund	33,500	0	-33,500
Section 106	21,000	21,000	0
Derbyshire Sport	33,182	33,182	0
Leisure Management Contractor	85,000	85,000	0
Revenue Contributions	20,000	20,000	0
Sport England - Inspired Facilities Grant	150,000	150,000	0
Earmarked Reserves	99,000	66,000	-33,000
Section 106	125,723	125,723	0
Heritage Lottery	344,355	356,624	12,269
Police Authority Funding	15,000	15,000	0
DCC Members Funding	4,000	4,000	0
Section 106	30,000	30,000	0
Revenue Contributions	5,320	5,320	0
Partnership Funding	1,000	1,000	0
Section 106	4,068	19,184	15,116
Derbyshire County Council - Conservation Areas	0	3,080	3,080
Heritage Lottery - Swadlincote Project	0	8,716	8,716

Revenue Contributions	3,080	0	-3,080
Sport England	500,000	0	-500,000
Police Authority Funding	20,000	0	-20,000
Vehicle Replacement Reserve	27,198	66,300	39,102
External Funding - Development Schemes	14,762	27,402	12,640
Earmarked Reserves - Get Active Fund	0	20,172	20,172
General Fund	110,039	0	-110,039
General Capital Receipts	425,222	476,545	51,323
Total Financing - General Fund	2,109,531	1,598,070	-511,461
TOTAL EXPENDITURE - ALL SCHEMES	8,424,139	7,566,675	-857,464
TOTAL FINANCING - ALL SCHEMES	8,424,139	7,566,675	-857,464

General Capital Receipts

Private Sector Housing Renewal

Public Sector Stock Condition Survey	22,750	17,250	-5,500
Empty Property Landlord Grants	42,943	745	-42,198
Fuel Poverty Project	0	-118	-118
Strategic Housing Market Assessment	40,000	0	-40,000
General Fund			0
Melbourne Sports Partnership	166,500	145,284	-21,216
Melbourne Leisure Centre	48,400	48,400	0
Community Partnership Scheme	4,968	7,268	2,300
Green Bank Leisure Centre Refurbishment - Phase 2	205,354	231,770	26,416
Land Development - Professional Fees	0	36,937	36,937
Purchase of Market Stalls	0	17,590	17,590
Open Space Development Project	0	-7,453	-7,453
Tree Schemes	0	-3,251	-3,251
Total - General Capital Receipts Used	530,915	494,422	-36,493

General Fund Contributions

Community Partnership Scheme	100,000	0	-100,000
Swadlincote Heritage Opportunities project	139	0	-139
Noise and Antisocial Behaviour Prevention	9,900	0	-9,900
Total - General Fund Contributions Used	110,039	0	-110,039

LIST OF EARMARKED RESERVES 2014/15

Specific / Earmarked Reserves - Council Funds	Balance b/fwd 1/4/14 £	Contributions 2014/15 £	Used in 2014/15 £	Balance c/fwd 31/3/15 £
Vehicle Replacement Fund	581,530	270,000	-66,300	785,230
Dilapidation Works - Factory Site per Lease Agreement	260,870	0	0	260,870
IT Reserve	195,526	0	0	195,526
Pensions Reserve	0	182,000	0	182,000
Local Plan - Consultation and Implementation	200,000	0	-36,000	164,000
Green Bank Leisure Centre - Refurbishment Works	99,000	0	-99,000	0
Repton Parish (Former Depot proceeds)	33,049	0	0	33,049
Corporate Services Innovation Fund	52,666	29,000	0	81,666
Rosliston Forestry Centre / Café	34,772	11,000	0	45,772
Planning - Staffing and Support Costs	0	167,000	0	167,000
Civic Offices - Maintenance	0	32,000	0	32,000
Leisure Maintenance	0	5,000	0	5,000
Corporate Training	0	20,000	0	20,000
Total - Specific / Earmarked Reserves	1,457,413	716,000	-201,300	1,972,113

Specific Grants and Contributions

Public Open Space - Commuted Sums	452,757	0	0	452,757
Youth Engagement Partnership	472,978	0	-66,000	406,978
Schools Sport Partnership Project	187,765	83,000	0	270,765
Community Safety & Crime Reduction	456,611	31,000	0	487,611
Young People's Cultural Partnership / Arts Development	42,326	0	0	42,326
Rosliston Business Units	10,719	0	0	10,719
Get Active in the Forest Partnership	112,410	0	0	112,410
Environmental Education	56,912	0	0	56,912
Tetron Point Storm Water Basin - S106 UK Coal	53,012	0	0	53,012
Swadlincote Woodlands - Section 106	50,774	0	0	50,774
Rosliston Forestry Centre	35,892	0	0	35,892
New Play Equipment and Safety Surfacing	22,842	0	0	22,842
Maurice Lea Park NHLF Grant	23,012	0	0	23,012
BCU Funding	21,110	0	0	21,110
LSP Reserve	16,357	22,000	0	38,357
Housing Strategy	50,875	0	-16,316	34,559
Homelessness Prevention	176,581	0	0	176,581
Local Council Tax Support Scheme	14,006	0	-14,006	0
Welfare Reform	17,003	0	-17,003	0
Community Right to Bid	12,728	8,000	0	20,728
Community Right to Challenge	8,547	8,000	0	16,547
Property Records - Data sharing	7,131	0	0	7,131
Discretionary Housing Payments	14,962	0	-14,962	0
Fraud Initiatives - Partnership Funding	0	92,000	0	92,000

Heritage Grants	10,000	0	-10,000	0
Electoral Registration	38,401	0	0	38,401
Green Bank Leisure Centre Refurbishment - retention	2,757	-2,757	0	0
Total - Specific Grants and Contributions	2,368,468	241,243	-138,287	2,471,424
Section 106 - Earmarked Funds (see note below)	1,109,728	3,114,725	-274,637	3,949,816
TOTAL EARMARKED RESERVES	4,935,609	957,243	-339,587	8,393,353

NOTE - Section 106 - used in year

Payments to 3rd parties in accordance with agreements	-78,730
Funding of SDDC Capital Schemes	-195,907
	-274,637