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<b>REPORT TO:</b>	<b>FINANCE AND MANAGEMENT COMMITTEE – SPECIAL FINAL ACCOUNTS</b>	<b>AGENDA ITEM: 8</b>
<b>DATE OF MEETING:</b>	<b>24th SEPTEMBER 2015</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>DIRECTOR OF FINANCE and CORPORATE SERVICES</b>	<b>OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>KEVIN STACKHOUSE</b> 01283 595811 <a href="mailto:Kevin.stackhouse@south-derbys.gov.uk">Kevin.stackhouse@south-derbys.gov.uk</a>	<b>DOC:</b> u/ks/accounts/final accounts1415/outturn reports/final accounts out-turn sept 2015
<b>SUBJECT:</b>	<b>BUDGET OUT-TURN 2014/15: FINAL FIGURES</b>	<b>REF:</b>
<b>WARD (S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM 08</b>

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## **1.0 Recommendations**

1.1 That the final out-turn position for the balance of Council Reserves as at 31<sup>st</sup> March 2015 as detailed in the report is noted.

## **2.0 Purpose of the Report**

2.1 To detail the final balances for 2014/15 on the Council's revenue and capital reserves. This follows the provisional report considered by the Committee on 25<sup>th</sup> June 2015, prior to Audit, which set out the final accounts including detailed figures and financial commentary. This report confirms final figures and provides an update where applicable.

2.2 In accordance with the Account and Audit Regulations 2011, the Council's Annual Statement of Accounts and Financial Statements are being reported to the Committee separately on this Agenda. This follows consideration of the External Auditor's report by the Audit Sub-Committee on 23<sup>rd</sup> September.

## **3.0 Detail**

3.1 The following adjustments were required to figures reported in June.

- A reduction in Business Rates income transferred from the Collection Fund to the General Fund of £349,000.
- The accrual of development costs associated with the sale of land at William Nadin Way (£405,000)
- The use of Section 106 funding of £61,000 to finance capital costs instead of general capital receipts.

## **Business Rates (BR) Income**

- 3.2 An adjustment was required in accordance with regulations governing Collection Fund accounting under the Business Rates Retention System.
- 3.3 The BR income for the year credited to the Collection Fund is the accrued income for the year. Regulations determine when it should be released from the Collection Fund and paid out to the General Funds of major preceptors and the Government.
- 3.4 The amount credited to the Council's General Fund under statute is the Council's estimated share of BR income for the year (i.e. its Precept) from the statutory return made to the Government at the commencement of the financial year. This is the amount included in the annual financial settlement and is fixed.
- 3.5 The actual BR income included in the General Fund is the Council's share of the Collection Fund's accrued income for the year from the statutory return following the close of the financial year.
- 3.6 However, the difference between this value and the amount required by regulation to be credited to the General Fund (the Precept above) is reversed out and kept in the Collection Fund until such time as a surplus or deficit is declared on the Fund.
- 3.7 In 2013/14, the first year of the Rates Retention System, the BR part of the Collection Fund made a deficit. The Council's share of this was reversed out of the General Fund as no balance was declared on the Fund ahead of 2015/16.
- 3.8 This was due to a surplus being generated in 2014/15 on BR which was exceeding the accrued deficit in 2013/14. The Council approved (at Budget setting 2015/16) that no surplus or deficit be declared on the BR part of the Collection Fund pending the final out-turn in 2014/15.
- 3.9 However, as the deficit for 2013/14 has yet to impact on the General Fund, in accounting terms, it has to be brought back into the General Fund for 2014/15. This amount was approximately £349,000 and reduces the General Fund Reserve Balance accordingly.
- 3.10 However, the surplus balance on the Collection Fund as at 31<sup>st</sup> March 2015 was approximately £648,000. This is the cumulative position following the surplus achieved in 2014/15 of approximately £1.5m.
- 3.11 The Council's share of the cumulative surplus (£648,000) at 40% is £259,200. This has yet to be brought across to the General Fund and will be considered ahead of the 2016/17 Budget in accordance with the updated position on the Fund for 2015/16. If as expected, a surplus continues on BR, the overall effect on the General Fund will be positive by 2016/17.

## **William Nadin Way – Development Costs**

- 3.12 As previously reported, the Council received a receipt of £1,877,500 in 2014/15 for the sale of Phase 1 land associated with this regeneration project. The proceeds were transferred to the General Capital Receipts Reserve,

earmarked for development costs and the capital costs of relocating the Darklands Road Depot.

- 3.13 The agreed development costs of £405,000 are due to be paid in 2015/16 in accordance with the agreed Heads of Terms. However, as these costs were committed in 2014/15, they have been prudently accrued and accounted for as a creditor in that year.
- 3.14 There is no overall effect on the balance of capital receipts available between years.

### **All Balances and Reserves as at 31<sup>st</sup> March 2015**

- 3.15 The final balances are detailed in **Appendix 1**. All other balances remain unchanged from that reported in June. For confirmation, the individual balances and reserves are summarised in the following table. A list of earmarked reserves is shown in **Appendix 2**.

#### ***Reserve Balances as at 31st March 2015***

General Fund Reserve	6,135
Housing Revenue Account Reserve	2,381
General Fund Capital Receipts	3,131
Housing (New Build) Capital Receipts	2,048
Major Repairs Reserve	1,703
Collection Fund - Council Tax	696
Collection Fund - Business Rates	648
Earmarked Reserves ( <b>Appendix 1</b> )	8,332
Provisions (see Note below)	600

**Note:** Provisions include Refund of Personal Searches (£156,000), Planning Appeals (£172,000) and NNDR Refunds (£272,000).

## **4.0 Financial Implications**

- 4.1 As set out and detailed in the report.

## **5.0 Corporate Implications**

- 5.1 As detailed in the report.

## **6.0 Community Implications**

- 6.1 The production of financial information 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.

## **7.0 Background Papers**

- 7.1 None



**APPENDIX 2**

**LIST OF EARMARKED RESERVES as at 31st MARCH 2015**

<b>Specific / Earmarked Reserves - Council Funds</b>	<b>£</b>
Vehicle Replacement Fund	782,064
Dilapidation Works - Factory Site per Lease Agreement	260,870
IT Reserve	195,526
Pensions Reserve	182,000
Local Plan - Consultation and Implementation	164,000
Repton Parish (Former Depot proceeds)	33,049
Corporate Services Innovation Fund	81,666
Rosliston Forestry Centre / Café	45,772
Planning - Staffing and Support Costs	167,000
Civic Offices - Maintenance	32,000
Leisure Maintenance	5,000
Corporate Training	19,775
<b>Total - Specific / Earmarked Reserves</b>	<b><u>1,968,722</u></b>

<b>Specific Grants and Contributions</b>	
Public Open Space - Commuted Sums	517,403
Youth Engagement Partnership	568,803
Schools Sport Partnership Project	182,861
Community Safety & Crime Reduction	401,292
Young People's Cultural Partnership / Arts Development	30,287
Rosliston Business Units	10,719
Get Active in the Forest Partnership	89,084
Environmental Education	57,539
Tetron Point Storm Water Basin - S106 UK Coal	53,012
Swadlincote Woodlands - Section 106	50,774
Rosliston Forestry Centre	35,892
New Play Equipment and Safety Surfacing	26,007
Maurice Lea Park NHLF Grant	23,012
BCU Funding	21,110
LSP Reserve	25,357
Housing Strategy	34,559
Homelessness Prevention	187,365
Community Right to Bid	20,728
Community Right to Challenge	16,547
Property Records - Data sharing	7,131
Fraud Initiatives - Partnership Funding	92,000
Heritage Lottery Grants	17,500
Electoral Registration	38,401
<b>Total - Specific Grants and Contributions</b>	<b><u>2,507,383</u></b>

**Section 106 - Earmarked Funds** **3,856,348**

**TOTAL EARMARKED RESERVES** **8,332,453**