

Date: 14 June 2017

Dear Councillor,

Finance and Management Committee

A Meeting of the **Finance and Management Committee** will be held in the **Council Chamber (Special)**, on **Thursday, 22 June 2017 at 18:00**. You are requested to attend.

Yours faithfully,



Chief Executive

To:- **Conservative Group**

Councillor Harrison (Chairman), Councillor Mrs Plenderleith (Vice-Chairman) and Councillors Mrs Coe, Mrs Coyle, Ford, Hewlett, Smith, Watson and Wheeler

Labour Group

Councillors Rhind, Richards, Southerd and Wilkins

AGENDA

Open to Public and Press

- 1** Apologies and to note any Substitutes appointed for the Meeting.
- 2** To note any declarations of interest arising from any items on the Agenda
- 3** To receive any questions by members of the public pursuant to Council Procedure Rule No.10.
- 4** To receive any questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 5** Reports of Overview and Scrutiny Committee
- 6** TREASURY MANAGEMENT ANNUAL REPORT 2016-17 **3 - 18**
- 7** BUDGET OUT-TURN and FINAL ACCOUNTS 2016-17 **19 - 44**

Exclusion of the Public and Press:

- 8** The Chairman may therefore move:-
That in accordance with Section 100 (A)(4) of the Local Government Act 1972 (as amended) the press and public be excluded from the remainder of the Meeting as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that there would be disclosed exempt information as defined in the paragraph of Part I of the Schedule 12A of the Act indicated in the header to each report on the Agenda.
- 9** To receive any Exempt questions by Members of the Council pursuant to Council procedure Rule No. 11.
- 10** CORPORATE SERVICES - FINAL ESTABLISHMENT and PROPOSED BASE BUDGET

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE (SPECIAL – FINAL ACCOUNTS)	AGENDA ITEM: 6
DATE OF MEETING:	22nd JUNE 2017	CATEGORY: DELEGATED
REPORT FROM:	DIRECTOR OF FINANCE and CORPORATE SERVICES	OPEN
MEMBERS' CONTACT POINT:	KEVIN STACKHOUSE (01283 595811) Kevin.stackhouse@south-derbys.gov.uk	DOC: u/ks/treasury management/annual reports/2016-17
SUBJECT:	TREASURY MANAGEMENT ANNUAL REPORT 2016/17	REF:
WARD (S) AFFECTED:	ALL	TERMS OF REFERENCE: FM 08

1.0 Recommendations

- 1.1 That the Treasury Management Annual Report for 2016/17 is approved.
- 1.2 To note the Treasury Management Stewardship Report and Prudential Indicators for 2016/17 (as detailed in **Appendix 1**) and that the Council complied fully with all requirements.
- 1.3 That the Statement on the Minimum Revenue Provision for 2016/17 as detailed in Section 5, is recommended to Council for approval.

2.0 Purpose of Report

- 2.1 To detail the Council's borrowing and lending for 2016/17 compared to the approved strategy, including performance against the prudential indicators. This is in accordance with the Local Government Act 2003 and associated regulations.

3.0 Executive Summary

- 3.1 The Council's borrowing and investment strategy for the year was to focus on:
 - Meeting the Council's cash flow requirements through the investment strategy.
 - Keeping under review the HRA debt position and in particular the variable rate borrowing.
- 3.2 It was anticipated that there would be no requirement to enter into any new external borrowing given that the Council's cash flow and reserves position was forecast to remain healthy. Indeed, the Council's cash flow remained

positive throughout the year and there was no new borrowing, including on a temporary basis.

- 3.3 In August 2016, the Bank of England's Monetary Policy Committee (MPC) voted unanimously to cut the main bank base rate from 0.5% to 0.25%, the first change since March 2009. This was in response to volatility in financial markets and the reduction in the value of sterling against other major currencies, following the outcome of the EU referendum.
- 3.4 This continued to limit the amount of interest earned by the Council on its short term investments and bank deposits. Although interest rates were lowered, interest received was above that estimated due to the higher level of cash and reserves on deposit during the year. In addition, the Council had some existing fixed rate deposits which were made earlier in the financial year, prior to the interest rate reduction.
- 3.5 In undertaking its treasury management functions during the year, the Council managed its activities within its prudential indicators and approved lending policy.

4.0 Economic Overview 2016/17

- 4.1 The main event in the financial year, which impacted upon the financial markets, was the outcome of the EU Referendum in June 2017. This resulted in the UK deciding to leave the European Union. Immediately following the announcement, there was some volatility in financial markets which adversely affected the value of sterling compared to other major currencies.
- 4.2 In response to this, the Bank of England's Monetary Policy Committee (MPC) cut the main bank base rate from 0.5% to 0.25% and increased its asset purchase programme. This was the first change in the interest rate since March 2009.
- 4.3 The financial markets stabilised shortly after and the value of companies, as measured by the FTSE 100 index regained some short-term losses. By the end of the financial year, this index was operating at record highs.
- 4.4 Although the value of sterling also increased over the remainder of the financial year, this has been much slower and its value, compared to both the American Dollar and the Euro, is still some way below pre-referendum levels.
- 4.5 The main implication of the lower value against other currencies is that imports have become more expensive. This started to show through in the price of certain goods for UK consumers in the latter part of the financial year.
- 4.6 Consequently, between September 2016 and April 2017, the level of inflation, as measured by the Consumer Prices Index (CPI) rose from 1% to 2.7%. Over the same period, the Retail Prices Index (RPI) rose from 2% to 3.5%.

Other Economic Indicators

- 4.7 Other indicators published by the Office for National Statistics, showed the UK economy, as measured by the Gross Domestic Product (GDP) growing by 2% in the calendar year 2016, although the first quarter in 2017 showed a slowing to 0.2%.
- 4.8 Employment at the end of 2016/17 was at a record high with the unemployment rate at 4.6% by March 2017. Average pay increased by 2.4% in the year, although this is now falling below the increasing inflation rates.
- 4.9 During 2017/18, the outcome of the UK election on 8th June 2017 and the subsequent negotiations regarding Brexit are expected to dominate the financial markets.

5.0 Detail

Borrowing During 2016/17

- 5.1 The Council's Budget for 2016/17 had planned to borrow, by internal finance, approximately £400,000 to fund the completion of the current Council House New Build programme, pending the receipt of capital resources. Due to a higher level of capital reserves, this was not required.
- 5.2 No other external borrowing was required and the Council did not enter into any new borrowing, including on a temporary basis, during the year.

The Council's Cash Flow in 2016/17

- 5.2 The Council's cash flow can fluctuate on a daily basis depending on the timing of income and expenditure.
- 5.3 At certain times of the year, the Council may need to borrow to cover shortfalls on a temporary basis, whilst when cash flow is positive any surplus funds are invested on a temporary basis. However, the Council still has a long-term underlying need to borrow on the General Fund. This is based on historical borrowing allocations which were financed internally.
- 5.4 For many years the Council has not undertaken any form of new long-term borrowing to finance General Fund capital expenditure but has funded this from other sources such as government grants and external funding, together with "internal" borrowing from reserves and balances.
- 5.5 This is a result of the Council having, over these years, generated substantial receipts for which expenditure is then spread over a number of years, e.g. Section 106 contributions, partnership funding received in advance, together with general capital receipts.
- 5.6 In addition, the Council's general level of both allocated and non-allocated reserves has remained sufficiently high to enable a certain degree of internal borrowing on a prudential basis. This is generally a more efficient means of borrowing as interest costs are avoided, especially when investment returns

are also low. However this does require the overall level of reserves and balances to remain at a level to enable sufficient coverage.

- 5.7 The Council's long term borrowing of £58.423m remained unchanged during the year. This borrowing relates to the HRA and comprises mainly fixed rate borrowing.
- 5.8 The Council invests its balances and reserves over the year generating interest for the General Fund and Housing Revenue Accounts. In addition, the Council is generally able to collect its main income in the form of Council Tax and Business Rates before it is spent or re-distributed. This is invested on a short-term basis and generates a return for the Council.
- 5.9 The Council continued to have a positive cash flow position throughout 2016/17 with no requirement to borrow on a short-term basis. However, given the low level of interest rates, the financial benefit in the form of interest earned was low.
- 5.10 The Council's cash balances remained high throughout the year. On 1st April 2016, the Council had £11m on short-term deposit and this averaged approximately £16m during 2016/17. As at 31st March 2017, the Council had £10m on short-term deposit, all with other local authorities.

Interest Rates

- 5.11 As detailed earlier in the report, the main bank base rate as set by the Bank of England's Monetary Policy Committee was reduced to 0.25% in August 2016.
- 5.12 During 2016/17, the Council received more interest than estimated on its cash deposits due to higher reserves, despite the average interest rate earned generally being below the market average. In accordance with the Lending Policy, tight investment criteria remained in place. This is aimed at keeping funds secure and liquid, rather than prioritising yield with the associated risk.
- 5.13 However, the average interest rate secured on those deposits as at 31st March 2017 was 0.4%, This was above the market rate (as measured by the average mid 7-day rate) of 0.36%.
- 5.14 Funds invested for longer periods with other local authorities are proving to be above current average rates. Where the Council deposits cash with the Government's Debt Management Office (DMO) or in overnight accounts with approved banks interest rates tend to be lower.

Temporary Borrowings

- 5.15 The Council was not required to undertake any temporary borrowings during 2016/17.
- 5.16 The Council holds money on deposit for 2 Parish Councils. This money is classed as temporary as it can be recalled on immediate notice. Traditionally, parishes have placed funds with the Council to ensure security and liquidity of their funds.

5.17 The Council pays 1% below the prevailing Bank of England Base rate. As this rate was less than 1% during the year, no interest payments were made. Total money deposited by Parishes remained at £27,700 throughout the year.

5.18 This facility offered to parishes has no significant impact upon the overall treasury management operations of the Council.

Budgetary Implications

5.19 The level of interest actually received and paid is accounted for in the General Fund. A proportion of this is then recharged into the HRA under a statutory calculation to recognise that some interest on investments is attributable to Council Housing.

5.20 The actual interest received was £67,912 compared to a budget of £47,000. Of the total interest received, £13,852 was transferred to the HRA.

Interest Paid

5.21 The Council paid interest during the year on the HRA debt outstanding. This is shown in the following table, with a comparison to that budgeted.

Interest Type	Principal £	Interest Rate %	Interest Paid £	Budget £
Variable	10,000,000	0.65%	64,824	180,950
Fixed	10,000,000	2.70%	270,000	270,000
Fixed	10,000,000	3.01%	301,000	301,000
Fixed	10,000,000	3.30%	330,000	330,000
Fixed	10,000,000	3.44%	344,000	344,000
Fixed	7,423,000	3.50%	259,805	259,805
	<u>57,423,000</u>		<u>1,569,629</u>	<u>1,685,755</u>

5.22 The table shows that the total interest paid on the debt for 2016/17 was below that estimated by over £100,000. This was due to the interest on the variable rate loan being at 0.65%. This rate was estimated to rise to 1.8% during the year when the HRA budget was set for 2016/17.

5.23 However, with the continuation of low interest rates, the rate slightly decreased in 2016/17, from 0.67% in 2015/16.

Investments 2016/17

5.24 The Council does not have any long-term investments but the Council is required to maintain an investment strategy covering short-term investments such as the deposit of surplus funds.

- 5.25 The overall strategy in the year was to effectively invest surplus funds to meet cash flow requirements within the year. In addition, there was no proposal to enter into longer-term and externally managed funds.
- 5.26 Except for one instance, the Council operated within its Lending Policy throughout the year. On the final operating day of the financial year (31st March 2017) a receipt of £3m was received in the Council's current account late in the trading day.
- 5.27 This should have been transferred to the Government's DMO account, but the transaction did not take place. Consequently, the Council had funds with one bank (£4.5m in total) above the approved limit of £2m. The bank concerned was the Council's bankers – Barclays Bank.

Investment Criteria

- 5.28 The Council invests surplus funds in accordance with an approved policy and associated lending or counterparty list. Based on best practice, the list is split between specified and non-specified investments.
- 5.29 Specified investments are those with the Government's Debt Management Office and other local authorities, together with the highest rated UK financial institutions. The list is based on an assessment of a financial institution's risk to a depositor bail-in. Most organisations on the Council's list are currently rated as non-specified investments.
- 5.30 This does not preclude deposits being made with these particular organisations, but the amount deposited and period is more limited. Generally, any Council investments in these organisations are placed in instant access reserve accounts.
- 5.31 The only amendments made to the counterparty list were approved by the Committee in February 2017. Besides the DMO and other local authorities, the only named counterparty currently remaining as a specified investment is HSBC Bank.

Performance Indicator

- 5.32 As previously highlighted, the main indicator is for the return on short-term investments to meet the average 7-Day Rate, a standard measure of performance. The Council's performance for 2016/17 (with a comparison to recent years) is shown in the following table.

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
7-Day Rate (target)	0.51%	0.62%	0.51%	0.47%	0.50%	0.50%	0.36%
Actual Rate	0.78%	0.74%	0.31%	0.33%	0.31%	0.32%	0.25%

Prudential Indicators

- 5.33 Under a national Code of Practice for Capital Finance, the Council must set and regularly monitor Prudential Indicators. These indicators are designed to measure and place controls over the level of borrowing and capital financing during the year.
- 5.34 They are set following the annual budget round where the Section 151 (Chief Finance) Officer is required to provide an assessment of these indicators, their implications for the Council's spending plans and overall financial position.
- 5.35 The prudential system provides the flexibility for these indicators to be changed depending on local circumstances. It is the responsibility of the Section 151 Officer to advise the Council accordingly.
- 5.36 The indicators for 2016/17, together with further details on treasury management activity are detailed in **Appendices 1 and 2**. The Council operated within its capital budgets and limits for external borrowing at all times during the year.

Minimum Revenue Provision (MRP)

- 5.37 Local authorities are required each year to "set-aside" some of their revenues as a provision to repay any borrowings or other credit arrangements. This set-aside is known as MRP and is a charge on the Council's General Fund. There is no requirement for a MRP on the HRA.
- 5.38 This requirement on the General Fund has existed for many years and is designed to ensure that authorities, prudently, make provision to meet their credit liabilities into the future. This was to ensure that authorities continue to make a sufficient and prudent provision in their accounts, in particular where they have made any unsupported borrowing under the Prudential System.
- 5.39 It is the responsibility of the Section 151 Officer to advise on the treatment of MRP and to recommend a suitable policy for adoption. Consequently, authorities are also required to prepare an annual statement on making a MRP.

The Calculation

- 5.40 MRP traditionally had been calculated (at a rate of 4%) based on an authority's borrowing requirement. As highlighted previously, the Council has an underlying requirement based on past borrowing approvals issued by the Government.
- 5.41 However, due to its strong and positive cash flow position, the Council financed this borrowing "internally." Therefore, over time, actual debt does not match the underlying requirement shown in the Council's accounts.

- 5.42 MRP charged into the accounts, reduces the underlying requirement as it is repaying the resources used internally (on a cash basis) to repay borrowing allocations.
- 5.43 The calculation is designed to ensure that a “prudent” provision is made for debt repayment. This can be done through four options, which are as follows:
- **Option 1** - For debt that is supported by the Government through the grant system, authorities may continue to use the formula in current regulations (4%) since revenue support grant is calculated on that basis. Technically however, this option has been revoked, but has been maintained as a measure for capital expenditure incurred before 1st April 2008.
 - **Option 2** – A simplified method of Option 1 that reflects supported debt based on an authority’s capital financing requirement. This method has been in place since 2004 when the Prudential System was first introduced.
 - **Option 3** – The method to use for new borrowing under the Prudential System for which no Government support is given, MRP being based on the life of the asset being purchased.
 - **Option 4** – As above, but MRP relates to the depreciation charge on the asset purchased.

Effect on South Derbyshire

- 5.44 The Council is operating under Option 2. Technically, the Council has been debt free on the General Fund under these regulations since 2004 (having repaid its actual borrowings). In addition, it has not entered into any new external borrowing in recent years to finance its capital expenditure on the General Fund.
- 5.45 However, in recent years some internal borrowing has been undertaken to finance some capital expenditure. As part of the funding packages, it was approved that this borrowing would be repaid by charging a Voluntary Revenue Provision (VRP) in the General Fund. This provision is being made over the life of the assets purchased under the Prudential System, i.e. Option 3.

Proposed Council Statement on MRP

- 5.46 The Council still has an assumed level of debt (or capital financing requirement) that is being subsidised through grant. Therefore, given no actual debt outstanding on the General Fund together with no unsupported borrowing, it is recommended that “prudence” is best achieved by continuing to provide a MRP under **Option 2** for supported borrowing.
- 5.47 As regards unsupported borrowing, it is recommended that prudence is best achieved by providing a VRP under **Option 3** to reflect the life of the assets purchased for capital expenditure incurred.

5.48 It is recommended that this policy be endorsed for 2016/17 and adopted for 2017/18. This requires no change from previous years and the necessary MRP and VRP calculated under these methods, have been included in the Council's accounts for 2016/17 (as detailed in 6.1, below) and its Medium-Term Financial Plan.

5.49 This Policy will be kept under review depending on the Council's future capital expenditure and financing requirements. Any proposed changes will be reported as necessary to this Committee for consideration and recommendation to Council. The impact on the MRP will be considered in any decision to enter into any borrowing under the Prudential System.

6.0 Financial Implications

6.1 As highlighted above, there are no additional financial implications for the Council regarding the proposed Policy on MRP. The MRP made in 2016/17 was £223,127 and VRP of £131,226 which were as budgeted.

7.0 Corporate Implications

7.1 None directly.

8.0 Community Implications

8.1 None directly.

9.0 Background Papers

9.1 Local Government Act 2003 and associated Statutory Instruments detailing regulations and amendments under the Local Authorities (Capital Finance and Accounting England Regulations) of 2003.

ANNUAL REPORT ON THE TREASURY MANAGEMENT SERVICE AND PRUDENTIAL INDICATORS 2016/17

1.0 Introduction

1.1 The Annual Treasury Report summarises:

- Confirmation of compliance with Treasury Limits and Prudential Indicators
- Capital activity for the year and how this was financed
- The Council's overall treasury position
- The reporting of the required Prudential Indicators
- Summary of interest rate movements in the year
- Debt and investment activity

2.0 Regulatory Framework, Risk and Performance

- 2.1 The Council's treasury management activities are regulated through statute and codes of practice. Statutory provisions are contained in the Local Government Act 2003, which provides the powers to borrow and invest as well as providing controls and limits on this activity.
- 2.2 The Act permits the Secretary of State to set limits either on the Council or nationally on all local authorities restricting the amount of borrowing that may be undertaken; no new restrictions were made in 2016/17.
- 2.3 Amended regulations develop the controls and powers within the Act and require the Council to undertake any borrowing activity with regard to the CIPFA Prudential Code for Capital Finance in Local Authorities. It also requires the Council to operate the overall treasury function with regard to the CIPFA Code of Practice for Treasury Management in the Public Services.
- 2.4 Under the Act, the Government have also issued Investment Guidance to structure and regulate the Council's investment activities.
- 2.5 The Council has complied with all of the requirements, which limit the levels of risk associated with its treasury management activities. In particular its adoption and implementation of both the Prudential Code and the Code of Practice for Treasury Management means capital expenditure has to be prudent, affordable, and sustainable and its treasury practices demonstrate a low risk approach.
- 2.6 There is minimal risk of volatility of costs for current debt as over 80% of the debt is at fixed interest rates.
- 2.7 Due to the potential volatility of short-term interest rates, this affects the Council's investment return. These returns are changeable and whilst the risk

of loss of principal is minimal through the investment strategy, accurately forecasting returns can be difficult. However, with interest rates remaining generally flat and unchanged in 2016/17, returns are more easily predicted.

3.0 The Council's Capital Expenditure and Financing 2016/17

- 3.1 The Council undertakes capital expenditure to maintain and develop its assets. This investment may either be financed through revenue, capital receipts, capital grants/contributions, or borrowing.
- 3.2 Part of the Council's treasury activities is to address the borrowing requirement, either through borrowing from external bodies, or utilising temporary cash resources within the Council (internal borrowing).
- 3.3 The actual capital expenditure is a key prudential indicator. An overview of capital expenditure in the year and the individual schemes is detailed in the Budget Out-turn Report for 2016/17 (*which is the following report on this Agenda*). The tables below show how all capital expenditure in the year was financed to satisfy the prudential code.

Capital Spending: Final Out-turn 2016/17

Services	Budget £	Actual £	Variance £
Council House Improvements	2,795,000	2,544,507	-250,493
Council House New Build	2,905,000	1,967,002	-937,998
Private Sector Housing Renewal	999,076	407,788	-591,288
Community and Leisure	1,344,515	1,384,197	39,682
Environmental Development	175,000	66,911	-108,089
Property, Plant and Equipment	1,945,500	1,957,860	12,360
Total Spending	10,164,091	8,328,265	-1,835,826

Capital Financing: Final Out-turn 2016/17

Funding Source	Budget £	Actual £	Variance £
Capital Resources	6,480,331	5,691,759	-788,572
External Grants and Contributions	2,122,937	1,212,673	-910,264
Reserves and Amounts Set-aside	1,341,123	1,202,477	-138,646
Section 106	219,700	221,356	1,656
Total - Financing	10,164,091	8,328,265	-1,835,826

4.0 The Council's Overall Borrowing Need

- 4.1 The Council's underlying need to borrow is called the Capital Financing Requirement (CFR). The CFR is a measure of the Council's underlying need to borrow for capital investment and is based on the value of its assets contained in the Balance Sheet.

- 4.2 The capital expenditure that has not been immediately paid for will increase the CFR through additional borrowing. The Council is required to pay off an element of the accumulated General Fund CFR (but not HRA) each year through a revenue charge called the Minimum Revenue Provision (MRP).
- 4.3 As regards unsupported borrowing, MRP will continue to be based upon the “assumed” level of debt for the General Fund as existed on introduction of the Prudential Code in 2004. Where borrowing is unsupported and has been used to finance capital under the prudential system, a VRP will be calculated based on the life of the asset and charged to revenue. The Council’s CFR for the year is shown below.

Capital Financing Requirement (CFR) 2016/17	Budget £'000	Actual £'000
CFR b/fwd 1st April 2016	67,937	67,937
Add New Borrowing (HRA)	406	0
Less Debt Repaid	0	0
Less Minimum Revenue Provision (MRP)	-223	-223
Less Voluntary Revenue Provision (VRP)	-131	-131
CFR c/fwd 31st March 2017	67,989	67,583
General Fund Proportion	5,999	5,999
HRA Proportion	61,990	61,584

5.0 Treasury Position at 31st March 2017

- 5.1 The treasury position at 31st March 2017, compared with the previous year is shown in the following table.

Overall Borrowing Position as at 31st March	2015/16		2016/17	
	Principal £'000	Average Rate	Principal £'000	Average Rate
Fixed Interest Rate Debt	47,423	3.19%	47,423	3.19%
Variable Interest Rate Debt	10,028	0.67%	10,028	0.65%
Total Debt	57,451		57,451	
Short-term Investments	-11,000	0.32%	-10,000	0.40%
Net Borrowing Position	46,451		47,451	

6.0 Prudential Indicators and Compliance

- 6.1 The prudential indicators provide an overview of and specific limits on treasury activity. The full suite of indicators for publication in accordance with the Code is detailed in **Appendix 2**, with a summary below.

- a) **Borrowing and the CFR** – in order to ensure that borrowing levels are prudent over the medium term, the Council’s external borrowing, net of investments, must only be for a capital purpose. Net borrowing should not have exceeded the CFR for 2016/17, plus the expected changes to the

CFR over 2016/17 and 2017/18. The table below highlights the Council's gross and net borrowing position against the CFR and demonstrates that the Council has complied with this prudential indicator.

Borrowing Compared to CFR 2016/17	£'000
Gross Borrowing	57,451
Net Borrowing	47,451
CFR	67,583

- b) **The Authorised Limit** – is the ‘affordable borrowing limit’ required by Section 3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table (in c) below demonstrates that during 2016/17 the Council has maintained gross borrowing within its Authorised Limit.
- c) **The Operational Boundary** – is based on the expected maximum external debt (as above) during the course of the year, but it is not a limit. It is designed to support the Council's Chief Finance Officer to manage treasury activity on a daily basis and acts as an early warning sign of any potential issues.

Authorised Limit and Operational Boundaries 2016/17	£'000
Authorised Limit (as approved)	72,852
Operational Boundary (as approved)	62,423
Gross Borrowing as at 31/03/2017	57,451

- d) **HRA – Limit on Indebtedness** – under self-financing, the HRA debt pool has been set a cap over which no borrowing is allowed. This is prescribed by the Government and is fixed. The cap is shown in the following table with a comparison to the CFR and the level of actual debt on the HRA.

HRA Limit on Indebtedness 2016/17	£'000
HRA Debt Cap (Fixed)	66,853
HRA CFR	61,584
Difference	5,269
HRA Debt	57,451
Borrowing Headroom (Cap less Debt)	9,402

- e) **Actual Financing Costs as a Proportion of Net Revenue Stream** – this identifies the trend in the cost of capital (borrowing and other long-term credit obligations, net of investment income) against the net revenue stream, i.e. money raised from Council Tax and Housing Rents.

Financing Ratios 2016/17	Estimate	£	Actual	£
General Fund				
Council Tax Income		4,747,044		4,747,048
Net Interest		-47,000		-67,912
Proportion		-0.99%		-1.43%

HRA

Rent Income (Dwellings)	12,457,000	12,523,566
Net Interest	1,689,505	1,555,777
Proportion	13.56%	12.42%

APPENDIX 2**PRUDENTIAL INDICATORS 2016/17****Capital Spending: Final Out-turn 2016/17**

Services	Budget £	Actual £
Council House Improvements	2,795,000	2,544,507
Council House New Build	2,905,000	1,967,002
Private Sector Housing Renewal	999,076	407,788
Community and Leisure	1,344,515	1,384,197
Environmental Development	175,000	66,911
Property, Plant and Equipment	1,945,500	1,957,860
Total Spending	10,164,091	8,328,265

**Capital Financing: Final Out-turn
2016/17**

Funding Source	Budget £	Actual £
Capital Resources (Housing)	6,480,331	5,691,759
External Grants and Contributions	2,122,937	1,212,673
Reserves and Amounts Set-aside	1,341,123	1,202,477
Section 106	219,700	221,356
Total - Financing	10,164,091	8,328,265

External Debt 2016/17

	Budget £'000	Actual £'000
Debt 1st April	57,451	57,451
New Debt	406	0
Maturing Debt	0	0
Debt 31st March	57,857	57,451
Annual Change in Debt	406	0
Long-term Investments	0	0
Short-term Investments	11,000	-10,000

Limits compared to Actual Debt 16/17

	Estimate £'000	Actual £'000
Authorised Limit - General Fund	5,999	5,999
Authorised Limit - HRA (Fixed Debt Cap)	66,853	66,853

Total Financing Requirement (CFR)	67,989	67,583
Operational Boundary	62,423	62,423
Gross Debt	57,451	57,451
Debt Less Investments	46,451	47,451

General Fund - Net Indebtedness 16/17	Estimate £'000	Actual £'000
Capital Financing Requirement (CFR)	5,999	5,999
Less: Reserves	-12,327	-19,301
Net Indebtedness	-6,328	-13,302

HRA Limit on Indebtedness 2016/17	Estimate £'000	Actual £'000
HRA Debt Cap (Fixed)	66,853	66,853
HRA CFR	61,990	61,584
Difference	4,863	5,269
HRA Debt	57,451	57,451
Borrowing Headroom (Cap less Debt)	9,402	9,402

Interest Payable and Receivable 2016/17

General Fund	Budget £	Actual £
Interest Payable	0	0
Interest Received	-47,000	-67,912
HRA		
Interest Payable	1,689,505	1,569,629
Interest Received	0	-13,852

Capital Financing Requirement (CFR) 16/17	Estimate £'000	Actual £'000
CFR b/fwd	67,937	67,937
Add Net Financing	406	0
Less Minimum Revenue Provision (MRP)	-223	-223
Less Voluntary Revenue Provision (VRP)	-131	-131
Less Loan Repayments	0	0
CFR c/fwd	67,989	67,583
General Fund Proportion	5,999	5,999
HRA Proportion	61,990	61,584

Cost of Servicing Debt 2016/17	Estimate £	Actual £
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Interest Received - Gen Fund	-47,000	-67,912
Tax Base - Band D Properties	30,990	31,647
Cost per Band D Property	-1.52	-2.15
Net Interest Paid - HRA	1,689,505	1,555,777
Number of Council Dwellings	2,963	3,015
Annual Cost per Dwelling	570	516

Financing Ratios 2016/17

General Fund	Budget £	Actual £
Council Tax Income	4,747,044	4,747,048
Net Interest	-47,000	-67,912
Proportion	-0.99%	-1.43%
HRA		
Rent Income	12,457,000	12,523,566
Net Interest	1,689,505	1,555,777
Proportion	13.56%	12.42%

Usable Reserves

General Fund	7,606	8,433
Earmarked Reserves and Grants	4,721	10,868
HRA	3,660	3,702
Capital Receipts and Reserves	1,599	1,949
Total Usable Reserves	17,586	24,952

Revenue Reserves

General Fund	7,606	8,433
Earmarked Reserves	4,721	10,868
HRA	3,660	3,702
Total Revenue Reserves	15,987	23,003

REPORT TO:	FINANCE AND MANAGEMENT COMMITTEE (SPECIAL – FINAL ACCOUNTS)	AGENDA ITEM: 7
DATE OF MEETING:	22nd JUNE 2017	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: s/finance/committee/2016-17/final out-turn
SUBJECT:	BUDGET OUT-TURN and FINAL ACCOUNTS 2016/17	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 2016/17
- The Housing Revenue Account 2016/17
- Capital Expenditure and Financing 2016/17
- The Collection Fund 2016/17
- The Balance of Reserves and Provisions at 31st March 2017.

1.2 That a net appropriation of £177,057 in 2016/17 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 and Appeal Provisions in 2016/17:

Sundry Debtors	-2,547	General Fund
Temporary Accommodation	4,091	General Fund
Housing Benefit Overpayments	108,222	General Fund
Council Tax Arrears	51,332	General Fund
Business Rates Arrears	35,625	General Fund
Business Rates Appeals	124,629	General Fund
Planning Appeals	-24,455	General Fund
Housing Rent Arrears	24,983	HRA

2.0 Purpose of Report

2.1 To detail the final out-turn position for 2016/17 on the Council's main revenue and capital accounts. The report also details the financial position on these accounts as at 31st March 2017 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 2017. 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, for the period 1st July to 30th July 2017 inclusive. 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 20th September. The audited accounts, together with the auditor's opinion, will be reported at a meeting of this Committee on 21st September 2017.

2.5 The Financial Statements are prepared and reported to fulfil statutory requirements and are based on approved 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 Although these figures are final, they may be subject to amendment following Audit and the submission of statutory returns for Business Rates and Housing Benefits.

2.8 This report is divided into the following sections:

- Section 3 – General Fund Revenue Account and Collection Fund 2016/17
- Section 4 – Housing Revenue Account 2016/17
- Section 5 – Capital expenditure and financing 2016/17
- Section 6 – Provisions and reserves as at 31st March 2017

- Appendix 1 - General Fund Account 2016/17
- Appendix 2 – The Collection Fund 2016/17
- Appendix 3 – Capital expenditure and financing 2016/17
- Appendix 4 – Earmarked reserves 2016/17

3.0 GENERAL FUND REVENUE ACCOUNT

3.1 Apart from Council Housing, day-to-day income and expenditure on Council services is accounted for in the General Fund. The net expenditure is financed from Core Spending Power which is a mixture of :

- General Government Grant
- Retained Business Rates
- New Homes Bonus
- Council Tax

3.2 The Budget for 2016/17, which was approved in February 2016, estimated a budget surplus of £856,917 for 2016/17. Following the update of the Medium-term Financial Plan (MTFP) in February 2017, this was revised to a surplus of £1,198,868 as summarised in the following table

Net Expenditure on Services	11,126,668
Reverse out Depreciation	-718,738
Minimum / Voluntary Revenue Provisions	354,353
Contingent Sums	385,339
Total Estimated Spend	11,147,622
Financing	-12,346,490
Updated General Fund Surplus 2016/17	<u>-1,198,868</u>

Final Budget Out-turn 2016/17 - Summary

3.3 **Appendix 1** details the final out-turn on the General Fund for 2016/17 with a comparison to the approved budget.

3.4 The appendix shows that the General Fund achieved a surplus, before appropriations, of £1,779,844 for the year. This was approximately £581k greater than budgeted.

3.5 This level of variance was higher than expected and previously reported, and was mainly due to a higher level of salary savings from vacant posts, increased planning income, together with the earlier termination of the Corporate Services contract (*this is detailed in a separate report at Agenda Item 11*). The third quarter's monitoring reported to the Committee in February estimated a surplus of £1.21m.

3.6 There are several items that are accounted for in the General Fund's income and expenditure account, but are then adjusted through earmarked reserves. This includes additional expenditure associated with the Planning Service, Homelessness Prevention and receipts from asset sales.

Overview of Income and Expenditure 2016/17

3.7 Although there was an overall surplus, this was after meeting some additional cost pressures. Many of the variances have been reported in monitoring reports during the year, with actual figures now finalised, subject to Audit. An analysis of the major variances is shown in the following tables.

Summary of main variances compared to the budget

Favourable variances	£'000
Salary savings (vacancies, maternity etc.)	-304
Corporate Services Contract	-200
Increased Planning fee income	-137
Grant income received from DWP/DCLG unbudgeted	-128
Contingent sums savings	-86
Lettings from Industrial and Commercial Units	-83
Capital receipt to be transferred to Capital	-74
Lower fuel costs	-52
Leisure Management Contract - cost reduction	-52
Transport HRA recharge unbudgeted	-45
External funding to be earmarked for future projects	-44
Direct Services restructure saving	-43
Members pension, training and expenses	-37
Total Favourable Variances	<u>-1,285</u>
Adverse variances	
Planning appeals	126
Vehicle Hire	118
Bad Debt Provision unbudgeted	110
Agency and Temporary Staff	78
Cost of Temporary Waste & Transport Manager	77
Additional Bin Purchases due to Growth	75
Building Control reduced Income	71
Homelessness deficit - to be drawn down from reserves	62
Total Adverse Variances	<u>717</u>
Total Major Variances - Favourable less Adverse	-568
All Other Variances	-13
Total Net Variance - Overall Reduction	<u>-581</u>

Variances

3.8 The main variances were salary savings due to a number of vacancies and maternity leave during the year and the earlier termination of the Corporate Services contract. There were increases in income from planning fees which

totalled £887k compared to a budget of £750k but this was offset by an increased provision for expected planning appeals.

- 3.9 Additional income has been received during 2016/17 from Central Government for Welfare Reform, Discretionary Housing and Custom New Build which is to be earmarked for future projects in these areas.

General Grants and Business Rates Income

- 3.10 This is detailed in the following table.

Analysis of General Grant Income	Estimate £'000	Actual £'000	Variance £'000
Revenue Support Grant	-1,199	-1,199	0
Transitional Grant	-3,244	-3,244	0
Business Rates Retention (see table below)	-3,527	-3,527	0
New Homes Bonus	-2,850	-2,855	-5
Council Tax Income	-4,747	-4,747	0
Transparency grant	0	-8	-8
New Burdens funding	0	-15	-15
	-15,567	-15,595	-28

Retained Business Rates

- 3.11 An analysis of income retained directly in the General Fund is shown in the following table.

	£'000
Approved Precept	9,414
Tariff paid to the Derbyshire Pool	-6,252
S31 Grants - Business Rates Relief	360
Payment of Levy to Derbyshire Pool	-511
Share of growth returned from the Pool	312
Business Rates Deficit 2016/17	-157
Transitional Relief adjustment	-15
Net amount received in retention system	3,151
Add: Declared surplus	219
Add: Reversal of deficit 2016/17	157
Total Business Rates Retained	3,527

- 3.12 It should be noted that business rates incurred a deficit in 2016/17, of which the Council's share was approximately £157k as shown in the previous table. This was due to an increase in the number of valuation appeals and provision for bad debts rather than a reduction in income; *this is detailed later in the report in paragraph 3.37.*

Growth and the Derbyshire Business Rates Pool

3.13 The Council's rates income increased compared to its baseline target which is set in the funding system and to calculate the "Levy." Although the Council incurred a deficit on the Collection Fund in 2016/17 (as detailed later) it saw an increase in receipts during the year. This is shown in the following table.

	£'000
Share of gross rates (at 40%)	9,583
Tariff paid to Derbyshire Pool	-6,252
Retained Rates	3,331
Baseline funding (set by the Government)	-2,310
Retained income above the Baseline	1,021
Levy (at 50%)	511

3.14 This levy payment is paid into the Derbyshire Pool. If the pooling arrangement did not exist, this income would have been lost entirely to the Council and paid directly to the Government. This would have adversely affected the overall General Fund position given that the Collection Fund fell into deficit during 2016/17.

3.15 However, a payment of £312k was returned back to the Council from the Pool. This was the Council's share of all growth in the Pool in 2016/17.

Estates Income

3.16 The high level of property lettings during the year, with very little incidence of empty units, generated additional income of approximately £83,000 overall, compared to that budgeted.

Leisure Management Contract

3.17 During 2016/17 an extension to the contract with Active Nation to manage Green Bank Leisure Centre and Etwall Leisure Centre was agreed and committed the Council until 2023/24 resulting in a saving of £52k during the year. The reduction in cost of the contract has also benefitted John Port School who's contribution to Etwall Leisure Centre is 38%

Reduced Costs

3.18 The main area where costs were substantially less than that budgeted arose from the falling price and usage of fuel during the year. Compared to a budgeted cost of £289k for all vehicles and plant, the actual cost of fuel in 2016/17 was £237k.

Contingent Sums

3.19 The amount set-aside as a contingent sum in the year to meet inflation and growth was not fully utilised. The inflation and growth elements act as a safeguard against unforeseen matters arising in the year, i.e. to mitigate “budget risk.”

3.20 The total amount set-aside is highlighted in the following table.

Waste Collection and Recycling	£100,000
Growth	£200,000
Inflation	£85,339
Total contingent sum 2016/17	<u>£385,339</u>

3.21 In year, the £300k for growth, waste collection and recycling has been transferred to an earmarked reserve (as previously approved by the Committee) to help guard against future costs and is therefore a cost to the General Fund. The inflation contingent sum has contributed towards offsetting the General Fund Bad Debts provision of £110k.

Provision for Bad Debts

3.22 Under accounting regulations, the Council has to provide for debts that may become uncollectable and which may need to be written-off. Provisions are based on a calculation that takes into account the risk of a debt becoming uncollectable.

3.23 The provisions made in 2016/17 are shown in the following table.

General Fund Bad Debt Provisions	
Sundry Debtors	-£2,547
Temporary Accommodation	£4,091
Housing Benefit Overpayments	£108,222
Total	<u>£109,765</u>

3.24 No increase was required in the provision for sundry debts due to a good collection rate in the year and a reduction in arrears. In fact, the provision was slightly reduced.

Bed and Breakfast Charges

3.25 These charges arise where the Council has to incur costs under its duties to provide temporary accommodation for homeless persons. The Council is entitled to recover the costs but it is generally difficult as people concerned are unlikely to have the means to pay.

3.26 The Council is responsible for pursuing recovery of the amount owed and this is generally difficult. However, in recognition of this, the Council is moving away from using “bed and breakfast” facilities to using its own accommodation and that of charitable organisations. This should help to reduce the costs in the future.

3.27 In addition, the Council does have an earmarked reserve, which relates to Government grants not fully utilised from previous years, to fund initiatives to prevent the incidence of homelessness occurring. This is overseen by the Housing and Community Services Committee.

Housing Benefit Overpayments

3.28 These relate to overpayments whether they have occurred through processing error, claimant misinformation or fraud. The recovery is usually slow and may take several years where an overpayment is being deducted from on-going benefit. Depending on how the overpayment occurred, on average, around 40% is reimbursed through the housing benefit subsidy system in the year that the overpayment occurred.

Net Cost of Housing Benefits

3.29 In addition, the cost of Housing Benefits increased overall by £21k as shown in the following table.

	Estimate £'000	Actual £'000	Variance £'000
Rent Allowances Paid	11,491	11,265	-226
Rent Allowances Subsidy	-11,156	-10,821	335
Net Cost of Rent Allowances	335	444	109
Rent Rebates Paid	6,923	6,642	-281
Rent Rebates Subsidy	-6,855	-6,580	275
Net Cost of Rent Rebates	68	62	-6
Net Cost of Benefits Paid	403	506	103
Overpayments Recovered (Rent Allowances)	-151	-233	-82
Overall Cost of Housing Benefit	252	273	21

3.30 The cost of benefits falling on the Council is sensitive to small changes given the amount involved. It is important that the Council maximises its subsidy through robust processing. The total cost of benefits paid and administered across over 9,000 claims was approximately £18m in 2016/17. Even a ½% variation in subsidy equates to nearly £100,000.

3.31 The previous table shows that the net cost of benefits paid was approximately £100k more than that estimated.

3.32 The overpayments recovered were budgeted at £151k against an actual recovery of £233k. Any overpayments recovered are a direct benefit to the General Fund.

Other Cost Pressures

3.33 Besides the additional costs being financed from earmarked reserves, the main adverse variances, as previously reported, are shown in the following table.

Additional costs previously reported	£'000	Third quarter forecast
Vehicle hire on a temporary basis	118	113
Waste and Recycling costs unbudgeted	48	48
Bin purchases due to District growth	75	61

Transfers to/from Earmarked Reserves

3.34 This is split between expenditure that is incurred and financed from earmarked reserves, together with amounts received in advance and capital receipts, which need to be transferred into earmarked reserves to meet future expenditure.

3.35 In addition, certain budget managers have made requests to transfer underspends from budgets in the year into 2017/18, to meet on-going commitments. Several of these have already been approved by the Committee. All proposed transfers are detailed in the following table.

Transfers between General Reserve and Other Reserves 2016/17

Transfers from General Reserve to other reserves	£'000
Sport and Health external funding	44
Environmental Education external funding	17
Cultural Partnerships underspend in year	7
Development of the Local Plan	69
Transfer of turnover share from Rosliston Forestry Centre Café	11
Government funding - Welfare Reform, Fraud and Compliance	88
Townscape project - revenue contribution	7
New Town Centre project - revenue contribution	13
Rosliston Forestry Centre future repairs - revenue contribution	24
ICT contribution for future upgrade works	40
Contribution towards training and development programme	21
	341

Transfers from other reserve to the General Reserve	£'000
Safer Communities	-10
Planning - resources to meet increased planning applications	-68
Planned repairs to the Civic Offices	-10
Elections - resources to meet General and County elections	-8
Prevention of Homelessness - temporary staffing and project costs	-62
Strategic Partnership costs in year	-5
	-164
	177

3.36 These amounts are adjusted through reserve transfers as detailed in **Appendix 4**. 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

3.37 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.

3.38 During the year, Council Tax continued to perform better than estimated, mainly due to the continuing increase in properties. Although receipts from Business Rates continued to increase, the impact of bad debts and in particular appeals, continued to have an adverse effect on the Business Rates Account. The final out-turn on the Fund for 2016/17 is detailed in **Appendix 2**.

Council Tax collectable

3.39 Overall collection generated a surplus in the year of £382k. This maintained a cumulative fund balance of £613k as at 31st March 2017 – an increase of £166k compared to that estimated. This was mainly due to an increase in Council tax collectable from a greater number of properties compared to that estimated.

3.40 The amount due to South Derbyshire is approximately £68k (11% of £613k). This amount remains in the Collection Fund pending the 2018/19 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 can be included in the MTFP.

Business Rates

3.41 As highlighted earlier in the report, this part of the Fund generated a deficit in 2016/17 of £391k, compared to an estimated deficit of £285k. This was not due to less rates being collected, but arose due to an increase in the provision for appeals and bad debts.

Business Rates Appeals

- 3.42 Under accounting regulations, the Council has to provide against a certain amount of appeals being successful. In recent years, approximately 3.5% of appeals have been successful.
- 3.43 Although this is only a small percentage, the monetary amounts involved are significant. There are around 200 individual cases currently pending with the DV. The total amount of rates involved across these appeals is approximately £70m when backdated to 2010.
- 3.44 At a success rate of 3.5%, this equates to a provision of around £2.48m. The current provision amounts to £2.17m resulting in an increase of £311,000 as shown in Appendix 2. The Council's share (at 40%) is £124,000.

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 for 2016/17 was set with a surplus to increase HRA reserves by £968k.
- 4.2 This was revised to £1,460k in February 2017, following a review of capital expenditure for major repairs. At the end of the third quarter, the surplus was projected to be slightly higher at £1,565k.

Final Out-turn 2016/17

- 4.4 Final performance on the HRA is shown in the following table.

Summary HRA 2016/17	BUDGET	ACTUAL	VARIANCE
	£000	£000	£000
Total Income	-12,989	-13,112	-123
Contribution to Capital & New Build	3,795	3,795	0
Responsive & Planned Maintenance	3,231	2,960	-271
Interest on Debt	1,690	1,556	-134
Supervision & Management	1,788	1,642	-146
Supported Housing & Careline Services	802	823	21
Increase in Provision for Bad Debts	44	59	15
Contingent Sums	180	0	-180
Surplus	-1,460	-2,277	-818

- 4.5 The table shows that the HRA incurred a surplus greater than that estimated, although there were some more significant variances within the overall figure of £818k as shown in the above table.
- 4.6 A number of these variances were known but not to the full extent realised and were reported to the Committee as part of the third quarter's monitoring report in March 2017.

- 4.7 The increase in rental income is due to additional new build and acquisitions in year that were under budgeted. This additional income has been offset in part by a larger number of Right to Buys – 23 in total compared to 18 budgeted.
- 4.8 Interest on debt was lower due to the interest rate on the variable element of the debt portfolio (£10m) having been settled at 0.48% compared to that budgeted of 1.50%. Overall expenditure on Planned Maintenance was lower compared to the Budget.

Other Variances

- 4.9 The main favourable variances related to supervision and management and repairs and maintenance. Some of this arose due to staff vacancies which are being recruited during 2017/18 and less repairs undertaken.
- 4.10 Additional contract recruitment and consultancy costs will be incurred during 2017/18 to support the service whilst recruitment is undertaken and repairs works are expected to be on budget in 2017/18.
- 4.11 The increase in the provision for bad debts is based on the level of rent arrears at each year-end. The level of arrears and associated bad debts provision is shown in the following table.

	2016 £	2017 £
Debt outstanding		
Leaseholders	8,933	1,764
Current Tenants	209,750	221,844
Former Tenants	87,937	107,648
	306,620	331,256
Bad debt provision	169,329	194,312

- 4.12 The level of arrears has increased by £25k and the provision has increased at the same level due to write-offs in the year. The bad debt provision required has increased from £169k to £194k, with an increase of £59k (compared to an estimate of £44k) required as shown in the following table.

	£
Bad debt provision b/fwd	169,329
Less write-offs in 2016/17	-33,585
Remaining provision	135,744
Provision required	194,312
Top-up required to HRA	58,568

- 4.13 Overall, the effect of the HRA surplus on the HRA's General Reserve is detailed in **Section 6**.

5.0 **CAPITAL EXPENDITURE and FINANCING 2016/17**

5.1 The final out-turn is detailed in **Appendix 3** with a summary in the following table.

Capital spending final out-turn 2016/17

	Budget £	Actual £	Variance £
Council House Improvements	2,795,000	2,544,507	-250,493
Council New Build and Acquisition	2,905,000	1,967,002	-937,998
Private Sector Housing Renewal	999,076	407,788	-591,288
Community Services	1,344,515	1,384,197	39,682
Environmental Development	175,000	66,911	-108,089
Property, Plant and Equipment	1,945,500	1,957,860	12,360
Total spending	10,164,091	8,328,265	-1,835,826

Council House Improvements

5.2 The expenditure also included disabled facility adaptations. The overall expenditure in the year was lower than estimated due to a review of some contracts regarding how they are packaged, for example, combining the heating replacement and servicing contracts.

Council House New Build and Acquisition

5.3 The Phase 1 New Build programme is complete after some slippage in 2015/16. All new build properties were occupied by tenants during 2016/17.

5.4 Phase 2 New Build at Lullington Road has a HCA grant approved but is still in the early stages of development. This is the main reason for the lower expenditure compared to that estimated. Detailed progress will be reported to the Housing and Community Services Committee.

5.5 Two sites were acquired in year; 8 flats and 1 bedsit at Alexander Road, Swadlincote and 11 houses at Rowley Court, Swadlincote. All houses, 5 flats and the bedsit were occupied by 31st March. The remaining 3 flats are used as temporary accommodation.

Private Sector Housing Renewal

5.6 A grant from Derbyshire County Council for Disabled Adaptations of £615k was secured in the year. This was received in two separate amounts in July and January. The late confirmation of the second part of the grant delayed works being committed. The balance has been carried forward to commit to adaptations in 2017/18.

Community and Leisure Schemes

5.7 The Melbourne Sporting Partnership project was completed in year after slippages in 2015/16 and was open to the public in September 2016. This project was greater than budget in 2016/17 due to the slippage mentioned

previously. The budget overspend was fully financed through capital receipts, external funding and earmarked reserves, but left a balance of £5,000 on a total project cost of approximately £2.5m. This was reported to the Committee in January 2017.

Environmental Development

- 5.8 The budget underspend is due to profiling of grant payments for the Townscape project and will be carried forward into 2017/18.

Property, Plant and Equipment

- 5.9 The main expenditure related to the acquisition of two units at Boardman's Industrial Park, Swadlincote. These units are to be refurbished during 2017 for relocation of the existing works Depot. The acquisition was within budget.

Financing Capital Expenditure

- 5.10 The expenditure was financed as summarised in the following table.

Financing capital expenditure 2016/17

	Budget £	Actual £	Variance £
Capital Resources	6,480,331	5,691,759	-788,572
External Grants and Contributions	2,122,937	1,212,673	-910,264
General and Earmarked Reserves	1,341,123	1,202,477	-138,646
S106 Contributions	219,700	221,356	1,656
Total funding	10,164,091	8,328,265	-1,835,826

- 5.11 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 is 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. The provisions are made based on a formula that calculates a percentage 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. Provisions were made in 2016/17 as shown in the following table.

Sundry Debtors	-2,547	General Fund
Temporary Accommodation	4,091	General Fund
Housing Benefit Overpayments	108,222	General Fund
Council Tax Arrears	51,332	General Fund
Business Rates Arrears	35,625	General Fund
Business Rates Appeals	124,629	General Fund
Planning Appeals	-24,455	General Fund
Housing Rent Arrears	24,983	HRA

- 6.6 No additional provision was required for sundry debtors as the overall arrears situation improved during 2016/17. The provision for Council Tax arrears includes the correction of an under-provision in previous years following the review of the base formula. This was reported to the Committee in September 2016 following the review by External Audit.
- 6.7 The increase in the provision for 2016/17 is contained within the overall surplus balance on the Collection Fund, as detailed earlier in the report in Section 3.
- 6.8 The reasons for the amounts calculated for business rate appeals and Housing rent arrears have also been detailed earlier in the report, in Sections 3 and 4 respectively.
- 6.9 In addition to on-going provisions for bad debts and business rates appeals, further provisions continue to be made as shown in the following table.

Analysis of Other Provisions

	Provision b/fwd April 2016 £'000	Increased during the year £'000	Utilised during the year £'000	Released £'000	Provision c/fwd March 2017 £'000
Personal Searches	-42	0	29	0	-13
Planning Appeal	-127	-103	100	27	-103
NNDR Appeals	-868	-125	0	0	-992
Termination Benefits	-9	0	9	0	0
Total Provisions 2016/17	-1,046	-227	137	27	-1,109

6.10 The amounts released during the year arose due to the liability being lower than estimated when the provision was originally established. These amounts, together with the increases are re-credited or debited (respectively) to the General Fund.

General Fund Reserve

6.11 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 2017	Budget £'000	Actual £'000	Variance £'000
Balance b/fwd 1st April 2016	6,989	6,989	0
Add Surplus for year (section 3)	1,199	1,780	581
Less: Contribution to Vehicle Renewals Fund	-20	-20	0
Less: Contribution to Capital Works	-562	-150	412
Accumulated Absence Movement	0	11	11
Net Contribution to Earmarked Reserves	0	-177	-177
Closing Balance as at 31st March 2017	7,606	8,433	827

6.12 The table shows that the level of general reserves was greater than estimated at March 2017 by around £827k, after allowing for the transfer to earmarked reserves as detailed in Section 3 of the report. This improved position is due to the better out turn as detailed in Section 3.

6.13 The remaining contributions towards capital works will be maintained in the Reserve. They will be drawn-down as expenditure is incurred to complete the relevant schemes in 2017/18. After allowing for this, the General Fund is £415k more favourable (£827k - £412k) when compared to the MTFP.

Earmarked Reserves

6.14 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 ICT replacements together with repairs and maintenance and where external funding may be received in advance of expenditure.

6.15 Annual contributions are made to these reserves from other accounts and reserves and they are drawn-down to finance expenditure in revenue and capital accounts as required.

6.16 Once established, earmarked reserves can only be used for that specific purpose. Other reserves may be established through a legal agreement or contractual commitment.

6.17 The Council's earmarked reserves are detailed in **Appendix 4**. This shows the overall change on individual balances during 2016/17, including the appropriations detailed earlier in the report in Section 3.

Housing Revenue Account (HRA) Reserve

6.18 Section 4 detailed the final account of the HRA and this highlighted a surplus for 2016/17 of £2,277k.

6.19 The HRA reserve balance totals £3.70m as at 31st March 2017. This is £817k higher than estimated - mainly due to the lower overall expenditure in 2016/17.

6.20 The reserve balance is shown in the following table.

	Budget £'000	Actual £'000	Variance £'000
HRA General Reserve as at 31st March 2017			
Balance b/fwd 1st April 2016	1,426	1,426	0
Add Surplus for year (section 4)	1,460	2,277	817
Closing Balance as at 31st March 2017	2,886	3,703	817

General Capital Receipts Reserve

6.21 The position on this reserve during 2016/17 is shown in the following table.

	Budget £'000	Actual £'000	Variance £'000
General Capital Reserve as at 31st March 2017			
Balance b/fwd 1st April 2016	2,791	2,791	0
Add: Land Sales - Pingle School	0	84	84
Less: Contribution to Vehicle Renewals Fund	0	-250	-250
Less: Contribution to Capital Works	-2,281	-2,357	-76
Closing Balance as at 31st March 2017	510	268	-242

6.22 The above table shows this reserve is £242k less as at 31st March 2017 compared to that estimated.

6.23 The variance on the amount to finance the General Fund capital schemes was higher than forecast due to higher costs to finalise the sale of William Nadin Way, earlier advancements on the Melbourne Assembly Rooms project and the decision to split funding of the Vehicle Renewals Fund over 2 years at £250k per annum. The funding for these items was forecast to occur in future years.

Housing Capital Receipts Reserve

6.24 This is the reserve that is being used to finance the New Build programme. In accordance with Council policy, all proceeds (net of any pooling payment) from the sale of existing council houses and HRA land are transferred to this reserve.

6.25 The position on this reserve during 2016/17 is shown in the following table.

	Budget	Actual	Variance
Housing Capital Reserve as at 31st March 2017	£'000	£'000	£'000
Balance b/fwd 1st April 2016	757	757	0
Add: Transfer from HRA	1,000	1,000	0
Add: Retained Receipts from Council House Sales	636	1,063	427
Add: HCA Grant Funding	95	95	0
Add: Borrowing in year	406	0	-406
Less: New Build Costs in year	-2,905	-2,522	383
Closing Balance as at 31st March 2017	-11	393	404

6.26 The table shows that the balance on the Reserve is higher than estimated at the end of the year. This is mainly due to the lower value of New Build costs plus additional Right to Buy Retained income receipts. There was no requirement to borrow externally during the year due to the lower capital costs.

HRA Debt Repayment Reserve

6.27 The balance stands at £2.55m as at 31st March 2017. This has increased in year due to contributions from the HRA. This reserve will receive annual contributions from HRA surpluses in future years in order for debt to be repaid from 2023. This is in accordance with the HRA Financial Plan.

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, Elected 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

APPENDIX 1: GENERAL FUND INCOME & EXPENDITURE 2016/17

Cost Centre	Budget £	Actual £	Variance £	Main Variances Noted
Democratic Representation & Management	82,157	77,457	-4,700	Car mileage
Corporate Management	55,150	53,996	-1,154	Subscriptions
Corporate Finance Management	52,079	39,863	-12,216	Rosliston café rent - earmarked
Funded Pension Schemes	215,793	257,173	41,380	Quarterly payments to County under budgeted
Increase/Decrease in Provision for Bad or Doubtful Debts (GF)	0	128,498	128,498	£110k detailed in report, £18k write-offs
Council Tax Collection	-76,390	-52,558	23,832	Reduced court fees
Non Domestic Rates Collection	30,622	-13,492	-44,114	Summons income
Elected Members	321,785	285,269	-36,516	Lower training, pension and expenses
Registration of Electors	22,324	48,216	25,891	Printing - to be reimbursed
Conducting Elections	132,518	139,345	6,827	Election costs to be reimbursed
Emergency Planning	0	-1,311	-1,311	Refund from Severn Trent
Local Land Charges	-11,326	-12,341	-1,015	Increased income
General Grants, Bequests & Donations	281,597	286,326	4,729	Inflation
Parish Councils	342,446	348,716	6,270	Inflation
Melbourne Leisure Centre	1,100	771	-329	Reduced R&M
Arts Development & Support	21,320	14,015	-7,305	Reduced dance classes
Events Management	129,402	139,962	10,560	Maternity cover
Midway Community Centre	29,201	32,341	3,140	Reduced income - opened Nov 16
Community Centres	91,396	102,294	10,899	Depreciation (reversed in ads) plus utilities
Get Active in the Forest	26,290	25,641	-649	External funding - earmarked
Sports Development & Community Recreation	127,818	123,223	-4,595	External funding - earmarked
Indoor Sports & Recreation Facilities	385,834	270,933	-114,901	Active Nation contract renewal and depreciation (reversed in adjustments)
Outdoor Sports & Recreation Facilities (SSP)	544	-17,792	-18,337	External funding - earmarked
Playschemes	26,202	22,343	-3,860	External funding - earmarked
Grounds Maintenance	391,601	301,964	-89,637	Covers overspend in Parks & Open Spaces
Countryside Recreation & Management	12,562	11,973	-589	Salary savings

Allotments	-655	-1,703	-1,048	Higher rental income
Tourism Policy, Marketing & Development	58,476	53,615	-4,861	External funding - earmarked
Village Halls	7,000	7,032	32	
Rosliston Forestry Centre	112,204	74,745	-37,459	Earmarked £21k for future repair works
Cemeteries	3,412	-7,674	-11,086	Increased fee income and less burial costs
Closed Churchyards	6,134	8,099	1,965	Repairs and maintenance
Food Safety	81,602	64,301	-17,301	Increased food safety and licensing income
Pollution Reduction	258,996	252,995	-6,001	Salary savings
Housing Standards	76,893	66,757	-10,137	Increased income
Pest Control	11,533	8,730	-2,803	Increased income
Public Health	0	-2,466	-2,466	Increased income
Licensing	-20,282	-70,264	-49,982	Salary savings plus increased fee income
Public Conveniences	39,282	29,172	-10,111	Utility credit from previous year
Community Safety (Crime Reduction)	118,251	126,972	8,721	Funded from earmarked reserves
Community Safety (Safety Services)	112,621	99,191	-13,430	Increased income and lower professional fees
Defences Against Flooding	45,475	59,575	14,100	Consultant costs
Street Cleansing (not chargeable to highways)	364,930	364,641	-289	
Household Waste Collection	1,296,855	1,512,543	215,688	Growth plus depreciation (reversed in adjustments)
Trade Waste Collection	-103,356	-143,169	-39,813	Increased fee income
Recycling	266,648	387,838	121,190	Agency cost for Waste & Transport Manager secondment plus under budgeted collection costs
Building Regulations	14,137	85,012	70,875	Reduced fee income through loss of market share
Other Building Control Work	-15,000	-29,982	-14,982	Street Naming income
Dealing with Development Control Applications	-205,329	-134,261	71,068	Increased fee income and appeal costs - £68k draw down from earmarked reserves
Planning Policy	361,303	285,003	-76,300	Custom Build grant not budgeted for - £69k earmarked for Local Plan part 2
Environmental Education	72,479	55,944	-16,535	External funding - earmarked
Market Undertakings	-10,765	-5,422	5,343	Lower fee income and higher repairs costs
Promotion and Marketing of the Area	188,236	178,335	-9,901	External funding - earmarked
Planning Development	207,436	197,981	-9,455	Salary savings

Off-Street Parking	66,780	86,878	20,098	No fee income received
Concessionary Fares	0	-9,285	-9,285	No charge from County
Housing Strategy	81,861	44,300	-37,561	Salary savings
Administration of Renovation & Improvement Grants	35,866	31,558	-4,309	Professional fees
Revenues & Benefits Support & Management	9,640	10,888	1,248	Salary costs
Bed / Breakfast Accommodation	4,000	-29,029	-33,029	Offset with Pre-tenancy
Pre-tenancy Services	163,709	258,934	95,225	£33k offset with B&B, remainder draw down from Homelessness Reserve
Rent Allowances Paid	197,687	211,392	13,706	Detailed in report
Rent Rebates	68,545	61,690	-6,856	Detailed in report
Housing Benefits Administration	177,695	32,432	-145,263	Additional grant income earmarked for Welfare Reform
Corporate Fraud	0	6,960	6,960	Offset cost with favourable Housing Benefit Admin
Travellers' Sites	-4,951	0	4,951	Incorrect budget - no surplus expected
Welfare Services	1,800	7,865	6,065	Income received in prior year for funeral cost
Other Housing Support Costs (GF)	33,786	25,784	-8,003	Income unbudgeted
Caretaking	101,705	78,065	-23,640	Salary savings
Community Parks & Open Spaces	185,781	246,448	60,667	Overspend covered by Grounds Maintenance
Debt Recovery	127,023	112,892	-14,131	Lower contract costs
Public Transport	27,150	23,175	-3,976	Repairs and business rates
Senior Management	455,105	472,557	17,452	Interim Director of Housing
Reprographic/Print Room	78,009	94,971	16,963	Offset by saving in Customer Services
Financial Services	292,078	298,974	6,896	HMRC charge
Internal Audit	100,544	103,115	2,571	Lower HRA recharge
Merchant Banking Services	46,038	55,466	9,428	Bank charges
ICT Support	656,868	616,687	-40,180	Earmarked for future IT projects
Legal Services	139,493	124,122	-15,371	Salary savings
Personnel/HR	248,252	226,968	-21,284	Earmarked for future training needs
Policy & Communications	228,096	220,061	-8,035	Lower contract costs
Customer Services	578,672	515,086	-63,586	Offset costs of Print Room plus contract saving
Health & Safety	34,552	32,803	-1,749	Lower contract costs
Admin Offices & Depot	325,310	463,262	137,951	Depreciation (reversed in adjustments)

Estate Management	-147,811	-270,551	-122,741	Rental income due to less voids plus salary savings
Transport Services	670,766	566,816	-103,950	Reduced fuel charges plus unbudgeted HRA recharge
Procurement Unit	101,530	97,887	-3,643	Lower contract costs
Taxation & non-specific grant income (GF)	-12,326,490	-12,020,238	306,252	Reversed in adjustments
Interest & Investment Income (GF)	-45,259	-66,140	-20,880	Increased investment income
External Interest Payable (GF)	1,500	522	-978	Lower interest rate
Other Operating Income & Expenditure (GF)	43,627	-30,373	-74,000	Capital receipt to be transferred in reserves
Total Net Income before adjustments	-1,200,499	-1,160,695	39,804	

Adjustments

Reversal of Depreciation and Capital charges	-718,738	-919,773	-201,035	
Collection Fund reversal of NNDR Deficit and CT Surplus	0	-114,407	-114,407	
Collection Fund Declared Payment of Surpluses	-20,000	-239,322	-219,322	
Minimum and Voluntary Revenue Provisions	354,353	354,353	0	
Provisions and Contingencies	386,056	300,000	-86,056	
Total Net Income transferred to General Reserve	-1,198,828	-1,779,844	-581,016	

Collection Fund Account 2016/17

	Actual 2015/16 £'000	Estimate 2016/17 £'000	Actual 2016/17 £'000	Variance 2016/17 £'000
COUNCIL TAX - INCOME & EXPENDITURE				
Council Tax collectable	47,471	49,702	50,265	563
County Council Precept	-34,295	-36,109	-36,109	0
Police and Crime Commissioner Precept	-5,313	-5,487	-5,487	0
Fire and Rescue Authority Precept	-2,137	-2,206	-2,206	0
SDDC Precept	-4,599	-4,747	-4,747	0
SDDC Parish Precepts	-668	-679	-679	0
Increase in Bad Debt Provision	-248	-258	-655	-397
Surplus for the year	211	216	382	166
COUNCIL TAX BALANCE				
Opening balance as at 1st April	696	407	407	0
Surplus paid to County Council	-364	-128	-128	0
Surplus paid to Police and Crime Commissioner	-56	-20	-20	0
Surplus paid to Fire and Rescue Authority	-23	-8	-8	0
Surplus paid to SDDC	-57	-20	-20	0
Surplus for the year (as detailed above)	211	216	382	166
Closing balance as at 31st March	407	447	613	166
BUSINESS RATES - INCOME & EXPENDITURE				
NNDR collectable	23,351	23,534	23,787	253
Central Government Precept	-10,990	-11,767	-11,767	0
SDDC Precept	-8,792	-9,414	-9,414	0
County Council Precept	-1,978	-2,118	-2,118	0
Fire and Rescue Authority Precept	-220	-235	-235	0
Cost of Collection	-92	-91	-91	0
Transitional Protection Payments	-26	0	-15	-15
Increase in Bad Debt Provision	-90	-94	-226	-132
Provision for Appeals	-1,489	-100	-312	-212
Deficit for the year	-326	-285	-391	-106
BUSINESS RATES BALANCE				
Opening balance as at 1st April	647	-400	-400	0
Surplus paid to Central Government	-361	-274	-274	0
Surplus paid to County Council	-65	-49	-49	0
Surplus paid to Fire and Rescue Authority	-7	-5	-5	0
Surplus paid to SDDC	-288	-220	-220	0
Deficit for the year (as detailed above)	-326	-285	-391	-106
Closing balance as at 31st March	-400	-1,233	-1,339	-106

CAPITAL EXPENDITURE AND FINANCING 2016/17

	Budget £	Actual £	Variance £
Major Improvements under Self-financing	2,445,000	2,263,533	-181,467
Council New Build Programme plus Acquisitions	2,905,000	1,967,002	-937,998
Major Disabled Facilities Grant (Council Houses MRA)	300,000	280,974	-19,026
Minor Disabled facilities Grant (Council - HRA)	50,000	0	-50,000
COUNCIL HOUSE IMPROVEMENTS	5,700,000	4,511,509	-1,188,491
Disabled Facility Grants and other Works	886,449	407,698	-478,751
Decent Homes	70,464	0	-70,464
Housing Strategy Enforcement Work	0	90	90
Empty Property Landlord Grants	42,163	0	-42,163
PRIVATE SECTOR HOUSING RENEWAL	999,076	407,788	-591,288
Grove Active Zone/Cycling/Tennis	47,674	10,338	-37,336
Community Partnership Scheme	77,211	101,286	24,075
Eureka Park - Community Programme	0	9,110	9,110
Melbourne Leisure Centre	10,000	26,576	16,576
Melbourne Sports Partnership	1,025,320	1,099,557	74,237
Town Hall	21,600	8,500	-13,100
Table Tennis Tables	12,000	10,467	-1,533
Save More Waste Less	127,610	93,916	-33,694
Open Space Development Project	23,100	24,447	1,347
COMMUNITY SERVICES	1,344,515	1,384,197	39,682
Swadlincote Heritage Opportunities project	175,000	61,217	-113,783
Partnership Schemes in Conservation Areas	0	5,694	5,694
ENVIRONMENTAL AND DEVELOPMENT SERVICES	175,000	66,911	-108,089
New Depot	10,000	61,436	51,436
William Nadin Way	11,000	10,158	-842
Land at Meadow View Road	0	979	979
Pingle School	0	820	820
Boardman Industrial Units	1,854,500	1,853,697	-803
Dellner Factory Premises	40,000	24,541	-15,459
Bretby Villa	20,000	2,665	-17,335
Chestnut Avenue, Midway	10,000	3,564	-6,436
PROPERTY and OTHER ASSETS	1,945,500	1,957,860	12,360
TOTAL EXPENDITURE	10,164,091	8,328,265	-1,835,826
Financing			
Capital Resources	6,480,331	5,691,759	-788,572
External Grants and Contributions	2,122,937	1,212,673	-910,264
General and Earmarked Reserves	1,341,123	1,202,477	-138,646
S106 Contributions	219,700	221,356	1,656
	10,164,091	8,328,265	-1,835,826

List of Earmarked Reserves 2016/17

Specific Grants/Earmarked Reserves	Balance b/fwd April 2016 £	Movement 2016/17 £	Balance c/fwd April 2017 £
Homelessness Prevention	150,794	-62,196	88,598
Schools Sport Partnership Project	185,298	18,351	203,649
New Play Equipment and Safety Surfacing	26,007	-22,430	3,577
Rosliston Forestry Centre - The Glade	35,892	0	35,892
Rosliston Business Units	10,719	0	10,719
IT Reserve	100,526	40,180	140,706
Repton Parish (former Depot proceeds)	33,049	0	33,049
Community Right to Bid	20,728	0	20,728
Local Plan - Consultation and Implementation	50,947	69,300	120,247
Vehicle, Plant and Replacement Fund	981,203	270,000	1,251,203
Environmental Education	20,783	16,564	37,347
Rosliston Forestry Centre - Café	56,921	11,186	68,107
Dilapidation Works - Factory Site as per Lease Agreement	102,777	-24,541	78,236
Corporate Services Innovation Fund	81,666	0	81,666
Community Right to Challenge	16,547	0	16,547
Property Records - Data Sharing	7,131	0	7,131
Heritage Lottery Grants	38,397	-6,397	32,000
New Town Centre Project Fund	0	26,397	26,397
Electoral Registration	38,401	-8,083	30,318
Planning - Staffing and Support Costs	130,576	-68,167	62,409
Pensions Reserve	182,000	0	182,000
Civic Offices - Maintenance	32,000	-10,931	21,069
Leisure Maintenance	5,000	-4,000	1,000
Corporate Training	19,775	21,284	41,059
Welfare Reform, Fraud & Compliance	159,000	88,073	247,073
Facilities Development Fund	30,000	0	30,000
District Growth	0	300,000	300,000
Garden Village Fund	0	214,285	214,285
Rosliston Forestry Centre - Repairs Reserve	0	23,858	23,858
Swadlincote Woodlands - S106	50,774	0	50,774
South Derbyshire Partnership Reserve	27,528	-7,477	20,051
Community Safety and Crime Reduction	342,392	-10,056	332,336
Young People's Cultural Partnership / Arts Development	2,674	6,306	8,980
Public Open Space - Commuted Sums	1,295,584	0	1,295,584
Youth Engagement Partnership	555,145	24,707	579,852
Get Active in the Forest Partnership	43,315	658	43,973
Maurice Lea Park NHLF Grant	23,012	0	23,012
Tetron Point Storm Water Basin - S106 UK Coal	53,012	0	53,012
Total	4,909,572	906,871	5,816,443
Section 106 - Earmarked Funds	2,866,458	2,195,990	5,062,448
TOTAL EARMARKED RESERVES	7,776,030	3,102,861	10,878,891

