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| **REPORT TO** | **ON** | |
| **Governance Committee** | **29th May 2018** | |
| External Audit Annual | | |
| **TITLE** | | **REPORT OF** | |
| **Unaudited Statement of Accounts for Year Ending 31 March 2018** | | **Deputy Chief Executive (Resources & Transformation)** | |

|  |  |
| --- | --- |
| Is this report confidential? | **No** |

1. **PURPOSE OF THE REPORT**

* 1. To give members sight of the draft Core Financial Statements along with a brief commentary on the major changes and year on year variations. These statements will form part of the Council’s year end statutory Statement of Accounts (SOA) for 2017/18 which must be signed and authorised for issue by the Chief Financial Officer by the 31st May 2018.

1. **RECOMMENDATIONS**
   1. Members are asked to note the report.
2. **CORPORATE PRIORITIES**

The report relates to the following corporate priorities

|  |  |
| --- | --- |
| Excellence and Financial Sustainability | ✓ |
| Health and Wellbeing |  |
| Place |  |

Projects relating to People in the Corporate Plan:

|  |  |
| --- | --- |
| People |  |

1. **BACKGROUND TO THE REPORT – STATEMENT OF ACCOUNS FOR YEAR ENDING 31ST MARCH 2018**
   1. This report sets out and discusses the draft Core Financial Statements and other supporting information and seeks to bring to the attention of the Governance Committee the significant changes from the previous year. The statements and notes presented to you are the:-

* Expenditure and Funding Analysis
* Comprehensive Income and Expenditure Statement
* Movement in Reserves Statement
* The Balance Sheet
* Collection Fund Account

The cash flow was not available for inclusion in this report by the report publication deadline but will be available in advance of the statutory publication date of 31 May 2018.

* 1. The council’s Statement of Accounts reflect the changes required as part of the updated CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2017/18. These are relatively straightforward when compared to the large number of changes required to the statements for 2016/17. The changes, and the action required to ensure compliance with the Code, were reported to Governance on the 31st January 2018. The changes were primarily clarifications of the requirements in relation to the ‘going concern’ basis of reporting and the introduction of a principles based approach to Narrative Reporting.
  2. The draft core financial statements show the Council’s year-end financial position as presented in the Statement of Accounts for 2017/18. This report does not make detailed comparisons between actual revenue and capital expenditure compared to budgeted expenditure for 2017/18 but provides a comparison from the 2017/18 financial year to the previous financial year. The Budget Outturn report for 2017/18 is elsewhere on the agenda and concludes the financial monitoring and reporting activity that has been reported to the Governance Committee throughout the year.

1. **PRESENTATION OF THE DRAFT CORE FINANCIAL STATEMENTS 2017/18** 
   1. Due to the earlier deadline for producing the Statement of Accounts 2017/18, and the fact this committee’s report publication deadline is earlier than the statutory deadline for finalising the Statement of Accounts, it is not possible to analyse each individual statement in quite as much detail as has been the practice in previous years. Instead this detailed analysis will be provided at the Members Learning Hour on the 19th June.
   2. In advance of that meeting however, the core financial statements and a brief overview are set out in this report. It must however be stressed that these are the draft core financial statements as at 11th May 2018 and may be subject to change between now and the authorisation for issue by the Chief Financial Officer by 31st May.

Expenditure and Funding Analysis

* 1. This new note was introduced in the 2016/17 Statement of Accounts to reconcile the Council’s financial performance based on the General Fund Balance to the Surplus and Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
  2. The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council’s directorates.
  3. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **2016/17** | | |  | **2017/18** | | |
| **Net Expenditure chargeable to the General Fund Balance** | **Adjustments between the Funding and Accounting Basis** | **Net Expenditure in the CIES** |  | **Net Expenditure chargeable to the General Fund Balance** | **Adjustments between the Funding and Accounting Basis** | **Net Expenditure in the CIES** |
| **£'000** | **£'000** | **£'000** |  | **£'000** | **£'000** | **£'000** |
| 2,041 | 153 | 2,194 | Chief Executive | 2,848 | 142 | 2,990 |
| 4,250 | 1,953 | 6,203 | Neighbourhood, Environment and Asset Management | 4,771 | 1,390 | 6,161 |
| 1,335 | 724 | 2,059 | Development, Enterprise and Communities | 1,692 | 1,039 | 2,731 |
| 2,588 | 215 | 2,803 | Governance and Business Transformation | 2,814 | 240 | 3,054 |
| 0 | 0 | 0 | Budgets not in directorates | 538 | 122 | 660 |
| **10,214** | **3,045** | **13,259** | **Net cost of Service** | **12,663** | **2,933** | **15,596** |
| (13,029) | (1,519) | (14,548) | Other Income and Expenditure | (13,058) | (3,859) | (16,917) |
| **(2,815)** | **1,526** | **(1,289)** | **(Surplus) / Deficit in year** | **(395)** | **926** | **(1,321)** |
| (15,778) |  |  | Opening General Fund Balance at 1 April 2016 | (18,593) |  |  |
| (2,815) |  |  | Add Surplus / Less Deficit on General Fund Balance in Year | (395) |  |  |
| **(18,593)** |  |  | **Closing General Fund Balance at 31 March 2018** | **(18,988)** |  |  |

* 1. The EFA shows:
* The Net Cost of Service chargeable to the General Fund Balance for the year was £12.663m. This is an overall increase of £2.449m when compared to 2016/17.
* The cost of providing services reported in the EFA on a funding basis, i.e. chargeable to the General Fund Balance and which excludes accounting adjustments for items such as depreciation and capital income, shows that net directorate expenditure increased between 2016/17 and 2017/18. The most significant movement was in the net expenditure of the Chief Executive directorate. This movement, from £2.041m in 2016/17 to £2.848m in 2017/18 totalled £0.807m and mainly relates to the one-off interim specialist consultant costs to support the organisation as it undergoes transformation and support the improvement action plan set by the LGA (£0.5m), graduate apprentices and apprenticeship levy (£0.1m) and an increase in the bad debt provision (0.2m).
* Costs increased in the other 3 Directorates by £1.1m as a result of costs relating to service restructuring (£0.6m), increased New Homes Bonus contribution to City Deal (£0.2m), a one-off release of council tax relief grant and lower council tax recovery (£0.2m) and the costs to the civic centre as a result of the DWP arrangement (£0.1m).
* A new line named ‘Budgets not in directorates’ has been included in the Expenditure & Funding Analysis and Comprehensive Income & Expenditure Statement for 2017/18. This line holds the costs relating to the payment of the pensions deficit recovery sum as a lump sum at the start of the financial year in return for a discount. This line was not present in the Comprehensive Income and Expenditure Statement for 2016/17 as the deficit lump sum for 2016/17 was prepaid during 2014/15.
* Net income on a funding basis under Other Income and Expenditure has moved very little although there have been some significant movements in both income and expenditure but these movements have ‘cancelled each other out’. These movements are discussed in paragraph 5.8 under the Comprehensive Income & Expenditure Statement section of this report.
* The overall position is that there was a surplus of £0.395m on the General Fund Balance in 2017/18. This is made up of a £0.075m net use of Earmarked Reserves offset against a £0.470m actual year-end outturn surplus as set out in the Budget Outturn Report. There were also reclassifications between the General Fund Balance and Earmarked Reserves of net £0.290m during the year as a result of a decision to consolidate the number of reserves held. More information on this reclassification of reserves is available in the Budget Outturn Report elsewhere on this agenda.
* Presented in the other columns of the EFA are the accounting adjustments required under generally accepted accounting practice to be charged to each directorate and Other Income and Expenditure, and how this impacts on the Net Expenditure shown in the Comprehensive Income and Expenditure Statement.

Comprehensive Income and Expenditure Statement (CI&ES)

* 1. This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices. This is not the amount to be funded from taxation, since authorities raise taxation to cover expenditure in accordance with regulations. The taxation position is shown in the Expenditure and Funding Analysis at paragraph 7.6 and the Movement in Reserves Statement at paragraph 7.9.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **2016/17** | | |  | **2017/18** | | |
| **Gross Expenditure** | **Gross Income** | **Net Expenditure** |  | **Gross Expenditure** | **Gross Income** | **Net Expenditure** |
| **£’000** | **£’000** | **£’000** |  | **£’000** | **£’000** | **£’000** |
| 2,508 | (314) | 2,194 | Chief Executives | 3,190 | (200) | 2,990 |
| 9,572 | (3,369) | 6,203 | Neighbourhoods, Environment and Asset Management | 9,012 | (2,851) | 6,161 |
| 4,250 | (2,191) | 2,059 | Development, Enterprise and Communities | 5,266 | (2,535) | 2,731 |
| 26,185 | (23,382) | 2,803 | Governance and Business Transformation | 25,050 | (21,996) | 3,054 |
| 0 | 0 | 0 | Budgets not in directorates | 660 | 0 | 660 |
| **42,515** | **(29,256)** | **13,259** | **Cost of Services** | **43,178** | **(27,582)** | **15,596** |
| 320 | (38) | 282 | Other operating expenditure | 398 | 0 | 398 |
| 4,001 | (3,612) | 389 | Financing and investment income and expenditure | 3,302 | (3,518) | (216) |
| 12,078 | (27,297) | (15,219) | Taxation and non-specific grant income | 9,768 | (26,867) | (17,099) |
| **58,914** | **(60,203)** | **(1,289)** | **(Surplus) / deficit on provision of services** | **56,348** | **(57,669)** | **(1,321)** |
|  |  | (107) | (Surplus) / deficit on revaluation of Property, Plant and Equipment assets |  |  | (128) |
|  |  | 4,982 | Re-measurement of the net defined benefit liability |  |  | (5,077) |
|  |  | **4,875** | **Other Comprehensive (Income) and Expenditure** |  |  | **(5,205)** |
|  |  | **3,586** | **Total Comprehensive (Income) and Expenditure** |  |  | **(6,526)** |

* 1. The most noticeable change in the CI&ES is the addition of the ‘Budgets not in directorates’ line with the Cost of Service section. This holds the costs relating to the lump sum payment of the pension deficit recovery sum and an explanation is set out in paragraph 5.6 under the Expenditure and Funding Analysis section. There have been some significant movements in both income and expenditure. These are briefly summarised below but will be covered in detailed at the Members Learning hour on the Statement of Accounts:
* Overall, the expenditure on services has increased by £0.633m moving from £42.515m in 2016/17 to £43.178m in 2017/18.
* Within Financing and Investment Income and Expenditure, the main reason for the reduction in expenditure is a £0.487m reduction in the interest costs on the pension liability, an accounting entry to bring in the Council’s share of the pension fund costs and income. There was a £0.071m reduction in expenditure for the investment property portfolio which fell in value during 2016/17 resulting in a cost, but which subsequently increased in value during 2017/18 and delivered additional income of £0.291m. There was also a £0.337m reduction in interest income on the pension fund assets.
* Taxation and Non-Specific Grant Income - Recognised Capital Grants and Contributions income, including Section 106, Community Infrastructure Levy, City Deal and Disabled Facilities Grants has increased by £2.222m to £2.941m but New Homes Bonus decreased by £0.080m and Revenue Support Grant fell by £0.660m. Retained Business Rates income fell by £2.481m due to the 2017 revaluation. Other general government grants increased by £0.522m. This contributed to an overall decrease in income of £0.430m. In relation to the decrease in expenditure, this movement of £2.311m related to the Business Rates Tariff where Business Rates Revaluation lowered the overall rateable value of business premises in the borough coupled with a reduction in the Business Rates multiplier which further reduced Business Rates income. The effect is that the amount of income collected was much lower and so the tariff, the difference between our deemed funding baseline requirement and the amount of income we collect, and which is paid to central government, was also much lower, being £9.664m in 2017/18 compared to £11.955m in 2016/17. More information on the Business Rates Revaluation is presented in paragraph 7.17, the Collection Fund section of this report.
* Finally, under Other Comprehensive Income and Expenditure there was a relatively small revaluation gain on Property, Plant and Equipment of £0.128m which is held in the Revaluation Reserve until it can be realised on disposal of the assets to which it relates. This is only a small movement of £0.021m from the previous year. Additionally, there has been an overall actuarial gain on the re-measurement of the net defined benefit liability of £5.077m compared to the £4.982m loss in 2016/17, a movement of £10.059m. This movement accounts for the vast majority of the movement in Total Comprehensive Income and Expenditure of £10.112m, resulting in income of £6.526m in 2017/18. The actual surplus on the provision of service in 2016/17 stands at £1.321m and was broadly comparable with the 2016/17 surplus of £1.289m. More detail on pensions is provided in the Balance Sheet section of this report.

Movement in Reserves Statement (MiRS)

* 1. This statement shows the levels of reserves, and movements therein. These indicate the underlying financial strength of the Council. This statement distinguishes usable from unusable reserves. “Usable” are available to fund expenditure or reduce local taxation. Unusable includes the Revaluation Reserve (holding unrealised gains in property values), and other reserves holding amounts arising from differences between the accounting basis used in compiling the Comprehensive Income and Expenditure Statement and the statutory basis prescribed for taxation purposes. The statement starts by showing the surplus or deficit arising in the year on the Provision of Service. This is the true economic cost of providing the authority’s services (as detailed in the Comprehensive Income and Expenditure Statement). For the purposes of council tax setting however, a series of statutory adjustments are then made, these adjustments are shown in total below and by directorate in the Expenditure and Funding Analysis. Earmarked Reserves are now amalgamated with the General Fund Balance within the MiRS.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **General Fund** | **Capital Receipts Reserve** | **Capital Grants Unapplied** | **Total Usable Reserves** | **Unusable Reserves** | **Total Reserves** |
|  | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
| **Balance at 31 March 2016** | **(15,778)** | **(2,089)** | **(6,768)** | **(24,635)** | **(3,736)** | **(28,371)** |
| **Movements in 2016/17** |  |  |  |  |  |  |
| Total Comprehensive Income & Expenditure | (1,289) | 0 | 0 | (1,289) | 4,875 | 3,586 |
| Adjustments between accounting basis & funding basis | (1,526) | (17) | 317 | (1,226) | 1,226 | 0 |
| **(Increase) / Decrease in year** | **(2,815)** | **(17)** | **317** | **(2,515)** | **6,101** | **3,586** |
| **Balance at 31 March 2017** | **(18,593)** | **(2,106)** | **(6,451)** | **(27,150)** | **2,365** | **(24,785)** |
| **Movements in 2017/18** |  |  |  |  |  |  |
| Total Comprehensive Income & Expenditure | (1,321) | 0 | 0 | (1,321) | (5,206) | (6,527) |
| Adjustments between accounting basis & funding basis | 926 | 174 | (1,662) | (562) | 562 | 0 |
| **(Increase) / Decrease in year** | **(395)** | **174** | **(1,662)** | **(1,883)** | **(4,644)** | **(6,527)** |
| **Balance at 31 March 2018** | **(18,988)** | **(1,932)** | **(8,113)** | **(29,033)** | **(2,279)** | **(31,312)** |

* 1. The above statement shows that there was a surplus on the provision of services in the year, calculated according to generally accepted accounting practice, of £1.321m (surplus of £1.289m 2016/17). The adjustments of £0.926m (£-1.526m in 2016/17) required for the purposes of calculating local taxes have been charged against this surplus resulting in a net surplus to be added of the General Fund Balance of £0.395m (surplus of £2.815m in 2016/17).
  2. The change in adjustments between an accounting basis and a funding basis under regulation from -£1.526m in 2016/17 to £0.926m in 2017/18 is mainly due to the increase in the reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital income from £0.709m in 2016/17 to £2.941m in 2017/18. Although capital grants and contributions must be recognised in the Comprehensive Income and Expenditure Account for accounting purposes, it must not be counted as income for the purposes of taxation and so removed from the General Fund here.
  3. Of the £0.395m surplus calculated for taxation purposes, a net £0.075m was transferred from earmarked reserves (£2.412m transferred to earmarked reserves in 2016/17). This leaves a total increase on the general fund balance in the year of £0.470m (increase of £0.403m in 2016/17). There were also reclassifications between the General Fund Balance and Earmarked Reserves of net £0.290m during 2017/18 to better align reserves to the council’s financial strategy. This leaves a General Fund Balance at year end of £18.988m (18.593m in 2016/17) of which £5.357m relates to general balances (£4.597m in 2016/17) and £13.631m relates to Earmarked Reserves (£13.996m in 2016/17). More information about these movements is provided in the Budget Outturn Report 2017/18 elsewhere on the agenda.
  4. The sum in the Capital Receipts Reserve decreased by £0.174m to £1.932m (in 2016/17 this increased by £0.017m to £2.106m). This is the result of no new capital receipts and use of capital receipts to fund capital expenditure in 2017/18 of £0.174m. This will be carried forward to fund future capital expenditure.
  5. The Capital Grants Unapplied Reserve increased by £1.662m to £8.114m. This is due to receipts and transfers in year of £2.941m, £1.279m of which were applied to finance capital expenditure in year. Again these will be carried forward to fund future capital expenditure.

Balance Sheet

* 1. The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. It shows the net assets of the authority which are matched by the reserves held. Reserves are reported in two categories. ‘Usable Reserves’ includes reserves available to provide services and other reserves which may only be used to fund capital expenditure or repay debt. ‘Unusable Reserves’ fall into two categories, the first consists of the Revaluation Reserve which holds unrealised gains and losses in asset values. The second category holds amounts resulting from the “adjustments between the accounting basis and the funding basis”, as shown in the Movement in Reserves Statement.

|  |  |  |
| --- | --- | --- |
| **Restated**  **31 March 2017**  **£’000** |  | **31 March 2018**  **£’000** |
| 27,690 | Property, Plant & Equipment | 28,147 |
| 11,480 | Investment Property | 11,332 |
| 168 | Intangible Assets | 188 |
| 56 | Long Term Debtors | 50 |
| **39,394** | **Long Term Assets** | **39,717** |
| 25,047 | Short Term Investments | 27,044 |
| 97 | Inventories | 87 |
| 2,636 | Short Term Debtors | 3,728 |
| 3,714 | Cash and Cash Equivalents | 4,670 |
| **31,494** | **Current Assets** | **35,529** |
| (6,540) | Short Term Creditors | (7,902) |
| (1,200) | Provisions | (1,700) |
| **(7,740)** | **Current Liabilities** | **(9,602)** |
| (221) | Long Term Creditors | (217) |
| (645) | Other Long Term Liabilities | (596) |
| (36,703) | Net Pension Liability | (32,961) |
| (794) | Grant Receipts in Advance - Capital | (558) |
| **(38,363)** | **Long Term Liabilities** | **(34,332)** |
| **24,785** | **Net Assets** | **31,312** |
| (27,150) | Usable Reserves | (29,033) |
| 2,365 | Unusable Reserves | 2,279 |
| **(24,785)** | **Total Reserves** | **(31,312)** |

* 1. A summary of changes on the Balance Sheet worthy of further explanation are:
* An overall increase in the value of Property, Plant and Equipment (PPE) of £0.457m due to additions (capital expenditure) of £1.540m and an increase in value of £0.797m on revaluation and reclassification, less a reduction in value of £1.880m as a result of depreciation.
* Liquid resources (Cash and Cash Equivalents) have increased from £3.714m to £4.670m and Short Term Investments have increased from £25.047m to £27.044m. This is an overall increase in cash backed resources of £2.953m. In general terms this in line with receipt of £2.941m of grants and contributions in the year. These resources are mainly held as investments (£29.044m) and in call accounts (£2.710m) with some other small cash in hand balances.
* There has been an increase in Sort-Term Debtors of £1.092m. This is mainly due to Section 106 and Community Infrastructure Levy invoices totalling £0.715m being raised within the last weeks of the old financial year but which were not due for payment until early in the new financial year along with an increase in Housing Benefit Overpayments debtors of £0.119m over the year.
* Short-Term Creditors have also increased significantly, by £1.362m to £7.902m. This is mainly due to income received in advance of the 2018/19 financial year for the Garden Waste Scheme totalling £0.530m, one-off severance costs charged to 2017/18 which are yet to be paid totalling £0.341m, a Section 106 Commuted Sum due to Chorley Community Housing of £0.250 and New Homes Bonus due to Lancashire County Council of £0.483m.
* Overall, the net worth of the authority (Total Reserves) has increased by £6.527m. This movement is analysed in the Movement in Reserves Statement and is mainly due to the surplus on provision of services of £1.231m, the net increase in capital receipts, grants and contributions after use in year of £1.488m, the revaluation gain on Property, Plant and Equipment of £0.128m and the movement in the Pensions Reserve used to hold the balancing adjustment relating to the Net Pensions Liability of £3.742m.

Collection Fund

* 1. The Collection Fund (England) is an agent’s statement that reflects the statutory obligation for billing authorities (SRBC) to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers, and distribution to local authorities and the Government, of council tax and non-domestic rates.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **2016/17**  **Business Rates** | **2016/17**  **Council Tax** |  | **2017/18**  **Business Rates**  **£’000** | **2017/18 Council Tax**  **£’000** |
| **£’000** | **£’000** |  |
|  |  | **Income** |  |  |
|  | 57,711 | Council Tax Receivable |  | 59,979 |
| 39,508 |  | Business Rates Receivable | 37,930 |  |
| **39,508** | **57,711** | **Total Income** | **37,930** | **59,979** |
|  |  | **Expenditure** |  |  |
|  |  | Apportionment of Previous Year Surplus/(Deficit) |  |  |
| 382 |  | Central Government | 314 |  |
| 306 | (9) | South Ribble Borough Council | 251 | 145 |
| 69 | (44) | Lancashire County Council | 57 | 783 |
|  | (6) | Police & Crime Commissioner for Lancashire |  | 108 |
| 8 | (3) | Lancashire Combined Fire Authority | 6 | 44 |
|  |  |  |  |  |
|  |  | **Precepts, Demands and Shares** |  |  |
| 19,473 |  | Central Government | 16,372 |  |
| 15,578 | 7,575 | South Ribble Borough Council | 13,098 | 7,751 |
| 3,505 | 40,903 | Lancashire County Council | 2,947 | 43,112 |
|  | 5,648 | Police & Crime Commissioner for Lancashire |  | 5,838 |
| 389 | 2,280 | Lancashire Combined Fire Authority | 327 | 2,311 |
| **39,710** | **56,344** | **Total Expenditure** | **33,372** | **60,092** |
|  |  | **Charges to Collection Fund** |  |  |
| 13 | 238 | Write offs of uncollectable amounts | 41 | 162 |
| 97 | 69 | Increase / (Decrease) in Bad Debt Provision | 335 | 108 |
| (300) |  | Increase / (Decrease) in Provision for Appeals | 1,250 |  |
| 128 |  | Cost of Collection Allowance | 124 |  |
|  |  | Disregarded Amounts (Renewable Energy Scheme) | 9 |  |
| (26) |  | Transitional Protection Payments | 2,990 |  |
| **(88)** | **307** | **Total Charges to the Collection Fund** | **4,749** | **270** |
| **(114)** | **1,060** | **Surplus / (deficit) arising during the year** | **(191)** | **(383)** |
|  |  | **Collection Fund Balance** |  |  |
| 776 | 488 | Surplus / (deficit) brought forward at 1 April | 662 | 1,548 |
| (114) | 1,060 | Surplus / (deficit) arising during the year | (191) | (383) |
| **662** | **1,548** | **Surplus / (deficit) carried forward at 31 March** | **471** | **1,165** |
|  |  | **Allocated to** |  |  |
| 265 | 207 | Transfer to / (from) Collection Fund Adjustment Account | 188 | 150 |
| 331 |  | Central Government | 235 |  |
| 59 | 1,125 | Lancashire County Council | 43 | 854 |
| 7 | 62 | Lancashire Combined Fire Authority | 5 | 45 |
|  | 154 | Police & Crime Commissioner for Lancashire |  | 116 |
| **662** | **1,548** | **Surplus / (deficit) carried forward at 31 March** | **471** | **1,165** |

* 1. The main points to note relating to the Collection Fund are as follows:-
* Business Rates income has fallen significantly due to the 2017 revaluation, reducing the overall rateable value of business premises in the borough by £4.954m from £91.014m in 2016/17 to £86.060m in 2017/18. The standard business rates multiplier also reduced from 49.7pence in 2016/17 to 47.9pence in 2017/18, further reducing the collectable income.
* The Collection Fund in relation to Council Tax has generated a small deficit in the year of £0.383m (surplus of £1.060 in 2016/17).
* The Collection Fund in relation to Business Rates has generated an in year deficit of £0.191m (deficit of £0.114m in 2016/17).
* The Council Tax element of the Collection Fund accumulated surplus is £1.165m at 31st March 2018, of which this Council’s share was £0.150m. This was credited to the CI&ES, but was then transferred to the Collection Fund Adjustment Account in accordance with statutory requirements.
* The Business Rates element of the Collection Fund accumulated surplus is £0.471m at the 31st March 2018, of which this Council’s share was £0.188m. This 40% share of the surplus was credited to the CI&ES, but was then transferred to the Collection Fund Adjustment Account in accordance with statutory requirements.

1. **CONSULTATION CARRIED OUT AND OUTCOME OF CONSULTATION**
   1. No consultation was undertaken in preparing this report. The report purely relates to the statutory reporting requirements for the Statement of Accounts. Training on the Statement of Accounts will be given to Member’s at the annual Statement of Accounts Learning Hour.
2. **FINANCIAL IMPLICATIONS**
   1. There are no direct financial implications arising as a result of this report. The report purely relates to the statutory accounting requirements for the Statement of Accounts. All financial implications relating to the final budget outturn position are considered in the Budget Outturn Report 2017/18 elsewhere on this agenda.
3. **LEGAL IMPLICATIONS**
   1. The legal implications are in respect of the Accounts and Audit Regulations 2015 and the requirement that the accounts must be compliant with the relevant accounting standards and codes of practice and must be prepared on a true and fair view basis. Failure to comply could result in a failure to meet the statutory duty.
4. **COMMENTS OF THE STATUTORY FINANCE OFFICER**
   1. There are no financial implications arising directly as a result of this report. All implications relating to the financial position and performance of the authority are dealt with in the accompanying Budget Outturn Report 2017/18 which compares actual out turn to the budgeted position rather than to the previous financial year. This report is also on the agenda for this meeting. The report is for information only as there is no requirement for committee to approve the Statement of Accounts at this draft stage, the Accounts and Audit Regulations 2015 require the unaudited Statement of Accounts to be authorised for issue by the Chief Financial Officer by the 31st May. The report aims to demonstrate the link between the outturn position and the published financial statements and also our progress in achieving the earlier statutory deadline for publication. An analysis of year on year variances will be provided at the Member Learning hour on 19th June.
5. **COMMENTS OF THE MONITORING OFFICER**
   1. Please see legal implications section. Essentially this report is designed to comply with the requirements of the Accounts and Audit Regulations 2015. Members are aware of the revised timetable this year for the sign off of the accounts including the Annual Governance Statement.
6. **OTHER IMPLICATIONS:**

|  |  |
| --- | --- |
| * **HR & Organisational Development** * **ICT / Technology** * **Property & Asset Management** * **Risk** * **Equality & Diversity** | Risk implications apply in relation to the Accounts and Audit Regulations 2015 to prepare financial statements in accordance with the statutory timetable. The accounts must be compliant with the relevant standards and must be prepared on a true and fair view basis. Failure to comply could result in a failure to meet the statutory duty. |

1. **BACKGROUND DOCUMENTS**

* Accounts and Audit (England) Regulations 2015
* CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2017/18
* Budget Outturn Report 2017/18 (elsewhere on this agenda)

1. **APPENDICES**

None

SMT Member’s Name: Lisa Kitto

Job Title: Deputy Chief Executive (Resources & Transformation)

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| --- | --- | --- |
| Report Author: | Telephone: | Date: |
| Lee Hurst  Principal Systems & Financial Accountant | 01257 515481 | 11/05/18 |