

<i>REPORT TO</i>	<i>DATE OF MEETING</i>
GOVERNANCE COMMITTEE	29 JUNE 2016

Report template revised June 2008



<i>SUBJECT</i>	<i>PORTFOLIO</i>	<i>AUTHOR</i>	<i>ITEM</i>
DRAFT CORE FINANCIAL STATEMENTS FOR YEAR ENDING 31 MARCH 2016	FINANCE AND RESOURCES	L HURST	9(b)

## SUMMARY AND LINK TO CORPORATE PRIORITIES

1. To give members sight of the **draft** Core Financial Statements plus comment thereon. These statements will form part of the Council's year end statutory Statement of Accounts (SOA) for 2015/16 which must be signed and authorised for issue by the Chief Finance Officer by the 30th June 2016.
2. To advise Members about the statutory requirements for signature, audit, inspection and publication of the accounts and Members' role in the process leading up to the formal submission of the SOA for approval in September 2016 following completion of the external audit.

## RECOMMENDATIONS

3. Members are asked to note the report.

## DETAILS AND REASONING

4. This report sets out and discusses the Core Financial Statements and seeks to bring to your attention the significant changes from the previous year. The statements presented to you are the:-
  - Movement in Reserves Statement
  - Comprehensive Income and Expenditure Statement
  - The Balance Sheet
  - Cash Flow Statement
  - Collection Fund Account
5. The notes to the main financial statements and The Statement of Responsibilities will be contained in the completed Statement of Accounts approved by the Chief Financial Officer. These will be available for member comment during the period of external audit inspection.
6. Under the Accounts and Audit Regulations 2015 the Annual Governance Statement must, once again, be included as part of the Statement of Accounts. The Annual Governance Statement is reported separately on this Governance Committee agenda but, once approved, will be published as part of the full Statement of Accounts in line with the publication requirement outlined in paragraph 10 and 12 below.
7. Also under the 2015 Regulations, a narrative statement must be prepared to support the Statement of Accounts. It must include comment by the authority on its financial performance and economy, efficiency and effectiveness in its use of resources over the relevant financial year. This will also be included in the full published Statement of Accounts.
8. It is considered best practice that the complete Statement of Accounts is made available to Members for scrutiny prior to the External Auditors' inspection. To assist Members in this task there will be a Member's learning hour with Shared Financial Services officers on 14<sup>th</sup> July 2016.

## **APPROVAL AND PUBLICATION OF THE UNAUDITED STATEMENT OF ACCOUNTS**

9. Regulation 9 of the Accounts and Audit (England) Regulations 2015 requires that the responsible financial officer must:
- sign and date the Statement of Accounts and certify that it presents a true and fair view of the financial position of the Authority at the year end, and the income and expenditure for the year.
  - commence the period for the exercise of public rights in accordance with regulations 14 and 15; and
  - notify the local auditor of the date on which that period was so commenced.
10. Regulations 14 and 15 of the Accounts and Audit (England) Regulations 2015 require that the responsible financial officer must, on behalf of the authority:
- publish (which must include publication on the authority's website) the statement of accounts along with the Annual Governance Statement and a narrative report and a declaration, signed by that officer, to the effect that the status of the statement of accounts is unaudited and that the statement of accounts as published may be subject to change. The regulation also states that the period for the exercise of public rights is treated as being commenced on the day following the day on which all of these obligations have been fulfilled.
  - ensure that commencement of the period for the exercise of public rights takes place on such a day that includes the first 10 working days of June (but the first 10 days of July for financial years beginning 1st April 2015 and 2016 under the transitional arrangements specified in regulation 21) of the financial year immediately following the end of the financial year to which the statement relates and continues for a single period of 30 working days.

## **APPROVAL AND PUBLICATION OF THE AUDITED STATEMENT OF ACCOUNTS**

11. Regulation 9 of the Accounts and Audit (England) Regulations 2015 further requires:
- that the responsible financial officer must reconfirm on behalf of the authority that they are satisfied that the statement of accounts presents a true and fair view of the financial position of the Authority at the year end, and the income and expenditure for the year before that authority approves it.
  - that the Authority, following the conclusion of the period for the exercise of public rights in regulation 14 must, in the following order:
    - (a) consider, either by way of a committee or by the members meeting as a whole, the statement of accounts;
    - (b) approve the statement of accounts by a resolution of that committee or meeting;
    - (c) ensure that the statement of accounts is signed and dated by the person presiding at the committee or meeting at which that approval is given.
12. Regulation 10 of the Accounts and Audit (England) Regulations 2015 requires that an authority must, after approving the statement of accounts in accordance with regulation 9, but not later than 31st July (the 30<sup>th</sup> September for financial years beginning 1st April 2015 and 2016 under the transitional arrangements specified in regulation 21) of the financial year immediately following the end of the financial year to which the statement relates, publish (which must include publication on the authority's website)
- (a) the statement of accounts together with any certificate or opinion, entered by the local auditor;
  - (b) the annual governance statement; and
  - (c) the narrative statement.

13. The Council's External Auditors plan to conduct their final audit work during July and August. The Accounts will be available for public inspection from Tuesday 1<sup>st</sup> July 2016 for a period of 30 working days. This will be advertised on the Council's website from 1<sup>st</sup> July.

## **MAIN ISSUES 2015/16 ACCOUNTS**

14. The 2014/15 saw a period of relative technical stability. The financial year 2015/16 continues that trend for district councils as the major technical change for the year relates to the valuation of highways network assets which has no impact on South Ribble Borough Council. The other significant technical change to affect the 2015/16 accounts is the amendments to International Financial Reporting Standard (IFRS) 13 – Fair Value Measurement. The Council measures some of its assets, such as investments properties, at fair value at each reporting date. Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. When measuring fair value of these assets, the Council now has to take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
15. The amendment to IFRS 13 introduced a number of new disclosure requirements which has added to the explanatory notes to the accounts. The additional notes relate to the identification of inputs to valuation techniques, or the types of information used on which to base valuations. Although this change has required additional information in the notes to the accounts, the change has not had a material effect on the core statements included in this report.

## **ANALYSIS OF DRAFT CORE FINANCIAL STATEMENTS**

### Movement in Reserves Statement (MiRS)

16. 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, resulting in a line entitled "Net Increase/Decrease before transfers to Earmarked Reserves". The final line shows any such discretionary transfers to or from earmarked reserves.

	<b>General Fund</b>	<b>Earmarked Reserves</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Reserves</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance 31 March 2014	(4,092)	(10,186)	(2,037)	(3,395)	(19,710)	(6,966)	(26,676)
<u>Movement in 2014/15</u>							
(Surplus)/deficit on provision of service	35	0	0	0	35	0	35
Other Comprehensive Income & Expenditure	0	0	0	0	0	8,202	8,202
<b>Total Comprehensive Income &amp; expenditure</b>	<b>35</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>8,202</b>	<b>8,237</b>
Adjustments between accounting basis & funding basis	1,966	0	20	(186)	1,800	(1,800)	0
<b>Net change before transfers to/(from) earmarked reserves</b>	<b>2,001</b>	<b>0</b>	<b>20</b>	<b>(186)</b>	<b>1,835</b>	<b>6,402</b>	<b>8,237</b>
Transfers to/(from) earmarked reserves	(1,358)	1,321	0	37	0	0	0
<b>(Increase)/Decrease in year</b>	<b>643</b>	<b>1,321</b>	<b>20</b>	<b>(149)</b>	<b>1,835</b>	<b>6,402</b>	<b>8,237</b>
<b>Balance 31 March 2015</b>	<b>(3,449)</b>	<b>(8,865)</b>	<b>(2,017)</b>	<b>(3,544)</b>	<b>(17,875)</b>	<b>(564)</b>	<b>(18,439)</b>
<u>Movement in 2015/16</u>							
(Surplus)/deficit on provision of service	(1,110)	0	0	0	(1,110)	0	(1,110)
Other Comprehensive Income & Expenditure	0	0	0	0	0	(8,822)	(8,822)
<b>Total Comprehensive Income &amp; expenditure</b>	<b>(1,110)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,110)</b>	<b>(8,822)</b>	<b>(9,932)</b>
Adjustments between accounting basis & funding basis under regulation	(2,405)	0	(72)	(3,173)	(5,650)	5,650	0
<b>Net change before transfers to/(from) earmarked reserves</b>	<b>(3,515)</b>	<b>0</b>	<b>(72)</b>	<b>(3,173)</b>	<b>(6,760)</b>	<b>(3,172)</b>	<b>(9,932)</b>
Transfers to/(from) earmarked reserves	2,770	(2,719)	0	(51)	0	0	0
<b>(Increase)/Decrease in year</b>	<b>(745)</b>	<b>(2,719)</b>	<b>(72)</b>	<b>(3,224)</b>	<b>(6,760)</b>	<b>(3,172)</b>	<b>(9,932)</b>
<b>Balance 31 March 2016</b>	<b>(4,194)</b>	<b>(11,584)</b>	<b>(2,089)</b>	<b>(6,768)</b>	<b>(24,635)</b>	<b>(3,736)</b>	<b>(28,371)</b>

17. The above statement shows, subject to approval, that there was a surplus in the year, calculated according to generally accepted accounting practice, of £1.110m (deficit of £0.035m 2014/15). The adjustments of £-2.405m (£1.966m in 2014/15) required for the purposes of calculating local taxes have been added to this leaving a surplus of £3.515m (deficit of £2.001m in 2014/15). The change in adjustments between an accounting basis and a funding basis under regulation from £2.001m in 2014/15 to £-2.405m in 2015/16 is mainly due to the movement from a £2.590m adjustment for the estimated accumulated surplus attributable to South Ribble Borough Council on the Collection Fund during 2014/15 to a £1.232m adjustment for the estimated accumulated deficit during 2015/16. Although the actual surplus or deficit on the Collection Fund must be recognised in the Comprehensive Income and Expenditure Account for accounting purposes, it must not be counted as income or expenditure for the purposes of taxation and so is replaced with the estimated surplus or deficit here. Similarly, £4.591m (£2.115m in 2014/15) of depreciation charges and revaluation losses that have been charged to the Comprehensive Income and Expenditure Account for accounting purposes must not be counted as expenditure for the purposes of taxation and so are removed here.

18. After the £3.515m surplus calculated for taxation purposes, a net £2.770m was transferred to earmarked reserves (£1.358m transferred from earmarked reserves in 2014/15). Additionally, a sum of £0.644m was transferred back to the general fund balance as a result of the saving made by early repayment of the Pension Fund Deficit Recovery Contribution in 2014/15. This, with an additional general surplus of £0.101m leaves a total increase on the general fund balance in the year of £0.745m (decrease of £0.643m in 2014/15). This leaves the General Fund balance at year end of £4.194m (£3.449m in 2014/15). More information about these movements is provided in the Budget Outturn Report 2015/16 elsewhere on the agenda.
19. The sum in the Capital Receipts Reserve increased by £0.072m to £2.089m (in 2014/15 this decreased by £0.020m to £2.017m). This is the result of new capital receipts of £0.072m. There was no use of capital receipts to fund capital expenditure in 2015/16 (use of £0.087m capital receipts in 2014/15). The balance is carried forward to 2016/17 to finance future capital expenditure, of which £1.056m relates to Preserved Right to Buy receipts which have been fully committed in 2016/17.
20. The Capital Grants Unapplied Reserve increased by £3.224m to £6.768m (increased by £0.149m to £3.544m during 2014/15). This is due to receipts and transfers in year of £4.279m, £1.052m of which were applied to finance capital expenditure in year. Again these will be carried forward to fund future capital expenditure. Information about capital receipts and their usage is provided in the Budget Outturn Report 2015/16 elsewhere on the agenda.

## Comprehensive Income and Expenditure Statement

21. 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 Movement in Reserves Statement above.

2014/15				2015/16		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
2,031	(701)	1,330	Central services to the public	2,258	(995)	1,263
5,823	(1,894)	3,929	Environmental & Regulatory Services	6,061	(1,852)	4,209
2,364	(1,394)	970	Planning Services	2,986	(1,597)	1,389
4,134	(495)	3,639	Culture & Related Services	5,599	(476)	5,123
582	(358)	224	Highways and transport services.	461	(336)	125
26,009	(25,080)	929	Other housing services	24,445	(23,546)	899
1,524	(83)	1,441	Corporate and democratic core	2,184	(24)	2,160
536	(36)	500	Non distributed costs	422	(20)	402
<b>43,003</b>	<b>(30,041)</b>	<b>12,962</b>	<b>Cost of Services</b>	<b>44,416</b>	<b>(28,846)</b>	<b>15,570</b>
254	(46)	208	Other operating expenditure	256	(72)	184
5,075	(3,704)	1,371	Financing and investment income and expenditure	3,609	(3,360)	249
13,177	(27,683)	(14,506)	Taxation and non-specific grant income	12,808	(29,921)	(17,113)
<b>61,509</b>	<b>(61,474)</b>	<b>35</b>	<b>(Surplus)/deficit on provision of services</b>	<b>61,089</b>	<b>(62,199)</b>	<b>(1,110)</b>
		33	(Surplus)/deficit on revaluation of Property, Plant and Equipment assets			(2,604)
		8,169	Re-measurement of the net defined benefit liability			(6,218)
		<b>8,202</b>	<b>Other Comprehensive (Income) and Expenditure</b>			<b>(8,822)</b>
		<b>8,237</b>	<b>Total Comprehensive (Income) and Expenditure</b>			<b>(9,932)</b>

22. Overall, most of the figures have not changed significantly between the two years.

- Planning services expenditure has increased by £0.600m. This is mainly due to a reduction in value of the Civic Centre charged to the services using the building. Although these capital charges must be recognised in the Comprehensive Income and Expenditure Account for accounting purposes, they must not be counted as expenditure for the purposes of taxation and so are removed in the Movement in Reserves Statement
- Culture and Related Services – the increase in expenditure of £1.165m from £4.134m to £5.599m is attributable to the reduction in value of a number of leisure facilities (£0.971m) and the subsequent increase in the depreciation charge due to shorter useful lives of the assets (approximately an additional £0.300m). Again, although these capital charges must be recognised in the Comprehensive Income and Expenditure Account for accounting purposes, they must not be counted as expenditure for the purposes of taxation and so are removed in the Movement in Reserves Statement.
- Housing Services – both income and expenditure have reduced by approximately £1.564m. This is wholly attributable to the reduction in Housing Benefits payments and the equivalent decrease in grant received from central government to fund those payments.
- Corporate and Democratic Core – The increase in expenditure is due, in part, to an increase in the charge made for Bad Debt Provision of £0.117m when compared to the 2014/15 charge of £0.039m. This increase was due to an overall increase in debtors, particularly Housing Benefit debtors where a Government initiative required the reappraisal of benefit claims to identify potential overpayments led to a number of invoices to recover benefit overpayments being issued. Other increases in expenditure included, approximately £0.300m increase relating to the Civic Centre recharge due to a reduction in its value as explained above, and £0.150m relating to the part year increase in Members' expenses.
- Financing and Investment Income and Expenditure - The main reason for the decrease in expenditure is the change in the fair value of investment property which resulted in a charge of £0.801m due to a reduction in valuation during 2014/15 but which resulted in expenditure of only £0.021m during 2015/16.
- Taxation and Non-Specific Grant Income - Recognised Capital Grants and Contributions increased income by £3.000m to £4.225m (as explained in paragraph 20, movement in Capital Grants Unapplied Reserve) and New Homes Bonus increased by £0.470m, but Revenue Support Grant fell by £0.658m and Retained Business Rates income fell by £0.341m. This resulted in a net increase in income of £2.471m. In relation to the decrease in expenditure, this movement related to Retained Business Rates where Levy reduced by £0.295m to £0.740m due to a reduction in NDR income resulting from an increase in the provision for appeals charged against that income.
- Finally, under Other Comprehensive Income and Expenditure there was a revaluation gain on Property, Plant and Equipment of £2.604m which is held in the Revaluation Reserve until it can be realised on disposal. Additional, there has been an actuarial gain on the re-measurement of the net defined benefit liability of £6.218m compared to the £8.169m loss in 2014/15. More detail on pensions is provided in the Balance Sheet section of this report.

## Balance Sheet

23. 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.

31 March 2015 £'000		31 March 2016 £'000
27,470	Property, Plant & Equipment	28,163
11,555	Investment Property	11,556
101	Intangible Assets	62
84	Long Term Debtors	68
<b>39,210</b>	<b>Long Term Assets</b>	<b>39,849</b>
3,007	Short Term Investments	6,006
96	Inventories	93
4,042	Short Term Debtors	2,988
18,511	Cash and Cash Equivalents	18,401
<b>25,656</b>	<b>Current Assets</b>	<b>27,488</b>
(1,381)	Bank overdraft	0
(8,516)	Short Term Creditors	(6,193)
(647)	Provisions	(1,320)
<b>(10,544)</b>	<b>Current Liabilities</b>	<b>(7,513)</b>
(231)	Long Term Creditors	(250)
(695)	Other Long Term Liabilities	(748)
(34,754)	Net Pension Liability	(30,252)
(203)	Grant Receipts in Advance - Capital	(203)
<b>(35,883)</b>	<b>Long Term Liabilities</b>	<b>(31,453)</b>
<b>18,439</b>	<b>Net Assets</b>	<b>28,371</b>
(17,875)	Usable Reserves	(24,635)
(564)	Unusable Reserves	(3,736)
<b>(18,439)</b>	<b>Total Reserves</b>	<b>(28,371)</b>

24. 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 £0.693m due to additions (capital expenditure) of £2.591m and an increase in value of £0.955m on revaluation, less a reduction in value of £2.853m as a result of depreciation.
- Sundry (Short Term) Debtors have reduced by £1.054m. This was predominantly caused by a reduction in the Housing Benefit Subsidy Debtor from £2.390m in 14/15 to £0.370m in 15/16 and

an increase in sundry debtors of £0.539m mainly relating to a Section 106 invoice of £0.414m raised at the end of March.

- Liquid resources (Cash and Cash Equivalents and Bank Overdraft) have increased from £17.130m to £18.401m and Short Term Investments have increased from £3.007m to £6.006m. This is an overall increase in cash backed resources of £4.270m. This can be explained by the receipt of £3.296m of capital receipts, grants and contributions in the year and the reduction in debtors of £1.054m as explained above. These resources are mainly held as investments (£22.060m) and in call accounts (£2.249m) with some other small cash in hand balances.
- Short Term Creditors have decreased by £2.323m. This is mainly due to the Collection Fund generating a significant accumulated surplus in 2014/15 which in-turn was repaid to precepting bodies during 2015/16.
- The above statement shows that the net pension liability has reduced by £4.502m to £30.252m. This is mainly due to the £6.218m actuarial gain on the re-measurement of the net defined benefit liability in the Comprehensive Income & Expenditure Statement. This figure is always subject to large, in year variations as it is calculated using estimates based on the actuary's assessment of the present value of the liabilities to be met by the fund over a very long period, less its current assets and anticipated future receipts.
- Overall, the net worth of the authority (Total Reserves) has increased by £9.932m. This movement is analysed in the Movement in Reserves Statement and is mainly due to the surplus on provision of services of £1.110m, the increase in capital receipts, grants and contributions after use in year of £3.296m, the revaluation gain on Property, Plant and Equipment of £2.604m and the movement in the Pensions Reserve used to hold the balancing adjustment relating to the Net Pensions Liability described above.

## Cash Flow Statement

25. This shows the changes in cash and cash equivalents during the reporting period. It shows how cash and cash equivalents are generated and used by classifying cash flows into operating, investment and financing activities.

2014/15 £'000		2015/16 £'000
(35)	Net surplus or (deficit) on the provision of services	1,110
1,071	Adjustments to net surplus or deficit on the provision of services for non-cash movements	7,989
(834)	Adjustments for items reported separately on the cash flow statement	(4,297)
202	Net cash flows from Operating Activities	4,802
(1,213)	Investing Activities	(1,233)
4,811	Financing Activities	(2,298)
3,800	Net increase or (decrease) in cash and cash equivalents	1,271
13,330	Cash and cash equivalents at the beginning of the reporting period	17,130
<b>17,130</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>18,401</b>

26. The key points to note are:-

- Overall the authority generated a net inflow of cash of £4.802m from Operating Activities. This is consistent with the ability to transfer £0.745m surplus on the general fund to the General Fund Balance and £2.770m to earmarked reserves and a reduction in operational debtors of £1.212m.
- Investing Activities – The £1.233m outflow of cash is essentially the result of the net increase in short term investments to the value of £3.000m resulting from the increase in available cash (as explained in the balance sheet analysis section) and also includes the purchase of property, plant and equipment to the value of £2.501m less the receipt of £4.225m of capital grants and contributions.
- Financing Activities – This figure includes the effect of the Council's activities as the agent for collecting business rates and council tax. The change between last year's cash inflow and this year's cash outflow is consistent with the fact that during 2014/15 the Collection Fund generated a £7.105m surplus in year while during 2015/16 a deficit of £3.339m was generated.

## Collection Fund

27. 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.

2014/15 Business Rates £'000	2014/15 Council Tax £'000		2015/16 Business Rates £'000	2015/16 Council Tax £'000
		<b>Income</b>		
	53,372	Council Tax Receivable		55,308
37,773		Business Rates Receivable	39,584	
37,773	53,372		39,584	55,308
		<b>Expenditure</b>		
		Apportionment of Previous Year Surplus/(Deficit)		
(1,825)		Central Government	1,202	
(1,460)	38	South Ribble Borough Council	961	189
(328)	193	Lancashire County Council	216	969
	27	Police & Crime Commissioner for Lancashire		136
(36)	11	Lancashire Combined Fire Authority	24	56
		Precepts, Demands and Shares		
17,745		Central Government	18,736	
14,196	7,247	South Ribble Borough Council	14,989	7,435
3,194	37,176	Lancashire County Council	3,372	38,926
	5,234	Police & Crime Commissioner for Lancashire		5,480
355	2,136	Lancashire Combined Fire Authority	375	2,235
31,841	52,062		39,875	55,426
		Charges to Collection Fund		
67	110	Write offs of uncollectable amounts	83	94
304	231	Increase/(Decrease) in Bad Debt Provision	370	196
(883)		Increase/(Decrease) in Provision for Appeals	2,114	
125		Cost of Collection Allowance	127	
183		Transitional Protection Payments	(54)	
(204)	341		2,640	290
6,136	969	Surplus/(deficit) arising during the year	(2,931)	(408)
		Collection Fund Balance		
(2,429)	(73)	Surplus/(deficit) brought forward at 1 April	3,707	896
6,136	969	Surplus/(deficit) arising during the year	(2,931)	(408)
3,707	896	Surplus/(deficit) carried forward at 31 March	776	488
		Allocated to		
1,483	127	Transfer to/(from) Collection Fund Adjustment Account	310	67
1,853		Central Government	388	
334	642	Lancashire County Council	70	352
37	37	Lancashire Combined Fire Authority	8	20
	90	Police & Crime Commissioner for Lancashire		49
<b>3,707</b>	<b>896</b>	<b>Surplus/(deficit) carried forward at 31 March</b>	<b>776</b>	<b>488</b>

28. The main points to note relating to the Collection Fund are as follows:-

- The Collection Fund in relation to Council Tax has generated a deficit in the year of £0.408m (surplus of £0.969 in 2014/15).
- The Collection Fund in relation to Business Rates has generated an in year deficit of £2.931m (surplus of £6.136m in 2014/15). This is mainly due the fact that the £2.403 estimated surplus generated last year was paid out of the collection fund this year and also the fact that there was a charge to increase the provision for business rate appeals during 2015/16 of £2.114m. There was no charge made in 2014/15 as the existing provision was deemed appropriate.

29. The Council Tax element of the Collection Fund accumulated surplus is £0.488m at the 31<sup>st</sup> March 2016, of which this Council's share was £0.067m. This was credited to the CI&ES, but was then transferred to the Collection Fund Adjustment Account in accordance with statutory requirements.

30. The Business Rates element of the Collection Fund accumulated surplus is £0.776m at the 31<sup>st</sup> March 2016, of which this Council's share was £0.310m. 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.

## WIDER IMPLICATIONS

In the preparation of this report, consideration has been given to the impact of its proposals in all the areas listed below, and the table shows any implications in respect of each of these. The risk assessment which has been carried out forms part of the background papers to the report.

<b>FINANCIAL</b>	As set out in the report.		
<b>LEGAL</b>	Compliance with various Regulations and Statutory Codes of Practice.		
<b>RISK</b>	The Statement of Accounts (SOAs) is designed to comply with the Council's statutory obligations and has been prepared in compliance with the relevant accounting standards and codes of practice.		
<b>OTHER (see below)</b>			
<i>Asset Management</i>	<i>Corporate Plans and Policies</i>	<i>Crime and Disorder</i>	<i>Efficiency Savings/Value for Money</i>
<i>Equality, Diversity and Community Cohesion</i>	<i>Freedom of Information/ Data Protection</i>	<i>Health and Safety</i>	<i>Health Inequalities</i>
<i>Human Rights Act 1998</i>	<i>Implementing Electronic Government</i>	<i>Staffing, Training and Development</i>	<i>Sustainability</i>

## BACKGROUND DOCUMENTS

- Accounts and Audit Regulations 2015
- Budget Outturn Report 2015/16 (elsewhere on this agenda)