Subject:	**FINANCIAL OUTTURN 2016/17**
Meeting and Date:	**GOVERNANCE – 28 SEPTEMBER 2017**
Report of:	**Mike Davis, Director of Finance, Housing and Community**
Portfolio Holder:	**Councillor Mike Conolly, Portfolio Holder for Corporate Resources and Performance**
Decision Type:	**Non-Key**
Classification:	**UNRESTRICTED**
Purpose of the report:	To provide details of the financial outturn for 2016/17 following the audit of the Statement of Accounts
Recommendation:	That Members receive and note the report.

1. **Summary**

This report has been produced in order to provide Members with:

- An explanation of the outturn and the financial standing of the Council;
- Details of changes to the accounts; and
- A condensed version of the information included in the accounts.

The report should be considered in conjunction with both the Statement of Accounts and the Audit Findings Report (elsewhere on the Governance agenda).

The accounts are a long and complex document that Members may not find easily accessible. The key points in the financial outturn for the year are:

- The General Fund was broadly balanced for the year, showing a small deficit of £12k before a budgeted transfer of £450k to the Business Rates & Council Tax Reserve. This leaves the year-end General Fund balance at £2.5m;
- HRA balances (including earmarked HRA reserves) have been increased by £4.1m;
- The capital and major revenues projects have stayed within budget, although resources for further projects remain limited;
- The total interest received for the year was approximately £344k. This was higher than the original budget of £329k, a favourable variance of £15k.
- No new borrowing was undertaken, with the exception of a £4m short-term loan (one month only) purely for cash flow purposes over the year-end, and the small amount of interest payable (£1.3k) is offset within the favourable variance above;
- The Council has complied with the Prudential Code and its own Treasury Management guidelines during the year;
- When considering this report and the Statement of Accounts, Members are reminded that the final accounts, budget and Medium Term Financial Plan (MTFP) should not be considered in isolation. Together they form a continuous process of financial management, and so the outturn will feed into budget monitoring and the next MTFP.

2. **Purpose of the Accounts**

2.1 The accounts are a statutory requirement and have a role in providing information to stakeholders and interested parties on the stewardship and management of public monies.

2.2 However, the accounts are a long and complex document which may not be easily accessible to Members, the public and other stakeholders. Therefore, in order to further promote accountability, this outturn report is also produced.

3. Changes to the Accounts

3.1 This year the presentation of the Comprehensive Income and Expenditure Statement (CIES) is different. Prior to this financial year, the segments that made up the cost of services were set out in the Service Reporting Code of Practice. This has now been changed so that the cost of services is analysed in the same way as the Management Accounts of the Council instead, which shows the information broken down by the separate directorates within its organisational structure. This potentially makes the statement easier to comprehend.

3.2 A new Expenditure & Funding Analysis is now required, which is included in the notes (Note 3 of the Statement of Accounts), to show the two sets of adjustments needed in order to reconcile the normal budget monitoring format to the net amount chargeable to the General Fund and HRA balances, and then to the net expenditure in the CIES.

3.3 The Expenditure & Funding Analysis is also required to show the aggregate amount of the General Fund and HRA balances, including earmarked reserves. We have included a breakdown at the bottom of this schedule to show the General Fund and HRA unallocated general balances separate from the reserves that have been earmarked for agreed specific purposes. This information has always been available in the separate notes on the reserves within the Statement of Accounts, as well as in the separate Medium Term Financial Plan documents.

3.4 It is probably more straightforward to use the results as tabulated in the General Fund Section of the Narrative report (previously called the Explanatory Foreword), which is at the beginning of the Statement of Accounts (and copied at Appendix 1 to this document), in conjunction with the table of variances below, to more easily gain an understanding of what has happened during the year.

4. General Fund Revenue Outturn

4.1 The starting point for considering the financial outturn is the 2016/17 Original budget which is shown, together with the 2016/17 Projected Outturn and the 2016/17 Outturn, at Appendix 1.

4.2 The original budget for 2016/17 was a break-even position for the year, before the budgeted transfer of £450k to the Business Rates & Council Tax Reserve (BR&CT Reserve). The latest projection of the budget, following various changes in the year, was a surplus of £80k. The outturn, after transfers to earmarked reserves, was a deficit of £13k (excluding the budgeted transfer of £450k). This gives an underlying General Fund Balance of £2,532k (being the balance brought forward of £2,995k, less the in-year deficit of £13k, less the £450k budgeted transfer to the BR&CT reserve).

4.3 The main variances during the year are as follows:

	Variance £000	**Budget £000**
Original Budget Surplus		**0**
Homelessness - Increased costs of emergency accommodation	220	
Internal Recharges - net increase in recharges recovered	(185)	
Property services restructure costs to deliver future savings	82	
Car Parks - increase in parking fee income and residents permits	(76)	
Judicial review costs re planning decision on Western Heights	62	
Enterprise Zone Relief - net extra grant, less other adjustments	(36)	
East Kent Services - additional management fees savings	(47)	
Benefits Admin Grant - additional sum for CTRS scheme admin	(46)	

Land Charges - increase in search fees, less legal fees, etc.	(31)	
NNDR – net savings on corporate properties	(28)	
Miscellaneous other variances (net)	5	
Revised Budget Surplus		**(80)**
Reduced use of earmarked reserves	287	
Internal Recharges - net variance	(10)	
Savings in Apprenticeships budget	(20)	
Business rates – extra levy, less S.31 and EZ relief grant	50	
Members - expenditure reductions, incl. training and allowances	(13)	
HR - reduced internal training costs	(16)	
Dog Control - reduced kennelling of strays & out of hours support	(12)	
Reduced bad debt provision for sundry debts	(45)	
Premature Retirement Pension Costs - lower than budgeted	(21)	
Court costs income increased for Council Tax debts	(122)	
Net credit from HB subsidy & overpayments reduced	90	
Homelessness - increased costs of emergency accommodation	30	
Recycling - reduced contract inflation & recycling initiatives income	(56)	
Street Cleansing - reduced costs due to lower contract inflation	(45)	
Grounds Maintenance Team - software licences and set-up costs	24	
Cemeteries - additional Landscape Maintenance costs	15	
Corporate Properties - increased rental income and lower costs	(58)	
Miscellaneous other variances (net)	14	
Actual Budget Deficit		**12**

5. General Fund Reserves and Balances

5.1 General Fund reserves are "cash backed" reserves and are available for the Council to use. For management and planning purposes they are split into "General Balances" and "Earmarked General Reserves".

5.2 General Balances are held at a prudent level in order that the Council can cope with unanticipated variations in spend. Earmarked General Reserves are funds set aside for planned purposes.

5.3 As reported above, the 2016/17 Outturn was a deficit of £13k. This was after transfers made to earmarked reserves and the use of those reserves for agreed purposes (but before the budgeted transfer to the BR&CT Reserve).

Movement in General Fund Balances	
	£000
Balance at start of the year	**(2,995)**
Deficit for 2016/17	12
Budgeted transfer to the BR&CT Reserve	450
Balance at the end of the year	**(2,533)**

5.4 The Opening Balance of £2,995k and the year-end balance of £2,533k can be found in Appendix 1 to this report and also within the Statement of Accounts (in the "Movement in Reserves Statement").

5.5 Note 26 to the Core Financial Statements in the draft Statement of Accounts provides a complete breakdown of the Earmarked Reserves, also shown at Appendix 2 to this report. Contributions to and from the Earmarked Reserves have been managed in order to ensure there are sufficient reserves to meet anticipated commitments. The reserves held are:

- Special Projects & Events Reserve – This reserve is set aside to continue to fund one-off General Fund projects as they arise and to support major events in the district. It is used for both revenue and capital projects.
- Periodic Operations Reserve - This reserve is to cover costs of cyclical / periodic events such as elections, "carry forward requests" and to hold grants

or other income streams for specific purposes, such as the Homelessness grant and On-Street parking surpluses.

- Urgent Works Reserve - This reserve is set aside to fund urgent works on corporate assets and for other urgent business requirements, for example for future restructures to meet likely on-going grant reductions. The need for this reserve is greater than ever due to the ageing nature of our assets and the reduced levels of investment in them as reflected in the reduced revenue budget.
- Dover Regeneration Reserve - In order to support the Local Development Framework process and associated regeneration projects a Dover Regeneration Reserve has been established.
- ICT Equipment & Servers Reserve – The current ICT Equipment & Servers reserve is held in order to support the requirements of the current and future ICT Strategies.
- Business Rates & Council Tax Reserve – This reserve was established to allow for the risk of unforeseen pressures from the Redistribution of Business Rates and the new Council Tax Support scheme and future changes for Universal Credit. As there are still many uncertainties around these areas, in particular, future income collection rates, this reserve has been retained and will be reviewed on an annual basis.
- District Regeneration & Economic Development Reserve - This is the renamed "HRA Transfer Reserve". This reserve is to be applied to support the Council's regeneration plans. The 2017/18 Budget and Medium Term Financial Plan includes approved use of this reserve to fund the new Dover Leisure Centre and improvements to Dover Town Hall.

5.6 In considering the earmarked reserves and general balances, Members are reminded that there is an "opportunity cost" of maintaining these reserves and balances when the resources could be applied to meet service or capital investment requirements. At the same time, maintaining cash backed reserves generates additional income from interest on cash balances, which is used as an additional income stream. However, the key judgement is to ensure that the reserves are set at levels that facilitate the prudent financial management of the authority, provide sufficient resources to meet anticipated future demands, and provide for a margin for unanticipated variation.

5.7 It is the view of the Director of Finance, Housing and Community (Section 151 officer) that the estimated General Fund balances and reserves are adequate for the Council's current spending plans. However, these are under regular review due to the ongoing changes to Local Government finance and the uncertain economic climate.

6. Housing Revenue Account Outturn

6.1 In 2016/17 the HRA outturn was a surplus of £1,047k compared to the original budget forecast of a surplus of £1,102k, an adverse variance of £55k. The main reasons for the variance are as follows:

- Transfer to Housing Initiatives Reserve - £1.792m
- Re-phased spend on the Capital Works Programme - (£1.645m).
- Reduction in revenue maintenance budgets (£319k)

6.2 In 2016/17 £4.3m was transferred to the Housing Initiatives Reserve to provide investment for housing initiatives in the district whilst maintaining a working HRA balance of £1m.

6.3 The overall HRA Balances (including Earmarked reserves) are £13.5m, which is an increase of £4.1m on the start of the year.

7. Collection Fund Outturn

7.1 This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of the billing authority in relation to Non-Domestic Rates (NDR) and Council Tax, and illustrates the way in which these have been distributed to precepting authorities and the General Fund. These are explained in more detail in the Collection Fund section of the Statement of Accounts.

7.2 The Collection Fund shows a total surplus of £1.6m at 31 March 2017. This is split between Council Tax (a surplus of £2.9m) and NDR (a deficit of £1.3m). Any surplus balance on the fund is distributed to the precepting authorities (Dover District Council, Kent County Council, Kent and Medway Fire Authority and Kent Police Authority (Council Tax only)) in proportion to their respective precept amounts. However surpluses are on an accruals basis and are not fully cash backed and calculations for distribution of the surplus form part of the following year's budget process. Separately, deficits have to be contributed back to the fund by preceptors.

7.3 The calculation and forecasting of NDR income, and the accounting treatment for it, have to reflect the legislative and other government requirements, and these have made it unduly complex. The following notes provide a simplified summary.

7.4 The NDR deficit has arisen mainly due to the higher opening deficit at 01/04/2016 (£3.7m) than anticipated when the amount to be contributed back to the fund during 2016/17 was estimated in January 2016 (£1.8m), leaving a shortfall of £1.9m relating to the previous year. However, there was a surplus during 2016/17 of £0.6m for NDR (after deducting the £1.8m deficit contribution relating to the prior year), which reduces the total shortfall to a net deficit of £1.3m at 31/03/2017.

7.5 The £0.6m NDR surplus arising during the year is mainly due to a lower level of Part Occupied Reductions ("S44A") for Pfizer than the amount accrued when their reduction in rateable value was processed at the end of the 2015/16 year, at which point the related S44A certificates that grant the relief had not been issued by the Valuation Office Agency (VOA). This led to a favourable write-back of £0.9m of over-provided S44A Reductions during the current year (2016/17) and, as the balances on the affected Pfizer accounts have subsequently been paid, no further adjustment is expected. This means that during the year there were also ups and downs on various other components of NDR income totalling £0.3m (adverse), but this is not especially significant on the sums involved or Dover's share (40%).

7.6 The NDR Deficit of £1.3m at 31/03/2017 will need to be contributed back to the Collection Fund by the preceptors. However, a higher figure of £1.8m will be contributed in 2017/18 based on the amount estimated in January 2016, as required under legislation (DDC's share £728k). The remaining underlying surplus arising from the excess contribution of £0.5m will form part of the surplus estimate to be calculated in January 2017 for distribution in 2018/19 and subsequent years (or a deficit, if applicable on re-calculation, for contribution in 2018/19).

7.7 While major growth projects are ongoing, the exact timing of fresh NDR income streams cannot be exactly determined, and project timing and related business rates increases are reviewed and updated during the year. However, it should be noted that there is a considerable further impact on 'in-year' NDR income when significant appeals are won that continue to erode overall income, so that growth is needed to offset the attrition, before any additional surplus (i.e. "net growth") can be achieved. The Council has set aside monies in an earmarked Business Rates & Council Tax Reserve to deal with the impact of such pressures as well as the timing differences arising from statutory arrangements for the recognition of income and deficits, and the impact of the 2017 Revaluation. There is £1.3m in this reserve at 31/03/2017 (Appendix 2).

7.8 The Council Tax surplus of £2.9m will be distributed to preceptors during future years, of which £1.6m will be distributed in 2017/18 based on the amount estimated in January 2016, as required under legislation (DDC's share £236k or 14.7%). The remaining undistributed amount of £1.3m, which was not represented fully by available cash at that time, will form part of the surplus estimate to be calculated in January 2017 for distribution in 2018/19 and subsequent years.

7.9 Dover's own accounts include only its share of the NDR appeals provision, NDR Collection Fund deficit, Council Tax Collection Fund surplus and related balances.

8. Capital Programme Outturn

8.1 The Council invested £10.4m in major projects in 2016/17, the most significant of which were:

- £3.7m on the development of new leisure facilities for the district;
- £125k on works to progress the development of the Waterfront project in the Dover Town Investment Zone;
- £160k on the purchase of retail units within the Aylesham development;
- £104k on the heating upgrade for the Whitfield Offices building;
- £3.7m on Housing Revenue Account projects including £3.5m on property projects; and £137k on the refurbishment of play areas;
- £137k on grants and loans for private sector housing;
- £644k on disabled facility grants;
- £250k on grant funding issued to the Discovery Park Enterprise Zone;
- £100k on ICT projects including a new telephony system;
- £200k contribution to the KCC project to provide a Deal Youth Centre;
- £150k on play area facilities at North Deal Playing Fields and Pencester Gardens;
- £282k to purchase and install replacement pay and display meters in car parks across the district;
- £499k to purchase equipment for the Grounds Maintenance service being brought in-house;
- The remainder has been spent on a number of smaller projects.

8.2 The main sources of capital financing applied in the year were:

- £1.069m in grants from external bodies including KCC Better Care Fund, Department for Communities and Local Government, Environment Agency, and the Heritage Lottery Fund;
- £3m from the Major Repairs Reserve;
- £525k from the Housing Revenue Account (revenue financing);
- £787k from capital receipts, including Private Sector Housing loan receipts and excess right to buy receipts;
- £423k from Section 106 monies (developer contributions);
- £910k from earmarked reserves.

8.3 Overall, the capital programme is within budget.

8.4 Right to Buy sales continue to be high due to Government initiatives to encourage sales; overall sales in 2016/17 were slightly lower than in 2015/16.

9. Special Projects Outturn

9.1 The Special Projects reserve is mainly used to finance major one-off revenue projects, because, as revenue projects, they cannot be financed from the various capital financing sources listed in the section above. It is also used to provide a source of additional financing for a small number of capital projects.

9.2 The expenditure on Special Projects in the year was £787k. The Special Projects programme is dynamic. It is adjusted as new projects are approved, and these changes are reported to Members during the year. However, "in year" variations in spend against approved budget for individual projects are mainly due to timing changes. There are no material variations to individual project's total budget, and the whole programme is fully financed.

10. Treasury Management

10.1 The Council retains the services of Treasury Management advisers who provide market intelligence, economic forecasts, advice and opportunities for debt re-scheduling and borrowing, details of fund managers' performance, and an ad-hoc enquiries service. During the year, this function was provided by Capita Asset Services. However the Council has now appointed Arlingclose Limited to provide this service from 1st April 2017.

10.2 At 31st March 2017 the Council had investment balances and day-to-day cash balances managed in-house of approximately £64.4m. In addition, the Council held £1.9m of UK Gilts.

10.3 The Council's in-house investments outperformed their benchmark (LIBID) and achieved an average return of 0.50% for the year.

10.4 The total interest received for the year was approximately £344k. This was higher than the original budget of £329k, which is a favourable variance of £15k. This is partly due to the greater use of notice accounts, fixed term deposits and short-term lending to other local authorities, thereby reducing the level of cash held in low interest call accounts, as well as the higher level of balances available for deposit generally. This has enabled us to maintain projected investment income against a background of decreasing interest rate returns.

10.5 The Council had just under £85m of borrowing from the Public Works Loan Board (PWLB) at 31st March 2017 , the bulk of which the Council was required by Government to borrow and pay over to them as part of the HRA "self-financing" initiative.. The Council also had a £3m LOBO (Lender's Option, Borrower's Option) with KA Finanz AG.

10.6 The Council has remained within its Treasury Management guidelines, and has complied with the Prudential Code during the year.

10.7 More detailed reports on the latest position are included elsewhere on the agenda.

11. Assets and Liabilities

11.1 At the year end the balance sheet is drawn up. This shows the value of Dover District Council's land and buildings and assets and liabilities. The full balance sheet is provided in the Statement of Accounts together with comprehensive explanatory notes. A summary balance sheet has been produced (see below).

As at 31 March	**2016 (Restated)**	**2017**
	£000	**£000**
Value of land, property and other assets	279,642	291,762
Investments held and cash at bank	50,701	66,347
Money owed to DDC for goods and services	8,852	6,626
Loans owed to DDC (short and long term)	2,048	2,074
Money owed by DDC for goods and services	(14,583)	(11,493)
Loans owed by DDC (short and long term)	(90,008)	(91,913)
Grants for assets received but not yet used	(95)	(378)
Share of pension scheme liabilities owed by DDC	(76,958)	(85,823)
Total Assets less Total Liabilities	**159,599**	**177,202**

As at 31 March	2016 (Restated) £000	2017 £000
Financed by:		
Usable reserves[1]	46,009	60,833
Unusable reserves[2]	113,590	116,369
Net Worth of Council	**159,599**	**177,202**

[1] Usable reserves are made up of:

Capital receipts and grants	9,472	20,480
Revenue balances	4,008	3,580
Earmarked reserves	32,529	36,773
	46,009	**60,833**

[2] Unusable reserves mainly comprise revaluations of assets from their original purchase value and the Pensions Reserve.

11.2 The main points to note against the prior year comparative are:

- Value of land, property and other assets
  The main changes in the values are due to:
  - Disposals – council house and other sales.
  - Revaluations - council dwellings are revalued each year and other land and property are revalued on a five-year rolling programme, except that assets valued at £1m or more are now re-valued on an annual basis to ensure that assets are carried at fair value and that there are no material differences to the balance sheet.
  - Impairments – these are caused by either a general fall in property prices or specific revaluations due to clear consumption of economic benefits (e.g. through physical damage or deterioration). There were no significant impairments in the year.

- Investments held and cash at bank
  - The increase in investments and cash at bank reflects a net increase in cash, mainly due to increases in Earmarked Reserves as detailed below. There are also some positive cash flow movements due to timing of NNDR related transactions.

- Money Owed to DDC for Goods and Services
  - The decrease in debtors incorporates: a decrease in the Central Government debts (General Fund) relating to amounts owed by H.M.R.C. for VAT (£147k decrease), a decrease in the benefit subsidy due from Central Government (£761k), a clearing of the prior year debtor from the Environment Agency relating to a coastal project in 2015/16 (£198k) and a decrease in Other General Fund debtors (£878k), offset by an increase in Local Authority debtors (General Fund) mainly due to an increase in the amount owed by Shepway District Council for the joint waste provision (£81k). There is also a decrease in the Collection Fund debts relating to arrears for business rates and council tax (£195k), offset by an increase in Collection Fund debts owed by Central Government relating to Enterprise Zone Relief Grant (£44k).
  - See Note 27 for an analysis of this total.

- Money owed by DDC for Goods and Services

- The net decrease in creditors is due to changes in General Fund creditors, being a decrease in Other Revenue Creditors for the joint waste contract (£633k), amounts owed to East Kent Housing (£543k) and other revenue items (£278k). £210k of the decrease in Local Authority creditors relates to the levy payable to Maidstone B.C. for 2015/16 under NDR pooling arrangements, whereas for 2016/17 the equivalent creditor is within amounts owed to Government Departments (Collection Fund) instead (£288k), as there is no pooling in place for 2016/17 and the levy is payable directly to Government. Collection Fund creditors have reduced mainly due to a decrease in Transitional Protection Relief owed to Government (£759k). The Local Taxpayers' creditor has reduced by £951k, which is made up of a decrease of £974k of business rates prepaid or overpaid, offset by an additional £23k of council tax prepaid or overpaid.
- See Note 28 for an analysis of this total.

- Loans owed by DDC (short and long term)
  - The net decrease relates almost entirely to the principal repaid on the PWLB loan for "HRA self-financing" (£2,023k).

- Pension Scheme Liabilities
  - The Pension Scheme has been assessed by Barnett Waddingham, an independent firm of actuaries, on behalf of Kent County Council based upon the full valuation of the scheme as at 31 March 2016. The Council's annual contribution to the scheme is in line with the levels recommended by the actuaries.
  - The net liability at 31 March 2017 was £85.8m (£76.9m at 31 March 2016).
  - The liability is volatile and reflects the net effect of a range of factors, including valuation of the scheme's assets and yields on gilts as they occur on the day of valuation. An increase in interest rates will reduce the liability.
  - The scheme remains solvent and viable.

- Usable Reserves
  - The main reason for the increase in usable reserves in 2016/17 relates to the increase in HRA and General Fund Earmarked Reserves.
  - The main increases are due to the transfer from the HRA to the Housing Initiatives reserve, a net contribution to the Special Projects & Events Reserve, an additional contribution to the ICT Equipment & Servers reserve to support future requirements, a transfer of excess Development Control income to the Regeneration reserve to support on-going delivery requirement, and the transfer of Section 106 income to the Periodic Operations reserve.
  - See Appendix 2 for further details of General Fund Earmarked Reserves.

12. Production of the Accounts

12.1 Governance Committee requires assurance that the accounts are robust and that they can place reliance upon them. The accounts have been subject to audit by Grant Thornton and their findings are set out in the Audit Findings Report elsewhere on the Governance agenda. In addition, a summary of the controls operated by the Director of Finance, Housing and Community is provided at Appendix 3.

13. The Future

13.1 The Council, in common with others, will need to continue to make progress on, or give consideration to, the on-going impacts of :

- The economic climate and the impact of the EU Referendum outcome;
- Development and regeneration of the local economy;

- The ongoing impact of the Government's budget deficit reduction programme on the Council's finances;
- Welfare Reform and cessation of the administration of housing benefits for working age claimants over a transitional period in the lead up to the introduction of Universal Credit;
- The sustainability of the New Homes Bonus scheme and what will follow;
- The ongoing impact of the localisation of council tax support;
- The ongoing impact of the Business Rates Retention scheme and the possible implementation of 100% business rates retention; and
- Further explore and develop partnership arrangements with others in order to achieve cost efficiencies.

14. **Appendices**

Appendix 1 – General Fund Budget Summary

Appendix 2 – General Fund – Earmarked Reserves Summary

Appendix 3 - Summary of the Main Controls Applied in Production of the Accounts

15. **Background Papers**

Statement of Accounts 2016/17

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APPENDIX 1

2015/16 (restated) Actual £000		2016/17 Original Budget £000	2016/17 Revised Budget £000	2016/17 Actual £000
	Directorate			
1,742	Chief Executive	1,643	2,327	1,000
2,263	Governance	2,486	2,367	2,236
7,376	Finance, Housing & Community	6,678	7,680	7,361
5,068	Environment & Corporate Assets	5,103	4,865	4,832
112	Non-distributed costs	152	221	186
369	Special Revenue Projects	605	913	630
16,930	**Directorate Service Costs**	**16,667**	**18,373**	**16,245**
67	River Stour Drainage Board	68	68	68
96	Council Tax Support Funding to Towns & Parishes	67	67	67
(1,361)	Recharge Income from HRA & Capital Projects	(1,284)	(1,328)	(1,227)
(14)	Accrued Annual Leave Adjustment	0	0	113
	Contribution to/(from) Reserves:			
1,151	- Special Projects & Events Reserve	(601)	(909)	48
72	- Periodic Operations Reserve	47	(33)	162
(120)	- Urgent Works Reserve	0	0	(539)
462	- Dover Regeneration Reserve	188	150	466
404	- IT Equipment Reserve	58	58	(142)
1,106	- Revenue Grants in Advance Reserve	0	(34)	614
0	- Business Rates & Council Tax Reserve	(1,211)	(1,175)	(924)
18,793	**Net Service Expenditure**	**13,999**	**15,237**	**14,951**
	Financing Adjustments			
(412)	Interest Receivable	(247)	(256)	(263)
242	Interest Payable	238	237	237
9	Loan Principal Repayments	0	9	9
(2,311)	Revenue Expenditure Funded by Capital Under Statute	0	(1,274)	(1,099)
78	Direct Revenue Financing of Capital (excluding direct expenditure)	0	0	654
16,399	**Total Budget Requirement**	**13,990**	**13,953**	**14,489**
	Financed by:			
4,296	Non-Domestic Rates	2,897	2,876	2,806
1,852	Business Rates - Enterprise Zone Relief Retained	1,040	1,096	1,081
2,597	Revenue Support Grant	1,758	1,758	1,758
5,947	Council Tax	6,251	6,251	6,251
112	Council Tax - Collection Fund Surplus	145	145	145
1,581	New Homes Bonus	1,899	1,907	1,907
120	New Burdens & Other Grants	0	0	529
16,505	**Total Financing**	**13,990**	**14,033**	**14,477**
(106)	**General Fund Deficit/(Surplus) for the Year**	**0**	**(80)**	**12**
(2,889)	**General Fund Balance at Start of Year**	**(2,992)**	**(2,995)**	**(2,995)**
0	**Transfer to Earmarked Reserves**	**450**	**450**	**450**
(2,995)	**Leaving Year End Balances of**	**(2,542)**	**(2,625)**	**(2,533)**

APPENDIX 2

Earmarked General Reserves (2016/17 Year End Position)

	Balance 2015/16 £000	Contribution 2016/17 £000	Application 2016/17 £000	**Balance 2016/17 £000**	Contribution 2017/18 £000	Application 2017/18 £000	**Balance 2017/18 £000**
General Fund Balance	**-2,995**	0	462	**-2,533**	0	61	**-2,472**
Special Projects & Events Reserve	**-2,918**	-529	481	**-2,966**	-20	970	**-2,016**
Periodic Operations Reserve	**-2,775**	-1,006	233	**-3,548**	-172	720	**-2,999**
Urgent Works Reserve	**-1,714**	-27	566	**-1,175**	0	220	**-955**
Dover Regeneration Reserve	**-1,555**	-720	234	**-2,041**	-50	515	**-1,374**
ICT Equipment & Servers	**-866**	-58	200	**-724**	-58	165	**-617**
Business Rates & Council Tax Support	**-1,812**	-450	924	**-1,338**	0	728	**-610**
District Regen & Econ Development Reserve	**-12,500**	0	0	**-12,500**	0	3,825	**-8,675**
Earmarked Reserves Total	**-24,140**	-2,789	2,637	**-24,292**	-300	7,143	**-17,246**
Total Revenue Reserves	**-27,135**	-2,789	3,099	**-26,825**	-300	7,204	**-19,718**

APPENDIX 3

Summary of the Main Controls Applied in Production of the Accounts

Production of the accounts in accordance with the Code of Practice on Local Authority Accounting requires a large number of tasks to be undertaken, and controls to be applied.

These include:

- Preparation of a closedown plan, communication with budget managers as appropriate and monitoring progress.
- Staff preparing the accounts have attended seminars / briefings with CIPFA and with the auditors.
- Staff preparing the accounts have access to the Code Practitioners Guidance Notes.
- The Council's financial feeder systems have been reconciled to the General Ledger.
- The General Ledger has been balanced.
- The value of fixed assets in the accounts has been reconciled to the asset register.
- The cash balance in the General Ledger has been reconciled to the Council's bank accounts.
- All significant variances have been explained in the Outturn Report.
- Service expenditure in the Outturn report has been reconciled to the Income and Expenditure Account.
- The entries on the Collection Fund have been reconciled to the Council Tax set by the Council and the other precepting authorities.
- The cash movement on the balance sheet is reconciled.
- The balances on reserves reported in the Movement in Reserves Statement has been reconciled to the balance sheet.
- An analytical review has been undertaken and major variances have been explained.

Mike Davis
Director of Finance