

## CABINET

Wednesday, 11 July 2018

### FINANCIAL YEAR OUTTURN FOR 2017/18 (REP1835)

#### EXECUTIVE SUMMARY

1. This report provides an overview of the Council's financial performance for 2017/18 in respect of the General Fund, Reserves, the Capital Programme and the Collection Fund. The Council's accounts for the year ended 31 March 2018 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In England and Wales, the local authority Code constitutes "proper accounting practice" under the terms of section 21(2) of the Local Government Act 2003.
2. From 2017/18 onwards the Audit and Accounts 2015 Regulations (the Regulations) bring forward the timetable for the closure of the accounts. The date for signing and dating the Statement of Accounts is 31 May (previously 30 June) and for the approval and publication 31 July (previously 30 September). On 31 May 2018 the Council had signed and dated its Statement of Accounts for the year ended 31 March 2018 and published them on the East Suffolk website.
3. The Narrative report in Appendix A is not formally part of the Statement of Accounts, but the Code affirms the need for a Narrative Report to be published with a local authority's financial statements. The Narrative Report is a key document for communicating to stakeholders the authority's purpose, how it has performed in accordance with its overall strategy and against KPI's over the year, and how it has allocated its resources in line with intended outcomes.
4. Through careful and effective budget management the Council continued to deliver savings and achieve additional income during 2017/18. For 2017/18 the outturn position on net expenditure was a surplus of £1.083m. With additional income from Business Rates the overall outturn position for the Council for the year was £1.287m. This favourable position, places the Council in a strong position, jointly with Suffolk Coastal District Council, to be able to address the forecast opening budget gap for the New East Suffolk Council in 2019/20 of £3.592m (as at February 2018).
5. The 2017/18 surplus outturn position has been transferred to reserves; the Business Rates Equalisation Reserve, In-Year Savings Reserve and Carry Forwards Reserve. The balance on the Council's General Fund Earmarked Reserves has increased by £2.360m to £11.502m as at 31 March 2018. A summary of the key movements on Earmarked Reserves is set out in paragraph 2.11 of this report and supported by Appendix D.

6. As at 31 March 2018, the Council's General Fund balance is £4m, in line with the Chief Finance Officer's (CFO) recommendation adopted by Full Council in February 2018. This balance is established as part of the Medium-Term Financial Strategy (MTFS) process and takes account of the strategic, operational and financial risks facing the Council.
7. The careful management of reserves is central to the Council's strategic financial planning process, to be able to manage expected and unforeseen events and circumstances. Also, given the creation of East Suffolk Council in 2019, to ensure that adequate balances will be available for the successor authority.
8. The Housing Revenue Account (HRA) ended 2017/18 with a £2.310m net movement from the HRA working balance. This was £304k less than the revised budget position. As at 31 March 2018 the HRA working balance was £4.937m, representing 24% of total annual income (10% is considered best practice limit).
9. The 2017/18 Capital Programme expenditure for the General Fund and the HRA was £2.026m and £7.006m respectively.
10. Carry forward requests (Between Year Virements) for 2017/18 totalled £169k. For the majority of carry forward requests, these will not be automatically added to the revised budget of service areas. Instead, these requests have been transferred to the Carry Forwards earmarked reserve. This will enable closer monitoring of their use throughout the year. As per the Council's Financial Procedure Rules, end of year requests for individual revenue budgets can be carried forward with the approval of the Chief Finance Officer.
11. The final outturn position is subject to the audit of the Statement of Accounts. The audited Statement of Accounts will be submitted for approval to the Audit and Governance on 25 July 2018.

Is the report Open or Exempt?	Open
-------------------------------	------

<b>Wards Affected:</b>	All Wards within the District
------------------------	-------------------------------

<b>Cabinet Member:</b>	Councillor Bruce Provan Cabinet Member for Resources
------------------------	---

<b>Supporting Officer:</b>	Homira Javadi Chief Finance Officer (01394) 444529 <a href="mailto:homira.javadi@eastsuffolk.gov.uk">homira.javadi@eastsuffolk.gov.uk</a>
----------------------------	--

## **1 INTRODUCTION**

- 1.1 The Council's accounts for the year ended 31 March 2018 have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). In England and Wales, the local authority Code constitutes "proper accounting practice" under the terms of section 21(2) of the Local Government Act 2003.
- 1.2 The style and format of the accounts, complies with CIPFA standards and is similar to that of previous years. The information within the accounts is presented as simply and clearly as possible, but the accounts for an organisation such as the Council, are by their nature both technical and complex. The aim of the accounts to provide information so that members of the public, including electors and residents of Waveney, Council Members, partners, stakeholders and other interested parties can:
- understand the overarching financial position of the Council;
  - have confidence that the public money with which the Council has been entrusted and has used, has been accounted for in an appropriate manner; and
  - be assured that the financial position of the Council is sound and secure.
- 1.3 The Code requires that the accounts give a true and fair view of the financial position of the Council. In line with the Code, suitable accounting policies have been applied and where necessary prudent judgements and estimates have been made.
- 1.4 The Accounts and Audit Regulations 2015 (the Regulations) have brought forward the timetable for the closure of the accounts in respect of 2017/18 onwards. Therefore, 2017/18 is the first year in which the date for signing and dating the Statement of Accounts is 31 May (previously 30 June). The date for approval and publication of the Statement of Accounts has also been brought forward from 30 September to 31 July.

### **Narrative Report 2017/18**

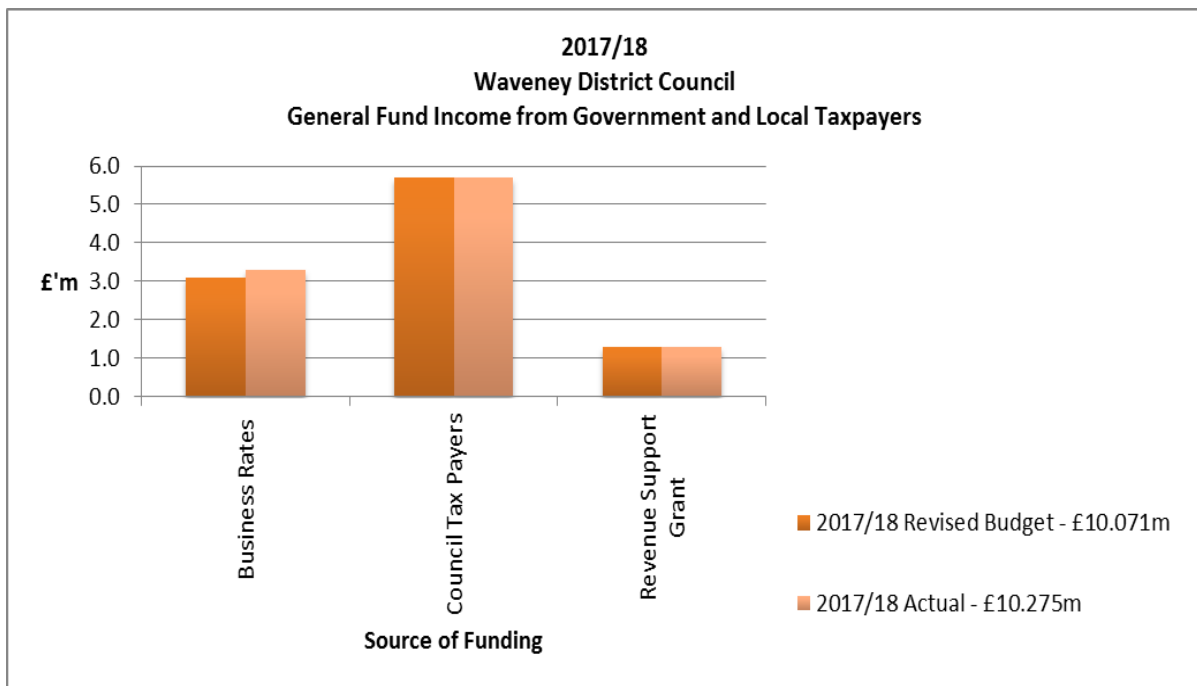
- 1.5 The Narrative Report which is a key accompanying document to the Council's Statement Accounts and provides an easier to follow communicating platform to engage with stakeholders is also included in this report. It explains the authority's purpose and how it has performed in accordance with its overall strategy and against KPIs over the year and how it has allocated its resources in line with intended outcomes. It assists management to demonstrate their collective performance over the year and how well the authority is equipped to deal with the challenges ahead and to continue delivering services and supporting its local community.
- 1.6 The Council's Narrative Reports is published as an integral part of the Council's Financial Statements and is included in Appendix A.

## **2 FINANCIAL OUTTURN 2017/18**

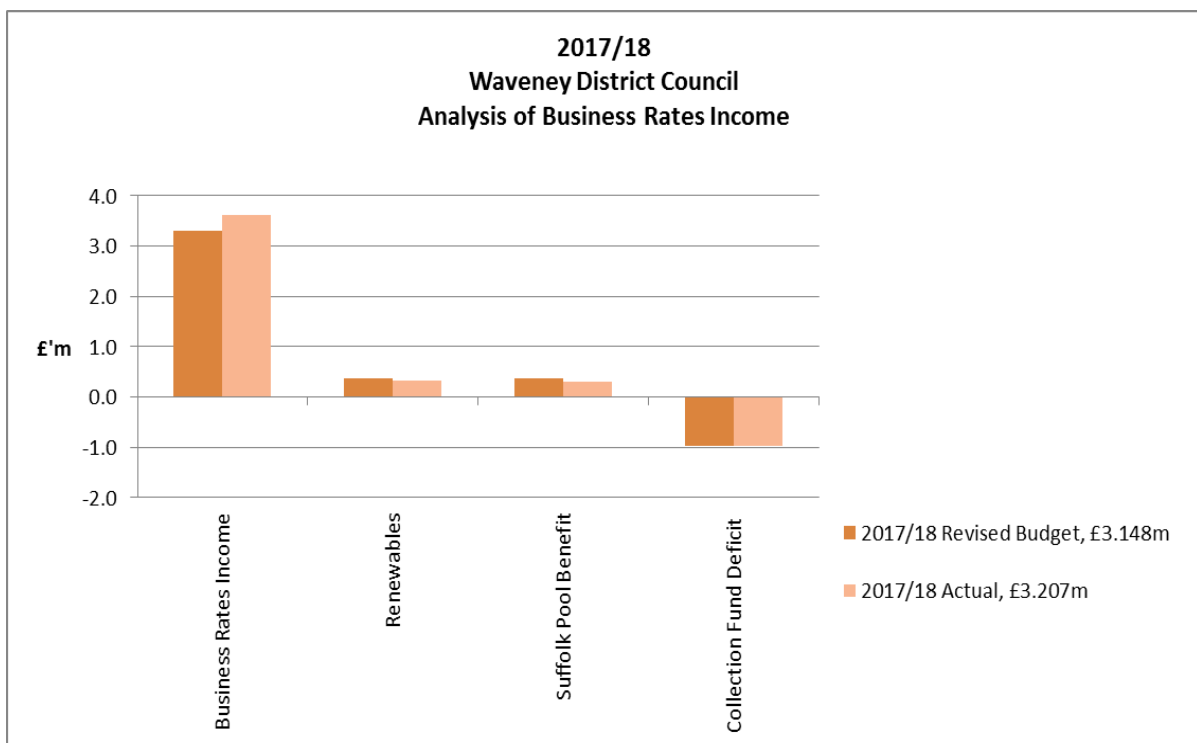
### **General Fund Outturn 2017/18**

- 2.1 The General Fund is the main revenue fund from which the Council's services are met. The Council's net expenditure is financed by a general Government grant known as the Revenue Support Grant (RSG), income from Council Tax and Business Rates and other Government grants.

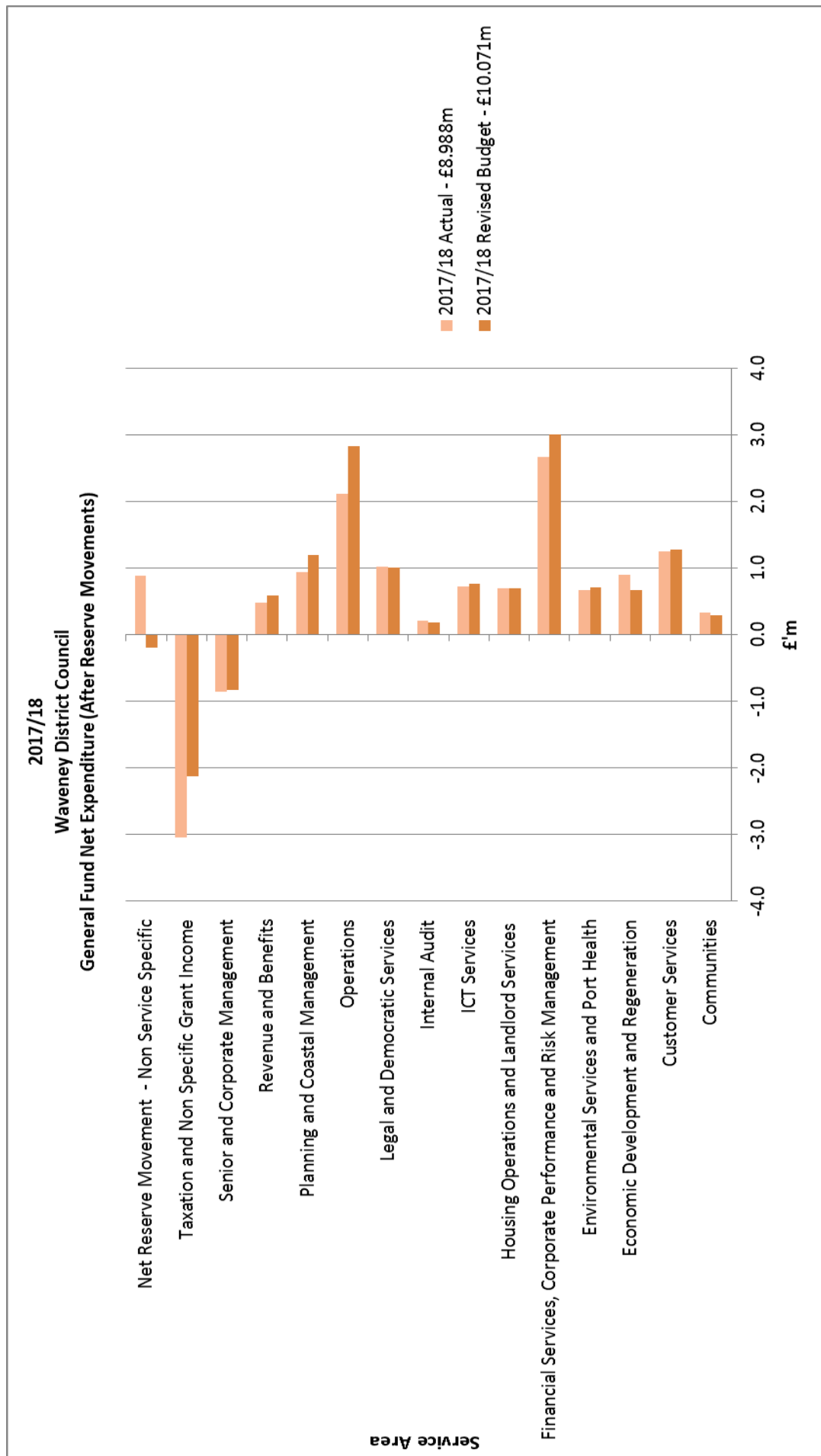
- 2.2 For 2017/18 the total income the Council received from the above sources to finance its net expenditure was £10.275m (revised budget £10.071m). This is illustrated in the table below.



- 2.3 An analysis of the Business Rate income to the Council is shown below.



- 2.4 The net expenditure for the Council for 2017/18 was £8.988m, compared to a revised budget of £10.071m, giving a surplus on net expenditure for the year of £1.083m. An analysis of the net expenditure by service area is provided in the table below.



- 2.5 With total income for the year of £10.275m, from Government and Local Taxpayers and net expenditure totalling £8.988m, this gave an overall surplus outturn position for 2017/18 of £1.287m. This has been transferred to the Earmarked Reserves for Business Rates Equalisation, Carry Forwards and In-Year Savings. The outturn is summarised below.

Waveney District Council General Fund Outturn Summary 2017/18				
	Original Budget	Revised Budget	Actual	Variance
	£'000	£'000	£'000	£'000
<b>General Fund Services (Direct Income &amp; Expenditure)</b>				
Communities	303	287	329	42
Customer Services	1,200	1,270	1,248	(22)
Economic Development and Regeneration <sup>*2</sup>	686	674	895	221
Environmental Services and Port Health	725	708	674	(34)
Financial Services, Corporate Performance and Risk Management	3,307	2,312	2,196	(116)
Housing Operations and Landlord Services (excluding HRA)	701	698	692	(6)
ICT Services	786	767	727	(40)
Internal Audit	298	185	207	22
Legal and Democratic Services	935	1,006	1,013	7
Operations	1,928	2,833	2,120	(713)
Planning and Coastal Management	1,327	1,194	937	(257)
Revenue and Benefits	541	588	481	(107)
Senior and Corporate Management	(802)	(830)	(854)	(24)
Direct Revenue Financing	529	698	478	(220)
Taxation and Non Specific Grant Income <sup>*1 *2</sup>	(2,110)	(2,123)	(3,039)	(916)
Net Reserve Movement - Non Service Specific	(283)	(196)	884	1,080
<b>Net Expenditure After Reserve Movements</b>	<b>10,071</b>	<b>10,071</b>	<b>8,988</b>	<b>(1,083)</b>
<b>Financed by Income from Government &amp; Local Tax Payers</b>				
Council Tax Income	(5,698)	(5,698)	(5,696)	2
Business Rates Income	(3,077)	(3,077)	(3,283)	(206)
Revenue Support Grant	(1,296)	(1,296)	(1,296)	0
<b>Total Financed by Income from Government &amp; Local Tax Payers</b>	<b>(10,071)</b>	<b>(10,071)</b>	<b>(10,275)</b>	<b>(204)</b>
<b>2017/18 Net Outturn Position to be transferred to Reserves</b>	<b>0</b>	<b>0</b>	<b>(1,287)</b>	<b>(1,287)</b>
<b>Transfer of Outturn Position to Reserves:</b>				
Transfer to In-Year Savings Reserve				844
Transfer to Business Rates Equalisation Reserve				274
Transfer to Carry Forward Reserve				169
				<b>1,287</b>
<sup>*1</sup> The variance on Taxation and Non Specific Grant Income includes Business Rate income from the Enterprise Zone £438k (see <sup>*2</sup> below), S31 Grant £470k and other smaller Government grants of £8k.				
<sup>*2</sup> £438k of Business Rates income from the Enterprise Zone is shown under Taxation and Non Specific Grant Income and offsets corresponding expenditure under Economic Development and Regeneration.				

- 2.6 The key variances against the revised budget is summarised in the following table and supported by a more detailed analysis in Appendix B.

**Waveney District Council  
General Fund Outturn 2017/18  
Summary of Key Variances**

	<b>£'000</b>
Additional income	(1,799)
Operational efficiencies/savings	(466)
Requested carry forwards	(169)
Reserve movements & contingencies	674
Operational requirements	350
Reduced income	327
<b>Total Variance - Net Expenditure</b>	<b>(1,083)</b>
Income from Government and Local Tax Payers	(204)
<b>2017/18 Net Outturn Position (Surplus) / Deficit</b>	<b>(1,287)</b>

**Carry Forward Requests (Between Year Virements)**

- 2.7 Where budget carry forward requests relate to specific projects, the relevant underspend has been transferred to the Carry Forward Earmarked Reserve.
- 2.8 For the majority of carry forward requests, these will not be automatically added to the revised budget of a service area. This will enable closer monitoring of their use throughout the year and services will be able to request “draw down” of the additional budget provision, subject to there not being underspend within their current budget that could be alternatively used.
- 2.9 As per the table above, budget carry forward requests for 2017/18 totalled £169k. As per the Council’s Financial Procedure Rules, end of year requests for individual revenue budgets can be carried forward with the approval of the Chief Finance Officer.

**Reserves and Balances**

- 2.10 As at 31 March 2018, the Council’s General Fund balance is £4m, in line with the Chief Finance Officer’s (CFO) recommendation adopted by Full Council in February 2018. This balance is established as part of the MTFs process and takes account of the strategic, operational and financial risks facing the Council.
- 2.11 In 2017/18 the Council increased its General Fund Earmarked Reserves by £2.360m to £11.502m at 31 March 2018 (£9.142m as at 31 March 2017). The key movements on the Earmarked Reserves is summarised in the table below. Appendix D to this report contains an extract of Note 10 to the Statement of the Accounts, which details the in-year movements on all Earmarked Reserves.

**Waveney District Council  
Earmarked Reserves 2017/18  
Key Movements**

	<b>£'000</b>
<b>Earmarked Reserves - balance as at 01 April 2017</b>	<b>9,142</b>
Outturn surplus	1,287
Newly created In Year Contingency Reserve	200
Net transfer to the Actuarial Reserve	178
Newly created Key Capital Programme Reserve	100
Net transfer to the Short Life Asset Reserve	163
Net transfer to the Transformation Reserve	144
DWP funding received for Universal Credit Full Transition	122
Other net movements on Earmarked Reserves	166
<b>Earmarked Reserves - balance as at 31 March 2018</b>	<b>11,502</b>

**Budget Items for 2018/19**

- 2.12 At the time of writing this report a small number of items have been identified which require consideration and approval for the 2018/19 budget process. These items are detailed in Sections 2.13 to 2.16 below.
- 2.13 Approval is sought for £15k to be set aside in 2018/19 for 'Celebrating Success' of Waveney District Council. This would be transferred from the In-Year Savings Reserve to the Carry Forward Reserve in 2018/19.
- 2.14 Regarding the Felixstowe Leisure Centre redevelopment project, revenue costs of up to £100k have been identified for consultancy work. Approval is sought for this to be met from the 20% increase in planning fees in 2018/19.
- 2.15 The cost of the Revenues and Benefits system migration for East Suffolk has been estimated and is to be shared equally between Waveney District Council and Suffolk Coastal District Council. To fund Waveney's share of this cost, it is proposed that a combination of reserves are used; Housing Benefit related reserves and the DWP funding (£122k) set aside in the Customer Services Reserve in 2017/18.
- 2.16 The Suffolk Chief Officers Leadership Team (SCOLT) has agreed to establish the Suffolk Office of Data and Analytics (SODA). The initial funding commitment for the Council is £20k per annum for 2018/19 and 2019/20. Approval is sought for this to be funded from the In-Year Savings Reserves.

**Capital Programme Outturn 2017/18 – General Fund**

- 2.17 Capital expenditure relates to the acquisition of fixed assets or expenditure that adds to (and not merely maintains) the value of an existing fixed asset. Costs of maintaining any asset is funded through the (General Fund) revenue expenditure.
- 2.18 The Capital Programme outturn and financing for 2017/18 is summarised below. Internal borrowing was the main source of financing in 2017/18, at 72% of the total financing.



**Waveney District Council**  
**General Fund Capital Programme Outturn 2017/18**

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>
<b>General Fund Capital Expenditure</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Portfolio</b>				
Leader	79	173	39	(134)
Community Health	30	30	15	(15)
Operational Partnerships	720	1,307	574	(733)
Planning & Coastal Management	2,643	4,999	957	(4,042)
Resources	612	690	441	(249)
<b>Total General Fund Capital Expenditure</b>	<b>4,084</b>	<b>7,199</b>	<b>2,026</b>	<b>(5,173)</b>

**Waveney District Council**  
**General Fund Capital Financing 2017/18**

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>
<b>Total General Fund Capital Financing</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Internal Borrowing	1,369	1,752	1,461	(291)
Government Grants and Third Party Contributions	2,181	4,749	87	(4,662)
Revenue / Revenue Reserves	534	698	478	(220)
Capital Receipts	0	0	0	0
<b>Total General Fund Capital Financing</b>	<b>4,084</b>	<b>7,199</b>	<b>2,026</b>	<b>(5,173)</b>

2.19 The key variances on the General Fund Capital Programme are set out in the table below.

**Waveney District Council  
General Fund Capital Programme 2017/19  
Summary of Key Variances**

	<b>£'000</b>
<b>Leader</b>	
IT projects to be delivered in 2018/19 (Procurement delays)	(134)
	<b>(134)</b>
<b>Community Health &amp; Safety</b>	
Efficiency saving on delivery of street lighting	(15)
	<b>(15)</b>
<b>Operational Partnerships</b>	
Battery Green - rephased into 2018/19	(250)
Beach hut wall - project rephased into 2018/19	(172)
Car Park Works - rephased into 2018/19	(125)
Norse Vehicles - purchase deferred until 2018/19	(89)
Other Minor - rephased into 2018/19	(97)
	<b>(733)</b>
<b>Planning &amp; Coastal Management</b>	
Tidal Barrier rephased to 2018/19	(4,042)
	<b>(4,042)</b>
<b>Resources</b>	
Estates Management rephased to 2018/19	(249)
	<b>(249)</b>
<b>Total Variance on the General Fund Capital Programme (underspend) / overspend</b>	<b>(5,173)</b>

**Capital Programme Outturn 2017/18 - HRA**

- 2.20 The total expenditure for 2017/18 was £7.006m, £3.986m less than the revised budget. The HRA capital expenditure consists of the Housing Repairs Programme and Housing Development projects. Delays with the Housing Development projects were the main contributing factors to the overall underspend for the year. A summary of the HRA Capital programme is provided in the following table.

**Waveney District Council**  
**Housing Capital Programme Outturn 2017/18**

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>HRA Capital Expenditure</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Housing Repairs	2,702	2,585	2,384	(201)
Housing Project Development	455	1,309	640	(669)
New Build Programme	14,742	6,598	3,355	(3,243)
Housing Improvement	516	500	627	127
<b>Total HRA Capital Expenditure</b>	<b>18,415</b>	<b>10,992</b>	<b>7,006</b>	<b>(3,986)</b>
<b>HRA Capital Financing</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital Receipt	2,024	2,366	2,470	104
Grants and Contributions	2,096	757	899	142
Revenue / Revenue Reserves	14,295	7,869	3,637	(4,232)
<b>Total HRA Capital Financing</b>	<b>18,415</b>	<b>10,992</b>	<b>7,006</b>	<b>(3,986)</b>

2.21 The key variances on the HRA Capital Programme are below.

<b>Waveney District Council</b> <b>Housing Capital Programme 2017/18</b> <b>Summary of Key Variances</b>		<b>£'000</b>
<b>Housing Repairs</b>		
Central heating/boilers rephased to 2017/18		(138)
Heat metering rephased to 2017/18		(20)
St Peters Court fire doors/water tank		(85)
Other minor variations		42
		<b>(201)</b>
<b>Housing Project Development</b>		
Delay in new development site (Lowestoft)		(460)
Delay in new development site (Blundeston)		(125)
Delay in new development site (Southwold)		(20)
Other minor variations		(64)
		<b>(669)</b>
<b>New Build Programme</b>		
Delay in purchase of development sites (Lowestoft)		(2,950)
Delay in purchase of development sites (Beccles)		(199)
Other minor variations		(94)
		<b>(3,243)</b>
<b>Housing Improvement</b>		
Additional grant allocation awarded		127
		<b>127</b>
<b>Total Variance on the HRA Capital Programme (underspend) / overspend</b>		<b>(3,986)</b>

## Housing Revenue Account 2017/18

- 2.22 HRA is the statutory account to which the revenue costs of providing, maintaining and managing the Council dwellings are charged. The HRA is financed by rents charged to tenants and charges for related services and facilities. The table below summarises the HRA outturn position for the year against the revised budget.

Waveney District Council Housing Revenue Account Outturn Summary 2017/18				
	2017/18 Original Budget £'000	2017/18 Revised Budget £'000	Outturn £'000	Variance £'000
<b>Income</b>				
Dwelling Rent	(18,872)	(18,757)	(18,851)	(94)
Non-Dwelling Rents	(176)	(190)	(205)	(15)
Service Charges & Facilities	(1,186)	(1,228)	(1,243)	(15)
Leaseholders Charges for Services	(10)	(27)	(27)	0
Contributions towards Expenditure	(333)	(144)	(161)	(17)
Reimbursement of Costs	(50)	(124)	(196)	(72)
Interest Income	(81)	(90)	(128)	(38)
<b>Total Income</b>	<b>(20,708)</b>	<b>(20,560)</b>	<b>(20,811)</b>	<b>(251)</b>
<b>Expenditure</b>				
Repairs & Maintenance	3,665	3,665	4,163	498
Supervision & Management	2,980	3,122	3,018	(104)
Special Services	1,134	1,355	1,299	(56)
Rents, Rates and other Charges	90	82	69	(13)
Movement in Bad Debt Provision	(21)	237	25	(212)
Contribution to CDC* & Pension Backfunding	608	651	644	(7)
Capital Charges	3,564	3,267	3,332	65
Interest Charges	2,305	2,265	2,245	(20)
Revenue Contribution to Capital	6,830	4,934	3,636	(1,298)
Transfers to Earmarked Reserves	2,000	3,596	4,690	1,094
<b>Total Expenditure</b>	<b>23,155</b>	<b>23,174</b>	<b>23,121</b>	<b>(53)</b>
<b>Net movement on the HRA for the year</b>	<b>2,447</b>	<b>2,614</b>	<b>2,310</b>	<b>(304)</b>
* Corporate & Democratic Core (CDC)				

- 2.23 The Housing Revenue Account has ended the year with a £2.310m net movement from the HRA working balance, £304k less than the revised position. The key variances on the HRA are detailed in Appendix C.

- 2.24 HRA capital projects hit delays, as well as increased demand for priority repairs, which resulted in redirecting the workforce from the capital programme to the revenue maintenance programme. This shift in resourcing, contributed to an underspend on the DRF (this would have been used to fund the capital programme) and the consequential overspend on revenue repairs and maintenance. Details are provided in Appendix C.
- 2.25 There were unforeseen revenue repairs and maintenance, which included water system repairs under the legionella programme and repairs as a result of the snow and freezing weather conditions at the end of February and early March 2018, e.g. freezing pipes and damaged fencing.
- 2.26 As at 31 March 2018 HRA rent arrears totalled £936k (£746k as at 31 March 2017) and represents 4.7% of gross income collectable from the HRA (3.8% as at 31 March 2017).
- 2.27 The Bad Debt Provision as at 31 March 2018 was £690k (£666k as at 31 March 2017). With the impact of Universal Credit and rising rent arrears an increase in the Bad Debt provision was anticipated. However, this was not to the level as estimated when revising the budgets in late 2017 (based on the information available at the time), and a variance against the revised budget has been reported at the end of the year of a £212k reduction to the Bad Debt Provision.
- 2.28 After taking into account the net movement from the HRA working balance for the year of £2.310m, the HRA working balance is £4.937m as at the end of March 2018 (£7.247m as at 31 March 2017). The HRA working balance has been maintained at 24% of total income, which is 14% above the considered best practice limit (10%).
- 2.29 In 2017/18 the HRA made a transfer to its Debt Repayment Reserve of £3.690m, increasing the balance on the reserve to £9m as at 31 March 2018. This is in line with the revised budget position. The transfer of funds to the Debt Repayment Reserve gives the Council flexibility around its future decisions for repaying the debt with the first repayment instalment (£10.8m) due at the end of March 2022.
- 2.30 As per the variance summary table in Appendix C, the Housing Development programme has been rephased to 2018/19 at a value of £1m. This has been transferred to a newly created earmarked reserve in the HRA for Housing Development for use in 2018/19 as required.
- 2.31 Due to the rephasing of the Housing Development Programme from 2017/18 to 2018/19, there was no requirement to draw down on the Major Repairs Reserve (MRR) in 2017/18. This will now be rephased to 2018/19.
- 2.32 A summary of the HRA's reserves position as at 31 March 2018 is provided below.

**Waveney District Council**  
**Summary of HRA Balance and Earmarked Reserves 2017/18**

	Balance as at 31 March 2017 £'000	Transfer In 2017/18 £'000	Transfer Out 2017/18 £'000	Balance as at 31 March 2018 £'000	<i>Budgeted Balance as at 31 March 2018 £'000</i>
HRA Working Balance	7,247		(2,310)	4,937	4,633
<b>HRA Working Balance</b>	<b>7,247</b>	<b>-</b>	<b>-</b>	<b>2,310</b>	<b>4,937</b>
<b>HRA Earmarked Reserves</b>					
Debt Repayment Reserve	5,310	3,690	-	9,000	8,906
Hardship Reserve	500	-	-	500	500
MMI Reserve	66	-	-	66	66
Impairment/Revaluation Reserve	256	-	-	256	256
Housing Development Reserve	-	1,000	-	1,000	-
<b>Total of Revenue Earmarked Reserves</b>	<b>6,132</b>	<b>4,690</b>	<b>-</b>	<b>10,822</b>	<b>9,728</b>
<b>Capital Earmarked Reserves</b>					
Major Repairs Reserve	15,787	3,312	-	19,099	16,123
<b>Total Earmarked Reserves</b>	<b>21,919</b>	<b>8,002</b>	<b>-</b>	<b>29,921</b>	<b>25,851</b>

### Collection Fund 2017/18

- 2.33 The Collection Fund records the income from Business Rates and Council Tax and its distribution, net of an allowance for cost of collection paid to the Billing Authority (Waveney District Council).

### Council Tax

- 2.34 Council Tax income finances the expenditure of Suffolk County Council, the Police and Crime Commissioner for Suffolk, Waveney District Council and its Town and Parish Councils. During 2017/18, the in-year movement on the Council Tax Collection Account was a surplus of £228k. The balance on the Council Tax Collection Account as at the end of March 2018 was a surplus of £1.398m.

### Business Rates

- 2.35 The Council as the Billing Authority collects all non domestic rates from local business and distributes these to Central Government (50%), Suffolk County Council (10%) and Waveney District Council (40%).
- 2.36 Each year, the Council has to make a number of assumptions in January to produce the National Non Domestic Rate (NNDR1) return, which provides an estimate for the forthcoming year. Key assumptions in arriving at the estimated amounts include the value of outstanding appeals and forecasts of growth or reduction in the business rates base of the area.
- 2.37 During 2017/18 the in year movement on the Business Rate Collection Account was a deficit of £292k, increasing the brought forward deficit of £1.187m to £1.479m as at the end of March 2018.
- 2.38 In order to reduce the amounts paid as Levies (the amount paid to Government), all of the Suffolk councils have entered a pooling arrangement allowing them to retain a larger

proportion of growth by reducing their individual rate of levy. For 2017/18, the benefit to the Council of participating in the Suffolk Business Rates Pool was £313k.

### **3 HOW DOES THIS RELATE TO EAST SUFFOLK BUSINESS PLAN?**

- 3.1 The Council has taken a very prudent and business-like approach to formulating and setting the budget, which has included allowing for sufficient contingencies, promoting invest to save initiatives , controlling costs and generating new and additional income as well as leading on developing a local growth strategy. This approach will enable East Suffolk to become financially self-sufficient.

### **4 FINANCIAL AND GOVERNANCE IMPLICATIONS**

- 4.1 In England, the process for approval and publication of the 2017/18 Statement of Accounts is set out in the Accounts and Audit Regulations 2015 (the Regulations). The regulations require that a local authority must present a true and view of the authority's financial position and income and expenditure prior to the commencement of the period for the exercise of public rights for 2017/18 (which includes the first 10 working days in June 2018).
- 4.2 The Accounts and Audit Regulations 2015 (the Regulations) bring forward the timetable for the closure of the accounts in respect of 2017/18 and subsequent financial years. From 2017/18 the date for signing and dating the Statement of Accounts is 31 May. The regulations also require that local authorities in England publish their audited Statement of Accounts by 31 July, or as soon as reasonably practicable after the receipt of the auditor's final findings (if later), including on the Council's website.
- 4.3 To comply with the approval and publication process as set out in the Regulations, the order of events is as follow;
- i. The responsible financial officer (RFO) must sign and date the unaudited Statement of Accounts and confirm that it presents a 'true and fair' view prior to the commencement of the period for the exercise of public rights. In practical terms this must be completed by 31 May at the latest.
  - ii. The RFO must publish the unaudited Statement of Accounts which includes publication on the Council's website, together with the specified documents/declarations/statements. This must be completed by 31 May at the latest.
  - iii. The period for the exercise of public rights must be exercised within a single period of 30 working days, which must include the first 10 working days of June. This is treated as commencing on the day following the day on which step ii above has been fulfilled.
  - iv. Following the conclusion of the period for the exercise of public rights the RFO is required, on behalf of the authority, to re-confirm that they are satisfied that the Statement of Accounts presents a 'true and fair view'.
  - v. The Authority must then consider and approve the Statement of Accounts, either by way of a committee or by the members meeting as a whole and ensure that they

are signed and dated by the person presiding at the committee or meeting at which the annual is given. For Waveney District Council this will be the Audit & Governance meeting on Wednesday 25 July 2018.

- vi. After approval of the audited Statement of Accounts, and for 2017/18 no later than 31 July, the authority is required to publish the Statement of Accounts together with any certificate or opinion and accompanied by the approved Annual Governance Statement.
- vii. Where an audit of accounts for 2017/18 has not been concluded before 31 July, the authority must publish ( including on the Council's website) as soon as reasonably practicable on or after that date a notice stating that it has not been able to publish the Statement of Accounts and its reasons for this. Subsequently, after approving the Statement of Accounts, the authority must publish the Statement of Accounts, including on the Council's website, as soon as reasonably practicable after the receipt of any report from the auditor which contains the auditor's final findings from the audit which is issued before the conclusion of the audit.
- viii. As soon as reasonably practicable after the conclusion of an audit, the authority must publish a statement that the audit has been concluded and that the Statement of Accounts has been published.

## **5 OTHER KEY ISSUES**

- 5.1 No other key issues to be considered.

## **6 CONSULTATION**

- 6.1 As required by the Regulations, a statement setting out the period for the exercise of public rights has been placed on the Council's website on Thursday 31 May 2018. This gives notification that the single period of 30 working days has commenced in which any rights of objection, inspection and questioning of the local auditor must take place. This inspection period must include the first 10 days of June and therefore this period commenced on Friday 1 June 2018 and ends on Thursday 12 July 2018.
- 6.2 The Unaudited Statement of Accounts, Annual Governance Statement and Narrative Report were also placed on the Council's website on the Thursday 31 May 2018.
- 6.3 After approval of the audited Statement of Accounts, and for 2017/18 no later than 31 July, the authority is required to publish on its website the Statement of Accounts together with any audit certificate or opinion and accompanied by the approved Annual Governance Statement.
- 6.4 As soon as reasonably practicable after the conclusion of an audit, the authority must publish a statement that the audit has been concluded and that the Statement of Accounts has been published, along with the rights of inspection and the address at which those rights may be exercised.

## **7 OTHER OPTIONS CONSIDERED**

- 7.1 No other options were considered.



## 8 REASON FOR RECOMMENDATION

- 8.1 To give Cabinet an update on the unaudited 2017/18 outturn for the council's revenue and capital accounts, before the audited accounts are submitted for approval to the Audit and Governance Committee on 25 July 2018.
- 8.2 To provide members with financial information on the Council's reserves and balances to assist in formulating budget policies for 2018/19 and beyond.

### RECOMMENDATIONS

1. To note the details of the draft outturn position for 2017/18 together with Reserves and Balances as at 31 March 2018.
2. To note that the audited Statement of Accounts will be submitted for approval to the Audit and Governance Committee on 25 July 2018.
3. To approve £15,000 from the outturn surplus for 2017/18 to be set aside for 'Celebrating Success' of Waveney District Council (transfer from the In-Year Savings Reserve to the Carry Forward Reserve in 2018/19).
4. To approve use of the Housing Benefit reserves and the DWP funding (£122k) set aside in the Customer Services Reserve to fund costs to the Council associated with the migration of the Revenues and Benefits system for East Suffolk.
5. To approve use of the In-Year Savings Reserve to fund the Council's contribution to the Suffolk Office of Data and Analytics (SODA) of £20k per annum in 2018/19 and 2019/20.

### APPENDICES

<b>Appendix A</b>	Narrative Report to the Statement of Accounts for 2017/18
<b>Appendix B</b>	General Fund Summary of Key Variances 2017/18
<b>Appendix C</b>	HRA Summary of Key Variances 2017/18
<b>Appendix D</b>	Earmarked Reserves - Extract of Note 10 to the Statement of Accounts 2017/18

**BACKGROUND PAPERS** Please note that copies of background papers have not been published on the Council's website but copies of the background papers listed below are available for public inspection free of charge by contacting the relevant Council Department.

Date	Type	Available From
May 2018	Final Accounts Working Papers for 2017/18	Financial Services Team