

EXPLANATORY FOREWORD

Review of Financial Performance 2013/14 continued

Difference between Budget and Actual Income / Expenditure			
	Original Estimate £'000	Actual Expenditure £'000	Variance £'000
Central Services to the Public	375	290	(85)
Cultural, Environmental, and Planning Services, Highways and Transport	3,079	3,101	22
Housing Services - Other	709	493	(216)
Corporate and Democratic Core	1,634	1,172	(462)
Non Distributed Costs	983	703	(280)
	6,780	5,759	(1,021)
Precepts Paid	1,183	1,183	-
Interest Payable	284	274	(10)
Other Income & Expenditure	(127)	(169)	(42)
Non Cash Adjustments included in Surplus Deficit	-	894	894
RSG and other Grants and Contributions	(2,604)	(3,388)	(784)
Retained Non Domestic Rates Income	(1,298)	(903)	395
Council Tax	(4,281)	(4,321)	(40)
	(63)	(671)	(608)
Revenue Support to Capital Programme	255	120	(135)
Other non cash adjustments	(980)	(1,779)	(799)
Transfer to / (from) Earmarked Reserves	788	2,330	1,542
Transfer to from General Fund	-	-	-

The Council has continued to strengthen its financial position in 2013/14.

The Cost of Services is £1,021k lower than budget this is due mainly to requirements for accounting for the Council's share of pension cost liabilities which varies from the amounts actually paid in year to the North Yorkshire pension fund. Savings across services have been achieved through a combination of increases in income and reduced costs. The Council monitors the financial performance of departments against budget on a quarterly basis throughout the year. The final outturn accounts show that all Departments made savings against their Revised Budgets totalling £973k.

The savings have arisen as a consequence of increased income from services such as Development Control, Garden Waste, Staffing Costs through vacant posts, and the Council's planned projects through its income and savings plan initiative. There was budget slippage of £148k for planned expenditure within revenue services. The funding has been carried forward to 2014/15 when this work will be completed.

	Revised Budget 2013/14 £000	Actual 2013/14 £000	Variance 2013/14 £000
Chief Executive / Director of Services	575	752	177
Resources Department	2,050	1,460	(590)
Community Department	3,234	2,674	(560)
Total Departmental Net Costs	5,859	4,886	(973)

EXPLANATORY FOREWORD

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The Council planned to contribute to its Enabling Efficiencies Fund £30k and New Homes Bonus Reserve £553k. Through strong financial management, the Council has achieved this target and made additional contributions of £37k to the Enabling Efficiencies Fund, and in addition created two new reserves for Business Rates Equalisation £960k and Future Years Budget Support £173k. Additional Government funding from the New Homes Bonus Grant has been set aside in its reserve to fund specific, approved initiatives.

The Council did not budget to utilise all the on account receipts in respect of the localisation of business rates. In addition the Council received £411k grant to pay for Small Business Rate Relief grants paid out. These additional funds have been placed in the Business Rates Equalisation Reserve to mitigate against potential costs for business rates appeals outstanding at 31 March 2014.

The strong financial performance in 2013/14 has improved the Council's financial resilience. As a result, at 31 March 2014 the Council has maintained its General Fund Balance of £1,030k (£1,030k at 31 March 2013) and Earmarked Reserves of £4,056k (£1,726k at 31 March 2013).

Borrowing Facilities

The Council's borrowing facilities for 2013/14 are as follows;

- Bank overdraft limit of £500,000 (short-term)
- Public Works Loans Board (long-term capital)
- London Money Markets (via brokers) for short and long-term borrowing
- Other Local Authorities

The maximum amount of external borrowing the Council can have at any one time is governed by the Prudential Code, which was introduced in April 2004. The Prudential Code controls borrowing by reference to an Authorised Limit and Operational Boundary. The Council agreed the Prudential Indicator limits for 2013/14.

There was no new borrowing, long-term or short-term, during the year.

Capital Expenditure

Capital expenditure results in a benefit that lasts for a number of years.

In 2013/14 the Council spent a total of £355k on acquiring and improving assets. In addition it made £268k of grants under the mandatory disabled facilities grant improvements scheme and loans to households under the repairs assistance scheme. £11k of grants was provided to community projects for capital expenditure.

The following table shows an analysis of the Council's capital expenditure:

2012/13 £'000	Areas of Capital Expenditure	2013/14 £'000
25	Wheeled Bins	-
55	Refuse Vehicles and associated equipment	141
150	Disabled Facilities Capital Grants & Other Home Improvement Grants	268
70	IT Infrastructure	73
-	Waltonwrays Crematorium Improvements	93
-	Skipton Town Hall Project	13
-	Craven Swimming Pool	20
21	Community Schemes	11
-	PV Panels to Council Buildings	15
321	Total Capital Expenditure	634

This expenditure compares with an initial budget of £1,842k. The decrease of £1,208k is a result of projects completing within budget, slippage and reclassification of items as follows:

EXPLANATORY FOREWORD

Service Delivery Changes

The Council is continuing with its Transformation programme. The asset rationalisation programme is ongoing, procurement savings are being realised, and the shared service initiatives are delivering efficiency savings, with further initiatives being investigated. The Value for Money programme continues to ensure that our services are economic, efficient and effective, and sets out a framework and timetable of service reviews. Additional contributions have been made to the Council's Enabling Efficiency Fund which will be utilised for investment in initiatives which will bring longer term savings to the Council.

Although there is a high degree of uncertainty about future levels of funding for local government, the Council's savings and transformation initiatives, which link through to the four year MTFS, aim to minimise service reductions so that we can continue to deliver our Council Plan priorities. The MTFS will continue to be reviewed on an annual basis to take into account the inevitable further reductions in the level of Government funding, changes introduced under the Local Government Resource Review and the continuing turbulence of the economic climate; this will set the direction of travel for the 2015/16 budget and beyond. Whilst we have worked prudently to rebuild the Council's financial base, we realise that there will be many challenges ahead.

Significant Points to Note in Respect of the Balance Sheet

The Balance Sheet on page 16 shows that the net worth of the Council increased by £9.861m to £11.486m. Included in this increase is the effect of changes to non-current assets of £1.146m arising from expenditure on the capital programme offset by the net impact of disposals and revaluation. Long and short-term investments increased by £0.5m with a reduction in short-term borrowing of £1.269m. Long term borrowing increased by £948k as the Council had replaced a maturing loan with a longer term one. In addition cash and cash equivalents increased by £3.128m reflecting the Council's improved cash flows. Short-term debtors show an increase of £2.373m. In addition as explained above the liability related to the North Yorkshire Pension scheme decreased by £8.849m as the actuarial forecast for the deficit on the fund reduced.

This has enabled the Council to increase its usable reserves by £3.058m of which £478k is capital receipts and £960k relates to retained business rates set aside to cover potential liabilities in future years.

10. Review of the Council's Current Financial Position

At the 31 March 2014 the Council's usable reserves stood at £7,229m compared to £4.171m at the end of 2012/13. Included within these figures is £1.03m of unallocated revenue reserves. The Council has not approved any increase to or reduction from this balance as part of the budget package for 2014/15.

The remaining usable reserves include £4.056m earmarked reserves and £1.772m capital receipts reserve both of which were increased during 2013/14. The net increase in the capital receipts reserve of £0.478m reflects the receipts from the sale of Granville Street. Earmarked reserves increased by £2.330m during 2013/14 which reflects the decision to set aside funds to provide resources for project work to generate future savings and develop new working practices, as well as resources to provide for potential cost pressures, e.g. the funding of the capital programme and the potential refunds required through the localisation of Business Rates.

The Section 151 officer annually undertakes a risk assessment to calculate a minimum level for reserves. For 2013/14 the minimum level was calculated to be £1.0m for General Fund. The Medium Term Financial Plan assumes increases to earmarked reserves over the next few years to ensure that future demands can be met.

11. Changes In Accounting Policies, Accounting Treatment And Presentation

Restatement of Accounts

Under IAS8 Councils are required to disclose changes made to the previous years Statement of Accounts in relation to changes in accounting policy and material prior period adjustments. The following tables explain the differences between the amounts presented in the 2012/13 financial statements and the equivalent amounts presented in the 2013/14 financial statements. None of these changes have affected the general fund balances held by the Council.

Prior Period Adjustments

Prior period adjustments have been made to the Council's 2012/13 published financial statements in relation to the following:

THE COLLECTION FUND

The Council is required by the Local Government Finance Act 1988 to maintain a Collection Fund to account for the income from Council Tax, Non-Domestic (Business) Rates and any residual Community Charges. This income finances the net expenditure requirements (demands) of the authorities within the Craven area, including the District Council itself, North Yorkshire County Council (NYCC), Police and Crime Commissioner North Yorkshire (PCCNY), North Yorkshire Fire and Rescue Service (NYFRS) and the Parish Councils.

Since the collection of Council Tax is in substance an agency arrangement, the cash collected by the billing authority from Council Tax debtors belongs proportionately to the billing authority and the major preceptors. There will therefore be a debtor or creditor position between the billing authority and each major preceptor to be recognised in the Council's Balance Sheet since the net cash paid to each major preceptor in the year will not be its share of cash collected from Council Taxpayers.

2012/13 £'000		NNDR £'000	2013/14 Council Tax £'000	Total £'000	Notes
	Income				
31,596	Council Tax	-	32,542	32,542	
2,998	Council Tax Benefits	-	-	-	
16,689	Non Domestic Ratepayers	17,806		17,806	4
-	Transitional Protection Payments	17		17	
51,283	Total Income	17,823	32,542	50,365	
	Expenditure				
34,127	Demands on Collection Fund	-	31,750	31,750	5
190	Payments of previous surplus	-	300	300	
16,434	Business Rates:				
	- Payment to National Pool	-	-	-	
	- Payment to Government	9,379	-	9,379	4
	- Payment to NYCC	1,685	-	1,685	4
	- Payment to NYFRS	187	-	187	4
	- Payment to Craven DC	7,489	-	7,489	4
120	- Costs of Collection Allowance (to CDC)	119	-	119	
1	- Interest on Overpayments	-	-	-	
203	Bad and Doubtful Debts - Write Offs	101	31	132	6
59	Contribution to Provision for bad and Doubtful Debts	64	68	132	6
	Provision for Appeals	1,199	-	1,199	6
51,134	Total Expenditure	20,223	32,149	52,372	
(149)	(Surplus) / Deficit for the year	2,400	(393)	2,007	
	COLLECTION FUND BALANCE				
(343)	Balance Brought Forward	-	(492)	(492)	6
(149)	(Surplus) / Deficit for the year	2,400	(393)	2,007	6
(492)	Balance Carried Forward	2,400	(885)	1,515	6