
BALANCES AT 31 MARCH 2018

Report by Chief Financial Officer

EXECUTIVE COMMITTEE

5 September 2017

1 PURPOSE AND SUMMARY

- 1.1 **This report provides the Executive Committee with an analysis of the Council's balances as at 31 March 2017 and advises Members of the projected balances at 31 March 2018.**
- 1.2 The unaudited Council's General Fund useable reserve (non-earmarked) balance was £5.842m at 31 March 2017. This reflects an increase of £0.204m from the draft revenue outturn projected position of £5.638m presented to Members on 20 June 2017 prior to the production of the unaudited accounts. The increase is as a result of the 2016/17 revenue underspend (£0.128m) along with some minor technical adjustments (£0.076m). The projected General Fund useable reserve is projected at £5.638m at the 31st March 2018 in line with the Council's Financial Risk Register.
- 1.3 The Council's allocated reserve balance was £5.899m at 31 March 2017. The projected balance in the allocated reserve at 31st March 2018 is £1.997m, the movement is as a result of:
- £1.506m has been released to support the 2017/18 Financial Plan as previously agreed by Elected Members;
 - £2.6m has been released to support IT transformation as previously agreed by Elected Members;
 - £0.068m has been transferred from CFCRs not applied to ER/VS following year end finalisation of balance required;
 - £0.272m has been added to the ER/VS reserve funded from:
 - 2016/17 revenue underspend (£0.128m)
 - Statutory accounting balance (£0.076m)
 - Transfer from CFCRs not applied, now not required (£0.068m).
- 1.4 The total of all useable balances, excluding developer contributions, at 31 March 2018 is projected to be £17.071m, compared to £19.705m at 31 March 2017. As the financial year progresses, earmarked balances to be carried forward to 2018/19 will increase.
- 1.5 The projected balance on the Capital Fund of £4.408m will be affected by any further capital receipts, developer contributions, interest credited and any expenditure authorised to be financed from the Fund during the remainder of the financial year.

2 RECOMMENDATIONS

2.1 It is recommended that the Executive Committee:

- (a) Notes the unaudited 2016/17 revenue balances at 31 March 2017;**
- (b) Notes the projected revenue balances as at 31 March 2018 as per Appendices 1 & 2; and**
- (c) Notes the projected balance in the Capital Fund as per Appendix 3.**

3 ACCOUNTS AND FUNDS OPERATED BY THE COUNCIL

3.1 Income and expenditure relating to the Council's services are accounted for and financed through the following funds (as required or permitted by statute):

- (a) General Fund
- (b) Corporate Property Repairs & Renewals Fund
- (c) Insurance Fund
- (d) Plant & Vehicles renewals Fund
- (e) Capital Fund

3.2 The balances on these Funds represent the Council's useable reserves which at 31 March 2017, as per the final unaudited accounts, are reflected in the table below. Movements from the draft revenue outturn position presented to the Executive Committee on the 20th June 2017 relate to the finalisation of the final unaudited accounts as below:

	31/03/17 £m Draft revenue outturn	31/03/17 £m Final unaudited accounts	Movement £m
BALANCES			
Earmarked Balances (non DSM)	4.865	0.438	(4.427)
Earmarked Balances (DSM)	1.690	0	(1.690)
Allocated Balances	6.049	6.049	0
Revenue (Unallocated Reserve)	5.638	5.842	0.204
Corporate Property Repairs & Renewals Fund	0	0	0
Insurance Fund	1.125	1.125	0
Plant & Vehicles Renewals Fund	4.922	4.901	(0.021)
Capital Fund (exc. Developer Contributions)	1.350	1.350	0
	25.639	19.705	(5.934)

Explanation of movement is highlighted overleaf.

BALANCES	Movement £m	Explanation of movement
Earmarked Balances (non DSM)	(4.427)	Allocation of earmarked balances carried forward to revenue account
Earmarked Balances (DSM)	(1.690)	Allocation of DSM earmarked balance allocated to DSM revenue budget
Allocated Balances	0	
General Fund (Unallocated Reserve)	0.204	2016/17 revenue underspend and statutory accounting balance applied to General Fund Reserve
Corporate Property Repairs & Renewals Fund	0	
Insurance Fund	0	
Plant & Vehicles Renewals Fund	(0.021)	Minor movement on fund
Capital Fund (exc. Developer Contributions)	0	
	(5.934)	

4 BALANCES AT 31 MARCH 2018

- 4.1 Appendix 1 summarises the projected transactions and resultant projected balances at 31 March 2018 on the General Fund and Appendix 2 shows the projected non-General Fund balances. The net effect is the useable General Fund balance after earmarked funds and allocated reserves is projected to be **£5.638m** at 31 March 2018 which is in line with the recommended level included in the Financial Strategy approved by Council.

- 4.2 The projections in the statement attached in Appendices 1, 2 and 3 are based on actual expenditure and income to 30 June 2017 and are summarised in the table overleaf.

BALANCES	31/03/17 £m	31/03/18 projection £m	Movement £m
Earmarked Balances (non DSM)	0.438	0.438	0
Earmarked Balances (DSM)	0	0	0
Allocated Balances	6.049	2.147	(3.902)
General Fund (Unallocated Reserve)	5.842	5.638	(0.204)
Corporate Property Repairs & Renewals Fund	0	0	0
Insurance Fund	1.125	1.125	0
Plant & Vehicles Renewals Fund	4.901	6.334	1.433
Capital Fund (exc. Developer Contributions)	1.350	1.389	0.039
	19.705	17.071	(2.634)

Movement in the General Fund unallocated and allocated balances during 2017/18 to date is as a result of:

Allocated balances (net £3.902m movement as per Appendix 1)

- £1.506m has been released to support the 2017/18 Financial Plan as previously agreed by Elected Members;
- £2.6m has been released to support IT transformation as previously agreed by Elected Members;
- £0.204m has been added to the ER/VS reserve funded from:
 - 2016/17 revenue underspend (£0.128m)
 - Statutory accounting balance (£0.076m);
- £0.068m has been transferred within the Allocated Balance from CFCRs not applied to ER/VS following year end finalisation of balance required which does not affect the overall balance.

General Fund unallocated reserve (£0.204m movement as per Appendix 1)

- £0.204m has been transferred to Allocated balances from:
 - 2016/17 revenue underspend (£0.128m)
 - Statutory accounting balance (£0.076m)

- 4.3 The Corporate Financial Risk Register was considered at the Council Meeting on 9 February 2017 and identifies potential risks which include failure to control budgets within approved limits, severe weather events, the economic downturn, potential contractual claims and unplanned emergencies. The accumulated financial risk in the Risk Register is assessed to be at £10.870m and the projected useable General Fund balance, at £5.638m, is sufficient to cover 52% of risks identified at that

time. £5.638m is the recommended level of General Fund Reserve identified in the Financial Strategy approved by Council on 9 February 2017. The general fund reserve will continue to be monitored through the Corporate Financial Risk Register on a regular basis.

- 4.4 Allocated balances have decreased by a net £3.902m during 2017/18 as outlined in paragraph 4.2 above. All movements are set out below:

ALLOCATED BALANCES	31st March 2017 £m	Increase during 2017/18 £m	Released during 2017/18 £m	31st March 2018 £m
General Financial Plan	1.506	0	(1.506)	0
IT transformation	2.600	0	(2.600)	0
CFCRs not yet applied to capital	0.203	0	(0.068)	0.135
Municipal Mutual	0.242	0	0	0.242
Adverse Weather (including flood)	1.000	0	0	1.000
Approved contribution to Energy Efficiency & Change Fund	0.300	0	0	0.300
ER/VS	0.198	0.272	0	0.470
Total	6.049	0.272	(4.174)	2.147

- 4.5 Appendix 3 details the balances currently held in the Capital Fund. These balances are temporarily held in the Loans Fund and will attract interest at the end of the financial year. The Fund can only be used for capital purposes or to repay external debt.

5 IMPLICATIONS

5.1 Financial

There are no financial implications beyond those contained in the report and appendices.

5.2 Risk and Mitigations

The major risks associated with this report are that the level of projected balances proves to be insufficient. Service budget pressures plus unexpected liabilities are the most likely sources of pressure on reserves. Current pressures being highlighted through the 2017/18 revenue monitoring process increase the likelihood of a draw down from reserves being required in 2017/18. These risks are being managed through regular monitoring of financial activity in all funds of the Council, including regular revenue and capital budgetary control reports to the Executive Committee. In addition the Corporate Financial Risk Register is regularly reviewed by senior Finance staff.

5.3 Equalities

There are no adverse equality issues arising from the report.

5.4 **Acting Sustainably**

There are no economic, social or environmental effects associated with this report.

5.5 **Carbon Management**

There are no effects on carbon emissions associated with this report.

5.6 **Rural Proofing**

This report does not relate to a new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

5.7 **Changes to Scheme of Administration or Scheme of Delegation**

There are no changes to the Schemes of Administration or Delegation as a result of this report.

6 CONSULTATION

6.1 The Corporate Management Team, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit & Risk, the Chief Officer HR, and the Clerk to the Council have been consulted and any comments have been reflected in the report.

Approved by

David Robertson
Chief Financial Officer

Signature

Author(s)

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Background Papers:

Previous Minute Reference:

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