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## **BALANCES AT 31 MARCH 2018**

**Report by Chief Financial Officer**

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### **EXECUTIVE COMMITTEE**

**21 November 2017**

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#### **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. The first monitoring position reported to the Executive Committee in September 2017 reflected a balance of £5.638m in line with the approved Financial Strategy. The projected balance as at 31<sup>st</sup> March 2018 remains £5.638m.
- 1.3 The Council's allocated reserve balance was £6.049m at 31 March 2017. The projected balance in the allocated reserve at 31<sup>st</sup> March 2018 is £3.147m as a result of approved planned draw downs and further allocations during 2017/18. £1m has been transferred from Earmarked Balances to Allocated Balances to reflect budget being allocated to support the 2018/19 Financial Plan.
- 1.4 The total of all useable balances, excluding developer contributions, at 31 March 2018 is projected to be £18.910m, compared to £19.705m at 31 March 2017.
- 1.5 The projected balance on the Capital Fund of £4.501m 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 projected revenue balances as at 31 March 2018 as per Appendices 1 & 2; and**
- (b) 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 projections of balances on these Funds are shown in the statements attached in Appendices 1, 2 and 3 and are based on actual expenditure and income to 30 September 2017. These balances represent the Council's useable reserves which are projected at 31 March 2018 as follows:

<b>BALANCES</b>	<b>31/03/18 projection £m</b>
Earmarked Balances (non DSM)	0.438
Earmarked Balances (DSM)	1.419
Allocated Balances	3.147
General Fund (Unallocated Reserve)	5.638
Corporate Property Repairs & Renewals Fund	0
Insurance Fund	1.157
Plant & Vehicles Renewals Fund	5.737
Capital Fund (exc. Developer Contributions)	1.374
	<b>18.910</b>

### 4 BALANCES AT 31 MARCH 2018

#### 4.1 UNALLOCATED BALANCES

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 RISKS

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

Allocated balances were £2.147m at the last reporting and since then have risen to £3.147m as a result of the allocation of £1m to support the 2018/19 Financial Plan. All movements during 2017/18 are set out below:

<b>ALLOCATED BALANCES</b>	<b>31<sup>st</sup> March 2017 £m</b>	<b>Increase during 2017/18 £m</b>	<b>Released during 2017/18 £m</b>	<b>31<sup>st</sup> March 2018 £m</b>
IT transformation	2.600	0	(2.600)	0
Support to Financial Plan	1.506	1.000	(1.506)	1.000
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
<b>Total</b>	<b>6.049</b>	<b>1.272</b>	<b>(4.174)</b>	<b>3.147</b>

4.6 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: 5 September 2017**

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