
PROJECTED BALANCES AT 31 MARCH 2017

Report by Chief Financial Officer

EXECUTIVE COMMITTEE

15 November 2016

1 PURPOSE AND SUMMARY

- 1.1 This report provides the Executive Committee with an analysis of the Council's balances as at 31 March 2016 and advises Members of the projected balances at 31 March 2017.**
- 1.2 The unaudited Council's General Fund useable reserve (non-earmarked) balance was £7.082m at 31 March 2016. The first monitoring position reported to the Executive Committee in August 2016 reflected a balance of £5.638m in line with the approved Financial Strategy. The projected balance as at 31st March 2017 remains £5.638m.
- 1.3 The Council's allocated reserve balance was £3.360m at 31 March 2016 and is projected to be £5.501m at 31st March 2017. The increase from the last reported position is as a result of an allocation of £0.177m from the revenue budget into the IT Transformation allocated reserve and an allocation of £1.506m from the revenue budget to support the 2017/18 Financial Plan as approved by full Council on the 11th February 2016.
- 1.4 The total of all useable balances, excluding developer contributions, at 31 March 2017 is projected to be £20.570m, compared to £31.163m at 31 March 2016. The difference relates almost entirely to earmarking. As the financial year progresses, earmarked balances to be carried forward to 2017/18 and future years are expected to increase.
- 1.5 The projected balance on the Capital Fund of £1.350m 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 2017 as per Appendices 1 & 2;**
- (b) Notes the projected balance in the Capital Fund as per Appendix 3; and**
- (c) notes the allocation of £1.683m from the revenue budget to the allocated reserve to support IT contract as approved by Council and the 2017/18 Financial Plan both reflected in the revenue monitoring report included elsewhere on this agenda.**

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 are projected at 31 March 2017 as follows:

	Projected Balances as at 31/03/17 £m
BALANCES	
Earmarked Balances (non DSM)	1.713
Earmarked Balances (DSM)	0
Allocated Balances	5.501
General Fund (Unallocated Reserve)	5.638
Corporate Property Repairs & Renewals Fund	0
Insurance Fund	1.321
Plant & Vehicles Renewals Fund	5.047
Capital Fund (exc. Developer Contributions)	1.350
	20.570

4 BALANCES AT 31 MARCH 2017

4.1 UNALLOCATED BALANCES

Appendix 1 summarises the projected transactions and resultant projected balances at 31 March 2017 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 **£5.638m** at 31 March 2017 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 11 February 2016 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 £11.527m and the projected useable General Fund balance, at £5.638m, is sufficient to cover 49% of risks identified at that time. The general fund reserve will continue to be monitored through the Corporate Financial Risk Register on a regular basis.

4.3 ALLOCATED BALANCES

Allocated balances have increased since the last reporting by a total of £1.683m (£0.177m through the allocation of revenue budget to support IT transformation and £1.506m to support the 2017/18 Financial Plan as previously agreed by members in the 2016/17 Financial Plan). All movements during 2016/17 are set out in the table below:

ALLOCATED BALANCES	Balance 31 March 2016 £m	Increase during 2016/17 £m	Released during 2016/17 £m	Projected Balance 31 March 2017 £m
Children's Placements Financial Plan	0.270	0	(0.270)	0
Project funding from Police & Fire reserves	0.031	0	(0.031)	0
SB Cares (PVG checks)	0.052	0	(0.052)	0
CFCRs not yet applied to capital 2014/15	0.228	0	(0.025)	0.203
General Financial Plan	0.322	1.506	(0.322)	1.506
Municipal Mutual	0.368	0	(0.126)	0.242
Winter maintenance	0.650	0	0	0.650
Approved contribution to Energy Efficiency & Change Fund	0.300	0	0	0.300
ER/VS	0.539	0	0	0.539
IT transformation	0.600	1.461	0	2.061
Total	3.360	2.967	(0.826)	5.501

4.4 **CAPITAL FUND**

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.

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 inaccurate and/or insufficient. Service budget pressures (as identified in the General Fund Revenue Monitoring report) plus unexpected liabilities are the most likely sources of pressure on reserves. 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 and is considered by the Executive Committee at regular intervals.

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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