
BALANCES AT 31 MARCH 2015

Report by CHIEF FINANCIAL OFFICER

EXECUTIVE COMMITTEE

09 June 2015

1 PURPOSE AND SUMMARY

- 1.1 This report provides the Executive Committee with an analysis of balances as at 31 March 2015.**
- 1.2 The Council's General Fund useable reserve (non-earmarked) balance is £7.259m at the end of the current financial year which exceeds the target set in the Council's approved Financial Strategy for 2014/15. The total of all revenue fund balances is £17.767m, compared to £16.351m at the end of 2013/14. It should be stressed that the 2014/15 balances are before a series of technical accounting adjustments, the effect of which are expected to be broadly neutral. There are a number of areas of expected pressures identified for 2015/16, which if not addressed during the financial year, may require the drawdown of further resources from the useable reserve.
- 1.3 The useable balance reflects approved budgets allocated to support the Revenue Financial plan, the commitment of reserves returned from the former Lothian and Borders Police and Fire joint boards to a variety of projects and the earmarking of budgets to support Corporate Transformation, ERVS and Roads repairs and maintenance.
- 1.4 The total of all useable balances, excluding developer contributions, at 31 March 2015 is £26.279m, compared to £24.921m at 31 March 2014. It should be noted that the 2014/15 figures include £7.492m of balances earmarked for use in 2015/16 and future years.

2 RECOMMENDATIONS

- 2.1 It is recommend that the Executive notes:-**
- (a) the projected revenue balances as per Appendices 1 & 2.**
 - (b) the current 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):-

- General Fund
- Corporate Property Repairs & Renewals Fund
- Insurance Fund
- Plant & Vehicles renewals Fund
- Capital Fund

3.2 The total unaudited useable balances excluding developer contributions at 31/3/2015 is £26.280m compared to £24.921m at 31/3/2014 detailed as follows:-

BALANCES	2013/14 £000	2014/15 £000
Earmarked Balances (non DSM)	4,248	5,771
Earmarked Balances (DSM)	1,274	1,721
Allocated Reserves	4,516	3,117
Revenue (Unallocated Reserve)	6,313	7,159
Corporate Property Repairs & Renewals Fund	300	39
Insurance Fund	1,361	1,314
Plant & Vehicles Renewals Fund	5,416	5,646
Capital Fund (exc. Developer Contributions)	1,493	1,513
	24,921	26,280

3.3 The balances shown above are before a series of technical adjustments which are required to reflect international accounting requirements. These adjustments are expected to be broadly neutral in terms of the final balances but are excluded from this report to ensure a like-for-like comparison with the projected balances and monitoring reports which have been presented to the Executive during the year.

4 BALANCES AT 31 MARCH 2014

4.1 Appendix 1 summarises the projected transactions and resultant balances at 31 March 2015 on the General Fund and Appendix 2 shows the projected non-General Fund balances. The net effect is the useable General Fund balance after excluding earmarked funds at **£7.159m** at 31 March 2015.

Reflected in the General Fund useable balance is:-

- A provision for Energy Efficiency & Change Fund in 2015/16 of £300k to continue SEEF for one further year
- A provision for additional costs in 2015/16 relating to PVG checks

and the proposed COSLA Residential Care Home increase of £100k

- A provision for additional roads maintenance £100k

- 4.2 The Council holds an unallocated reserve balance in order to manage identified risks, smooth uneven cash flows and provide a contingency against unforeseen circumstances.
- 4.3 The Corporate Financial Risk Register was considered at the Council Meeting on 12 February 2015 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 £10.295m and the projected useable General Fund balance, at £7.159m, is sufficient to cover 69.5% of risks identified at that time. The recommended balance to be maintained on the general fund reserve will continue to be monitored through the Corporate Financial Risk Register on a regular basis.
- 4.4 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 be used for capital purposes or to repay external debt.
- 4.5 It should be noted that the projected balances exclude any technical adjustments which are required as part of year end accounting processes. In 2013/14 these adjustments were broadly neutral and did not materially affect the level of reserves but it is possible that adjustments relating to 2014/15 may make a material impact, positively or negatively, on the final balances.

5 IMPLICATIONS

5.1 Financial

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

5.2 Risk and Mitigations

Service budget pressures (as identified in the General Fund Revenue Monitoring report & outturn 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. 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. The maintenance of appropriate balances is a fundamental aspect of sound financial planning that contributes to the financial sustainability of the council.

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 Monitoring Officer, the Chief Legal Officer, the Service Director Strategy and Policy, the Chief Officer Audit & Risk, the Chief Officer HR, and the Clerk to the Council are being consulted and any comments received will be updated at the meeting.

Approved by

David Robertson

Chief Financial Officer

Signature

Author(s)

Paul McMenamin	Business Partner
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**Background Papers:
Previous Minute Reference:**

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