

# **Draft Annual Accounts**

## **Scottish Borders Council**

### **2017/18**

**Audit & Scrutiny  
Committee  
26 June 2018**

# 2017/18 Highlights



**Revenue Out-turn £1.029m Underspend**

**£12.286m Financial Plan Savings achieved (64% Permanently)**

**Net Assets excluding Pension Fund liabilities have increased by  
Net £38.6m on Balance Sheet**

**There has been a significant improvement in the Council's Balance Sheet which has been materially affected by Actuarial Gains on the Pension Fund Net Assets/Liabilities (£70.5m) and an overall surplus on the revaluation of Property, Plant & Equipment (£53.6m)**

**Capital Expenditure of £36m / Fixed Asset NBV of £536.5m**

## Management Commentary

**Statutory Guidance  
Issued**

### **Strategic Management**

- Strategy & Objectives
- Business Model

### **Business Environment**

### **Business Performance**

- a Fair Review

## Sign Off Protocols

### **Unaudited Accounts**

Sign off by CFO

- Statement of Responsibilities
- Financial Statements are True & Fair

**By 30 June 2018**

### **Audit & Risk Committee responsibilities:**

- Consider unaudited accounts by 31 August
- Approve audited accounts prior to sign off

### **Audited Accounts**

Sign Off – various sections by  
Leader, Chief Executive and CFO  
by 30 September

## Publicising

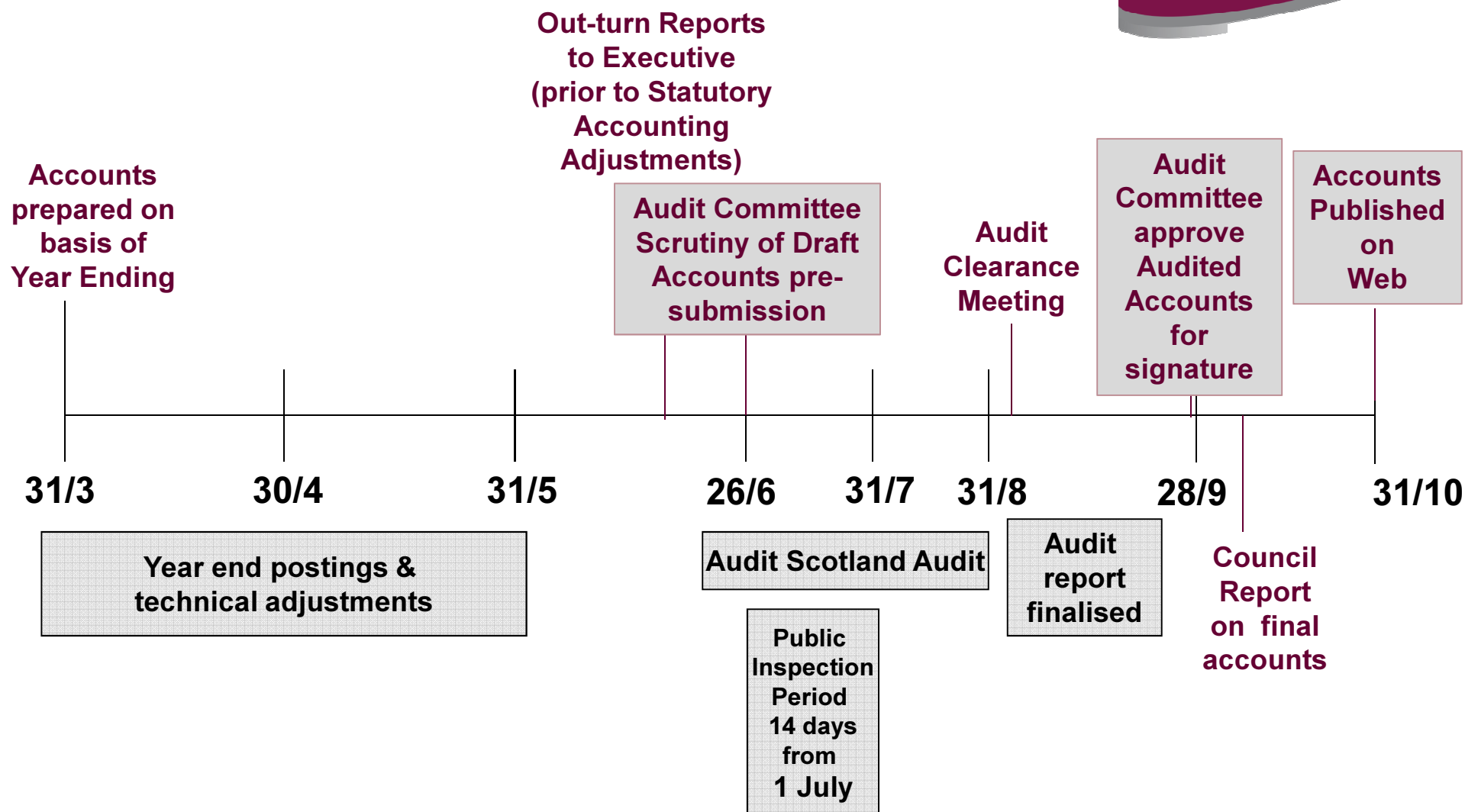
Unaudited Accounts to be  
published on website when  
submitted to Auditor

### **Inspection:**

- Notice 18th June
- Period starts 2 July for 14  
working days

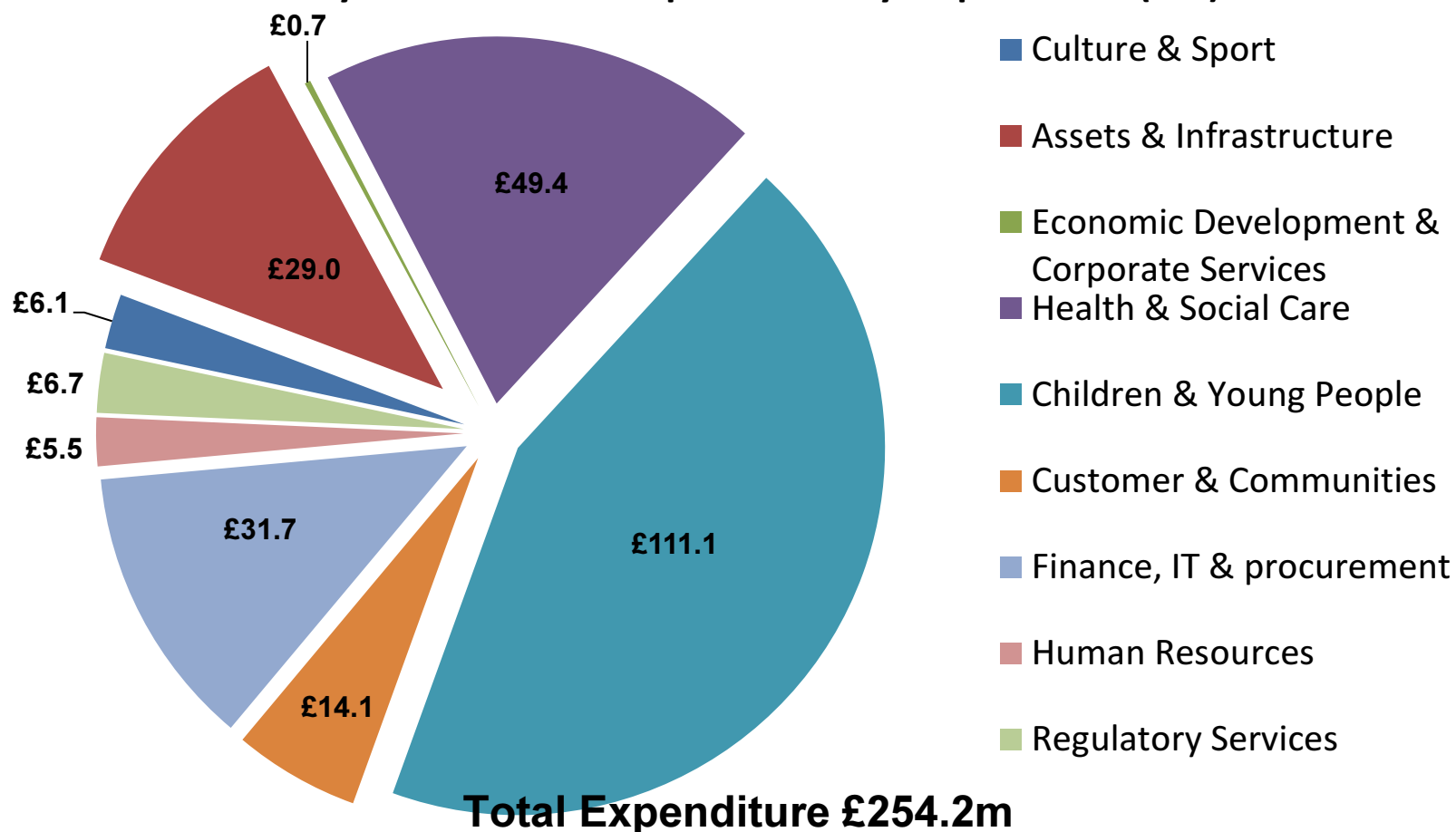
Audited Accounts published  
on website no later than **31  
October**

# Overview of Accounts Timetable



# Revenue Expenditure 2017/18

Analysis of Revenue Expenditure by Department (£m)

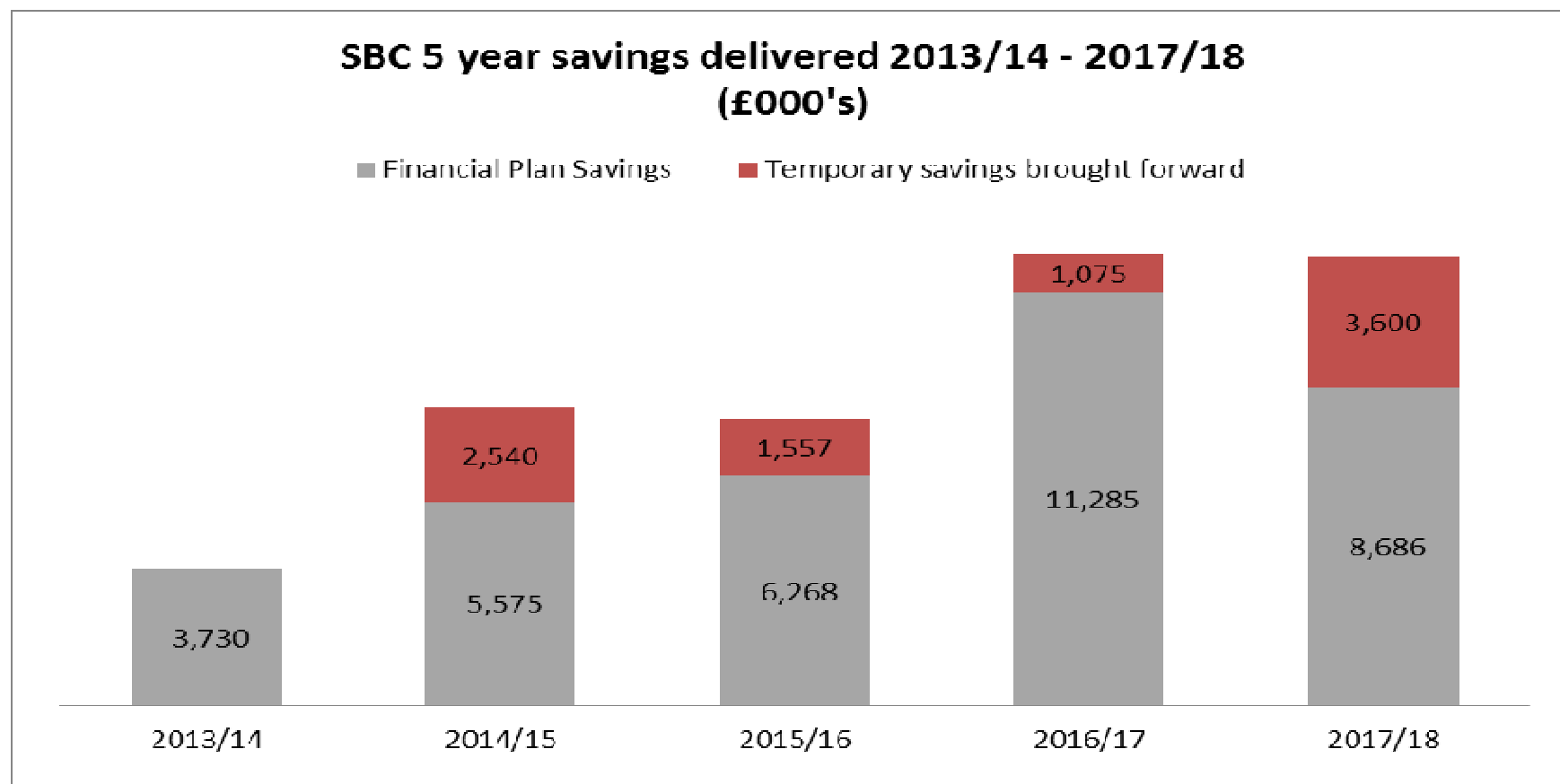


**Net Underspend £1.029m**

# Efficiency Savings

- £12.286m savings achieved

**64% (£7.8m) achieved on a permanent, recurring basis**



# Significant Trading Operations

## Note 8

- Requirement:
  - Surplus over rolling 3 year basis
- Cumulative net surplus over 3 years of £0.7m  
Yes still Significant Trading Operation

<b><i>SBc Contracts</i></b>	<b>2015/16 £m</b>	<b>2016/17 £m</b>	<b>2017/18 £m</b>	<b>Cumulative over 3 years £m</b>	<b>Share of Trading Surplus %</b>
Internal Trading	0.286	0.237	0.080	0.603	86%
External Trading	0.098	0.091	(0.092)	0.097	14%
<b>Total</b>	<b>0.384</b>	<b>0.328</b>	<b>(0.012)</b>	<b>0.700</b>	

### 2017/18 Key Points:

- In 2017/18 turnover reduced by £3m, or 17%, to £15.3m.
- 48% of the total SBc Contracts turnover was generated by internal works.

# Statutory Accounting Adjustments



£m

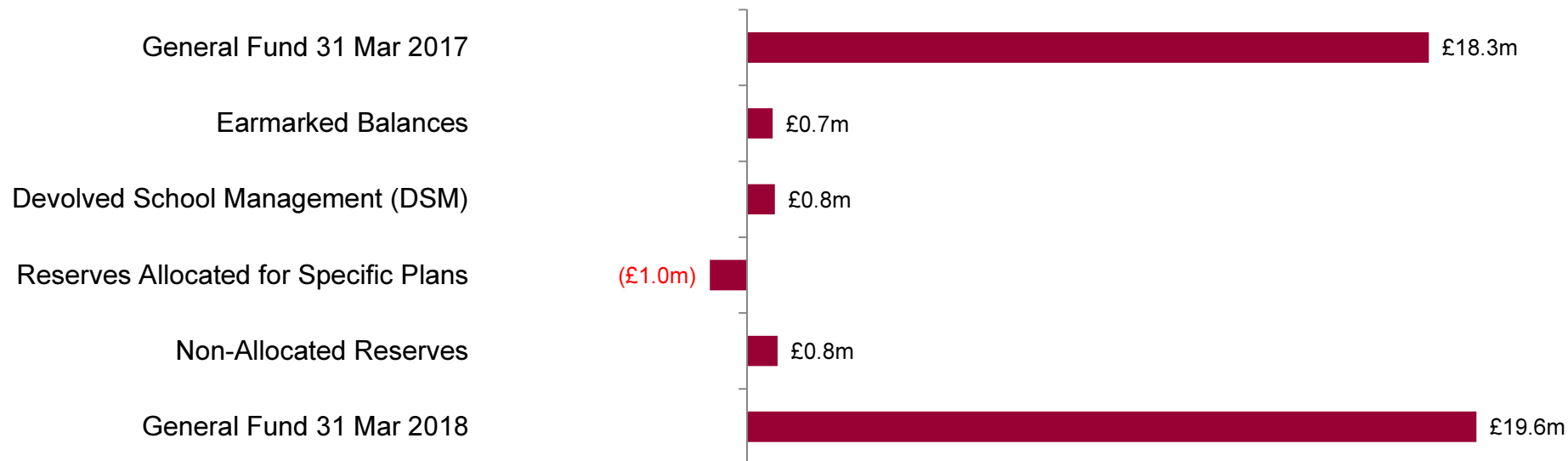
<b>Net Surplus on Revenue Out-turn</b>	<b>(1.029)</b>
Net Statutory Adjustments to Net Cost of Services (inc. Depreciation/Impairment on Revaluation/ Loan Charges/PPP/Non Distributed Costs)	34.881
Other Asset (Gains)/Losses	(52.318)
Net Interest Costs	11.676
Net Changes on Pension Assets/Liabilities	(64.563)
Capital Grants & Contributions Applied (exc.Reserves used)	(22.323)
SBc Contracts External Operating Surplus	0.091
<b>Net Surplus -Total Comprehensive Income &amp; Expenditure</b> <b>(2016/17 Deficit = £69.1m)</b>	<b>(93.585)</b>

**The NET IMPACT on Council Balances of these Statutory Adjustments to the  
Outturn position is broadly NEUTRAL i.e. No Effect on the Council Taxpayer**



# General Fund Balances

## Note 31



Movement within the Allocated and Non-Allocated Reserves during 2017/18 comprised of:

### **Reserves Allocated for Specific Plans - net effect of:**

Utilisation of IT transformation reserve	(£1.570m)
Increase to ER/VS reserve	£0.153m
Financial Plan adjustments	£0.494m
CFCRs applied to capital	(£0.068m)

### **Non-Allocated Reserves**

2016/17 underspend transferred to Allocated Reserves	(£0.204m)
Increase from 2017/18 year end outturn	£1.029m

# Balance Sheet - Overview

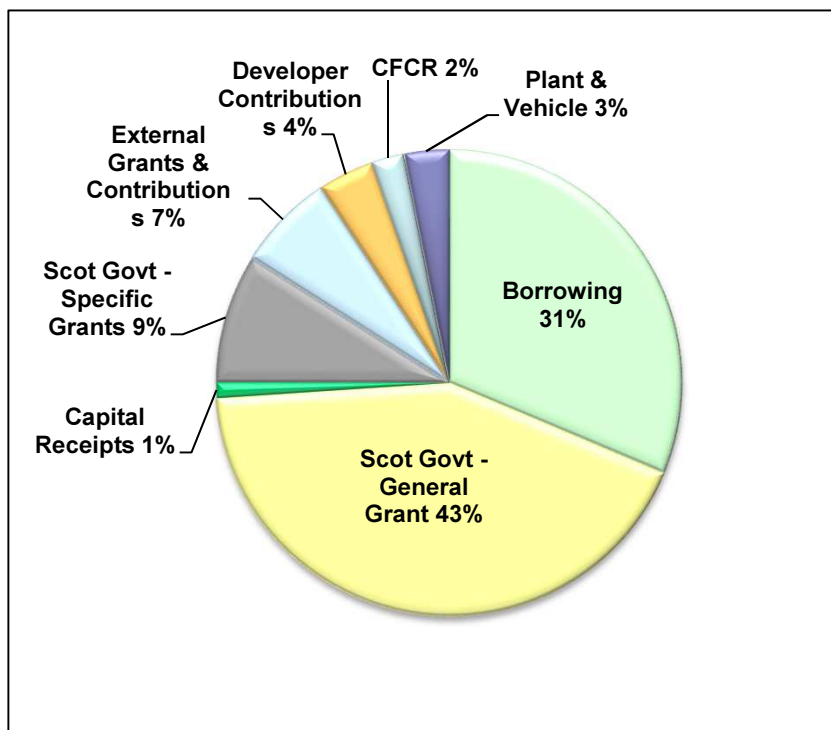
	Balance Sheet as at		Movement £m
	31 March 2017 £m	31 March 2018 £m	
Long Term Assets	486.3	542.3	56.0
Current Assets	45.8	53.1	7.3
Current Liabilities	(66.4)	(58.9)	7.5
Long Term Liabilities	(251.9)	(284.1)	(32.2)
<b>Net Assets Excluding Pensions Liabilities</b>	<b>213.8</b>	<b>252.4</b>	<b>38.6</b>
Pension Liability	(216.0)	(161.1)	54.9
<b>Net Assets/(Liabilities) including Pension Liabilities</b>	<b>(2.2)</b>	<b>91.3</b>	<b>93.5</b>

This net position is as a result of the underlying assumptions used in the actuarial valuation. The actuarial valuation for the accounts are calculated in accordance with IAS19 and uses a number of high level assumptions including pension increases, salary increase and discount rate.

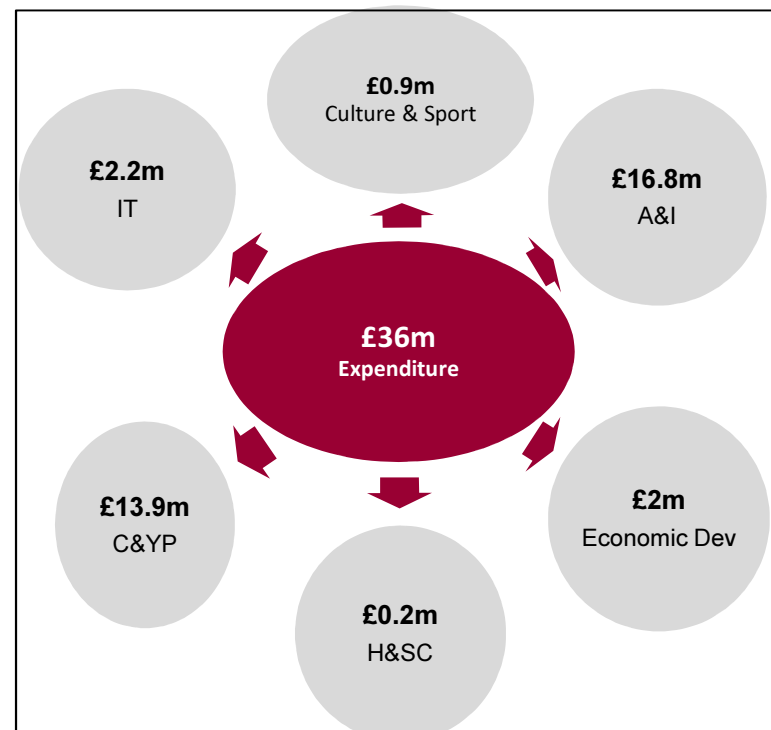
Included in Current Liabilities is a provision of £4m for decommissioning of the landfill sites.

# Capital Outturn 2017/18

## Actual Capital Financing



## Actual Capital Expenditure



**Total Expenditure £36m**

# Balance Sheet

## Assets (Notes 12, 13, 14 & 15)

	Balance Sheet as at		Movement £m
	31 March 2017	31 March 2018	
	£m	£m	
Property Plant and Equipment			
Other Land and Buildings	304.6	<b>378.6</b>	74.0
Vehicle, Plant, Furniture & Equipment	17.5	<b>16.4</b>	(1.1)
Infrastructure	123.6	<b>126.0</b>	2.4
Surplus Assets	3.8	<b>4.7</b>	0.9
Assets Under Construction	27.3	<b>9.8</b>	(17.5)
Heritage Assets	1.0	<b>1.0</b>	0.0
Intangible Assets	0.1	<b>0.0</b>	(0.1)
<b>Total PP&amp;E, Heritage &amp; Intangible Assets</b>	<b>477.9</b>	<b>536.5</b>	<b>58.6</b>

This reflects movements in the valuation of assets, the disposal of assets through sales and the construction of new assets funded by capital expenditure

## Subsidiaries

- SBC Common Good Funds (*Registered Charity*)
- SBC Trust Funds:
  - Registered Charities*
  - SBC Charity Funds (*76 funds*)
  - SBC Community Enhancement Trust
  - SBC Welfare Trust
  - SBC Education Trust
  - Ormiston Trust for Institute and
- 177 Non- Registered Trusts
- Bridge Homes LLP
- SBCares and SB Support LLP
- Live Borders

## Associates

- Jedburgh Leisure Facilities Trust

## Joint Ventures

- Scottish Borders Health and Social Care Partnership

# Common Good Funds & Charitable Trusts

## Common Good Funds

- 1 Charity
  - 1 Annual Charity Accounts
  - 10 Funds

Total Net Assets £13.5m  
Fixed Assets £10.5m  
Transfer of £38k assets into  
Melrose Common Good Fund  
Investments £2.7m  
Cash with SBC £0.2m

## Trust Funds

- 5 Charities
  - 5 Annual Charity Accounts
  - 177 Non-Registered Funds

Total Net Assets £3.8m  
Fixed Assets £1.7m  
*(mainly Ormiston & Chambers  
Institutions)*  
Investments £1.8m  
Cash with SBC £0.4m

## Balance Sheet

- **£5.9m Property (45 units)**
- **Funded by:**
  - £4.6m SBC Loan
  - £0.8m Affordable Housing Contribution
  - Property Revaluations

## Income & Expenditure

- |                                  |                |
|----------------------------------|----------------|
| • <b>4th Year Trading Profit</b> | <b>£0.059m</b> |
| • <b>Income:</b>                 |                |
| Rent                             | £0.213m        |
| SBC Grant                        | £0.009m        |
| • <b>Expenditure:</b>            |                |
| Loan Interest                    | £0.091m        |
| SBC Support Costs (grant funded) | £0.009m        |
| Property & Associated Costs      | £0.055m        |
| Audit & Professional Fees        | £0.008m        |

## Balance Sheet

- £0.85 Rehabilitation Equipment

## Income & Expenditure

• <b>SBCares Surplus returned to SBC *</b>	<b>£0.465m</b>
•Undistributed surplus	£0.040m
• <b>Income:</b>	
Income for service provision from SBC/IJB	(£18.142m)
Alarm monitoring and other income	(£ 0.624m)
• <b>Expenditure:</b>	
Staff Costs	£15.884m
Travel & Transport Costs	£0.483m
Property & Energy Costs	£0.477m
Community Equipment Services Purchases	£0.410m
Catering Costs	£0.275m
Other Non-Staff Costs	£0.732m

\* This excludes statutory adjustments including the IAS19 Pension Fund adjustments