
BALANCES AT 31 MARCH 2019

Report by Chief Financial Officer EXECUTIVE COMMITTEE

21 August 2018

1 PURPOSE AND SUMMARY

- 1.1 This report provides the Executive Committee with an analysis of the Council's balances as at 31 March 2018 and advises Members of the projected balances at 31 March 2019.**
- 1.2 The unaudited Council's General Fund useable reserve (non-earmarked) balance was £6.672m at 31 March 2017. This reflects an increase of £0.005m from the draft revenue outturn projected position of £6.667m presented to Members on 19 June 2018 prior to the production of the unaudited accounts. The increase is as a result of some minor technical adjustments (£0.005m). The projected General Fund useable reserve is projected at £6.315m at the 31st March 2019 in line with the Council's Financial Strategy.
- 1.3 The Council's Allocated reserve balance was £5.058m at 31 March 2018. The projected balance in the allocated reserve at 31st March 2019 is £3.063m, the movement is as a result of:
 - £2m has been released to support the 2018/19 Financial Plan as previously agreed by Elected Members;
 - £0.005m has been transferred from the General Fund balance to ER/VS within the Allocated balances;
 - £0.135m has been transferred from CFCRs not applied to ER/VS following year end finalisation of balances required (net nil impact on overall allocated reserve balance).
- 1.4 The total of all useable balances, excluding developer contributions, at 31 March 2019 is projected to be £17.650m, compared to £28.793m at 31 March 2018. As the financial year progresses, earmarked balances to be carried forward to 2019/20 will increase.
- 1.5 The projected balance on the Capital Fund of £4.203m 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 2017/18 revenue balances at 31 March 2018;**
- (b) Notes the projected revenue balances as at 31 March 2019 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 2018, 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 19th June 2018 relate to the finalisation of the final unaudited accounts with some minor technical adjustments reflected as below:

	31/03/18 £m Draft revenue outturn	31/03/18 £m Final unaudited accounts	Movement £m
BALANCES			
Earmarked Balances (non DSM)	5.556	5.556	0
Earmarked Balances (DSM)	2.442	2.442	0
Allocated Balances	5.058	5.058	0
Revenue (Unallocated Reserve)	6.667	6.672	0.005
Corporate Property Repairs & Renewals Fund	0.426	0.426	0
Insurance Fund	1.063	1.063	0
Plant & Vehicles Renewals Fund	5.982	5.982	0
Capital Fund (exc. Developer Contributions)	1.599	1.599	0
	28.793	28.798	0.005

4 BALANCES AT 31 MARCH 2019

- 4.1 Appendix 1 summarises the projected transactions and resultant projected balances at 31 March 2019 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 **£6.315m** at 31 March 2019 which is in line with the recommended level included in the 2018/19 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 2018 and are summarised in the table below.

	31/03/18 £m	31/03/19 projection £m	Movement £m
BALANCES			
Earmarked Balances (non DSM)	5.556	0.064	(5.492)
Earmarked Balances (DSM)	2.442	0	(2.442)
Allocated Balances	5.058	3.063	(1.995)
General Fund (Unallocated Reserve)	6.672	6.315	(0.357)
Corporate Property Repairs & Renewals Fund	0.426	0	(0.426)
Insurance Fund	1.063	1.043	(0.020)
Plant & Vehicles Renewals Fund	5.982	6.285	0.303
Capital Fund (exc. Developer Contributions)	1.599	0.880	(0.719)
	28.798	17.650	(11.148)

Movement in the General Fund allocated and unallocated balances during 2018/19 to date is as a result of:

Allocated balances (net £1.995m movement as per Appendix 1)

- £2m has been released to support the 2018/19 Financial Plan as previously agreed by Elected Members;
- £0.005m has been transferred from the General Fund balance to ER/VS within the Allocated balances;
- £0.135m has been transferred within the Allocated Balance from CFCRs not applied to ER/VS following year end finalisation of the balance required.

General Fund unallocated reserve (£0.357m net movement as per Appendix 1)

- Adjustments to reserves per the 2018/19 Financial plan (£0.677m);
- Decrease in the reserve due to the 2017/18 revenue underspend (£1.029m) being transferred into the 2018/19 revenue budget as agreed by Executive Committee on 19th June 2018;
- Transfer of a statutory accounting balance (£0.005m) to ER/VS within Allocated balances.

- 4.3 The Corporate Financial Risk Register was considered at the Council Meeting on 20 February 2018 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 £11.063m and the projected useable General Fund balance, at £6.315m, is sufficient to cover 57% of risks identified at that time. £6.315m is the recommended level of General Fund Reserve identified in the Financial Strategy approved by Council on 20 February 2018. 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 £1.995m during 2018/19 to date as outlined in paragraph 4.2 above. All movements are set out below:

ALLOCATED BALANCES	31st March 2018 £m	Increase during 2018/19 £m	Released during 2018/19 £m	31st March 2019 £m
General Financial Plan	2.000	0	(2.000)	0
CFCRs not yet applied to capital	0.135	0	(0.135)	0
IT transformation	1.030	0	0	1.030
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	0.351	0.140	0	0.491
Total	5.058	0.140	(2.135)	3.063

- 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 2018/19 revenue monitoring process increase the likelihood of a draw down from reserves being required in 2018/19. 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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