
BALANCES AT 31 MARCH 2019

Report by Chief Financial Officer

EXECUTIVE COMMITTEE

12 February 2019

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. The monitoring position reported to the Executive Committee in November 2018 reflected a balance of £6.315m in line with the approved Financial Strategy. The projected balance as at 31st March 2019 remains £6.315m.
- 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 £2.627m as a result of approved planned draw downs during 2018/19.
- 1.4 The total of all useable balances, excluding developer contributions, at 31 March 2019 is projected to be £21.071m, compared to £28.793 at 31 March 2018.
- 1.5 The projected balance on the Capital Fund of £4.975m 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 2019 as per Appendices 1 & 2;**
 - (b) Notes that any shortfall associated with pay award negotiations may require to be drawn down from reserves in 2018/19; 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 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 31 December 2018. These balances represent the Council's useable reserves which are projected at 31 March 2019 as follows:

BALANCES	31/03/19 projection £m
Earmarked Balances (non DSM)	3.740
Earmarked Balances (DSM)	0.690
Allocated Balances	2.627
General Fund (Unallocated Reserve)	6.315
Corporate Property Repairs & Renewals Fund	0
Insurance Fund	1.119
Plant & Vehicles Renewals Fund	5.415
Capital Fund (exc. Developer Contributions)	1.165
	21.071

4 BALANCES AT 31 MARCH 2019

4.1 UNALLOCATED BALANCES

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 Financial Strategy approved by Council.

4.2 RISKS

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.

4.3 ALLOCATED BALANCES

Allocated balances were £2.828m at the last reporting and are now projected to be £2.627m based on the draw down of a further £201k of the ER/VS balance in line with current commitments. All movements during 2018/19 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		(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	(0.436)	0.055
Total	5.058	0.140	(2.571)	2.627

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 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 have been consulted and any comments have been reflected in the report. Any comments from the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit & Risk, the Chief Officer HR, and the Clerk to the Council will be communicated at the Executive Committee meeting.

Approved by

David Robertson
Chief Financial Officer

Signature

Author(s)

Suzy Douglas	Financial Services Manager 01835 824000 X5881
--------------	---

Background Papers:

Previous Minute Reference: 20 November 2018

Note – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Treasury & Capital Team can also give information on other language translations as well as providing additional copies.