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## **BALANCES AT 31 MARCH 2019**

**Report by Chief Financial Officer**

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### **EXECUTIVE COMMITTEE**

**4 June 2019**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 This report provides the Executive Committee with an analysis of the Council's balances as at 31 March 2019.**
- 1.2 The Council's General Fund useable reserve (non-earmarked) balance is £6.315m at the end of the financial year. The 2018/19 balances are before a series of technical accounting adjustments, the effect of which are expected to be broadly neutral. Adjustments required as a result of the Statutory Audit process will be reported at the conclusion of the Audit.
- 1.3 The total of all useable balances, excluding developer contributions, at 31 March 2019 is £27.799m compared to £28.798m at 31 March 2018.

#### **2 RECOMMENDATIONS**

- 2.1 It is recommended that the Executive Committee:**
  - (a) Notes the revenue balances as at 31 March 2019 as per Appendices 1 & 2 including movement in the Allocated Reserve since the last reporting period; and**
  - (b) Notes the 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 unaudited balances on these Funds represent the Council's useable reserves which at the 31 March 2019, is as follows:

<b>BALANCES</b>	<b>2017/18 £m</b>	<b>2018/19 £m</b>
Earmarked Balances (non DSM)	5.556	6.207
Earmarked Balances (DSM – including Pupil Equity Fund)	2.442	1.158
Allocated Balances	5.058	2.572
Revenue (Unallocated Reserve)	6.672	6.315
Unaudited 2018/19 revenue outturn	0	1.344
Corporate Property Repairs & Renewals Fund	0.426	0.287
Insurance Fund	1.063	1.197
Plant & Vehicles Renewals Fund	5.982	6.843
Capital Fund (exc. Developer Contributions)	1.599	1.876
	<b>28.798</b>	<b>27.799</b>

- 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 and will be confirmed following finalisation of the Council's statutory accounts.

### 4 BALANCES AT 31 MARCH 2019

- 4.1 Appendix 1 summarises the projected transactions and resultant 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, allocated reserves and the unaudited 2018/19 revenue outturn is £6.315m at 31 March 2019 in line with the financial strategy.

4.2 During 2018/19 General Fund reserves have been adjusted as follows:

	<b>Increase / (Draw down) £</b>	<b>Executive Committee Reporting</b>
Opening 2018/19 balance	<b>6.672m</b>	
Adjustments to reserves per the 2018/19 Financial plan	0.677m	September 2018
2017/18 revenue underspend transferred into the 2018/19 revenue budget	(1.029m)	September 2018
Transfer of a statutory accounting balance to ER/VS within Allocated balances	(0.005m)	September 2018
Balance at 31 <sup>st</sup> March 2019	<b>6.315m</b>	

4.3 The Corporate Financial Risk Register relating to 2018/19 was considered at the Council Meeting on 20 February 2018 and identified potential risks which included 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 was assessed to be at £11.063m and the projected useable General Fund balance, at £6.315m, was sufficient to cover 57% 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.

4.4 It was reported in the February 2019 monitoring report to the Executive Committee that during 2018/19 allocated reserves were increased by £0.140m and £2.571m reserves were released to support the 2018/19 revenue budget. The changes to the Allocated Balances since this last reporting position is shown in the table below and comprises:

(a) a further draw down of £0.055m from the ER/VS reserve into the revenue budget for severance agreed in 2018/19. Following this draw down this balance is now zero.

4.5 Allocated Balances as at the 31 March 2019 are £2.572m as follows:

<b>ALLOCATED BALANCES</b>	<b>31<sup>st</sup> March 2018 £m</b>	<b>Increase during 2018/19 £m</b>	<b>Released during 2018/19 £m</b>	<b>31<sup>st</sup> March 2019 £m</b>
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	(0.491)	0
<b>Total</b>	<b>5.058</b>	<b>0.140</b>	<b>(2.626)</b>	<b>2.572</b>

- 4.6 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. 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 are being consulted and any comments will be reflected in the report.

**Approved by**

**David Robertson**  
**Chief Financial Officer**

**Signature .....**

**Author(s)**

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**Background Papers:****Previous Minute Reference: Executive Committee 12<sup>th</sup> February 2019**

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