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## **BALANCES AT 31 MARCH 2020**

**Report by Chief Financial Officer**

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### **EXECUTIVE COMMITTEE**

**20 August 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 and advises Members of the projected balances at 31 March 2020.**
- 1.2 The unaudited Council's General Fund useable reserve (non-earmarked) balance was £6.315m at 31 March 2019. The projected General Fund useable reserve is projected to remain at £6.315m at the 31<sup>st</sup> March 2020 in line with the Council's Financial Strategy.
- 1.3 The total of all useable balances, excluding developer contributions, at 31 March 2020 is projected to be £22.251m, compared to £27.799m at 31 March 2019. As the financial year progresses, earmarked balances to be carried forward to 2020/21 will increase.
- 1.4 The projected balance on the Capital Fund of £7.166m 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 2018/19 revenue balances at 31 March 2019;**
- (b) Notes the projected revenue balances as at 31 March 2020 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

### 4 BALANCES AT 31 MARCH 2019

4.1 Appendix 1 summarises the projected transactions and resultant projected balances at 31 March 2020 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 2020 which is in line with the recommended level included in the 2019/20 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 2019 and are summarised in the table below.

	<b>31/03/19</b>	<b>31/03/20</b>	<b>Movement</b>
<b>BALANCES</b>	<b>£m</b>	<b>projection</b>	<b>£m</b>
	<b>£m</b>	<b>£m</b>	
Earmarked Balances (non DSM)	6.207	1.800	(4.407)
Earmarked Balances (DSM)	1.158	0	(1.158)
Allocated Balances	2.572	3.050	0.478
General Fund (Unallocated Reserve)	6.315	6.315	0.000
Unaudited 2018/19 revenue outturn	1.344	0	(1.344)
Corporate Property Repairs & Renewals Fund	0.287	0	(0.287)
Insurance Fund	1.197	1.330	0.133
Plant & Vehicles Renewals Fund	6.843	7.972	1.129
Capital Fund (exc. Developer Contributions)	1.876	1.784	(0.092)
	<b>27.799</b>	<b>22.251</b>	<b>(5.548)</b>

4.3 Movement in the General Fund allocated balances during 2019/20 to date is as a result of:

Allocated balances (net 0.478m movement as per Appendix 1)

- net movement in the IT transformation reserve of £0.078m, made up of an increase of £0.108m and a draw down of £0.030m to fund developments in the Mosaic finance module;

- the creation of a Workforce Transformation Reserve of £0.400m as approved as part of the 2018/19 outturn position by the Executive Committee on the 4<sup>th</sup> June 2019.

Movement in earmarked balances is as a result of all earmarked balances from 2018/19 being applied to 2019/20 as planned.

- 4.4 The Corporate Financial Risk Register was considered at the Council Meeting on 28 February 2019 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 £11.643m and the projected useable General Fund balance, at £6.315m, is sufficient to cover 54% 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 28 February 2019. The general fund reserve will continue to be monitored through the Corporate Financial Risk Register on a regular basis.
- 4.5 Allocated balances have increased by a net £0.478m during 2019/20 to date as outlined in paragraph 4.3 above. All movements are set out below:

<b>ALLOCATED BALANCES</b>	<b>31<sup>st</sup> March 2019 £m</b>	<b>Increase during 2019/20 £m</b>	<b>Released during 2019/20 £m</b>	<b>31<sup>st</sup> March 2020 £m</b>
IT transformation	1.030	0.108	(0.030)	1.108
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
Workforce Management	0	0.400	0	0.400
<b>Total</b>	<b>2.572</b>	<b>0.508</b>	<b>(0.030)</b>	<b>3.050</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. Current pressures being highlighted through the 2019/20 revenue monitoring process increase the likelihood of a draw down from reserves being required in 2019/20. 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)**

Suzy Douglas	Financial Services Manager 01835 824000 X5881
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**Background Papers:**

**Previous Minute Reference:**

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