



SCOTTISH BORDERS COUNCIL
DRAFT ANNUAL ACCOUNTS
2019/20



2019/20 Highlights



Revenue Outturn £1.538m Underspend (0.58% of final approved budget)

£13.263m Financial Plan Savings achieved (70% permanently)

£8.412m of Earmarked balances from 2019/20 into 2020/21 including £1.16m of DSM carry forward

Net Assets excluding Pension Fund liabilities have increased by £9.6m on Balance Sheet

Capital Expenditure of £44.3m with timing movement of £8.4m into 2020/21



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 2020

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 when audit is complete

Publicising

Unaudited Accounts to be published on website when submitted to Auditor

Inspection:

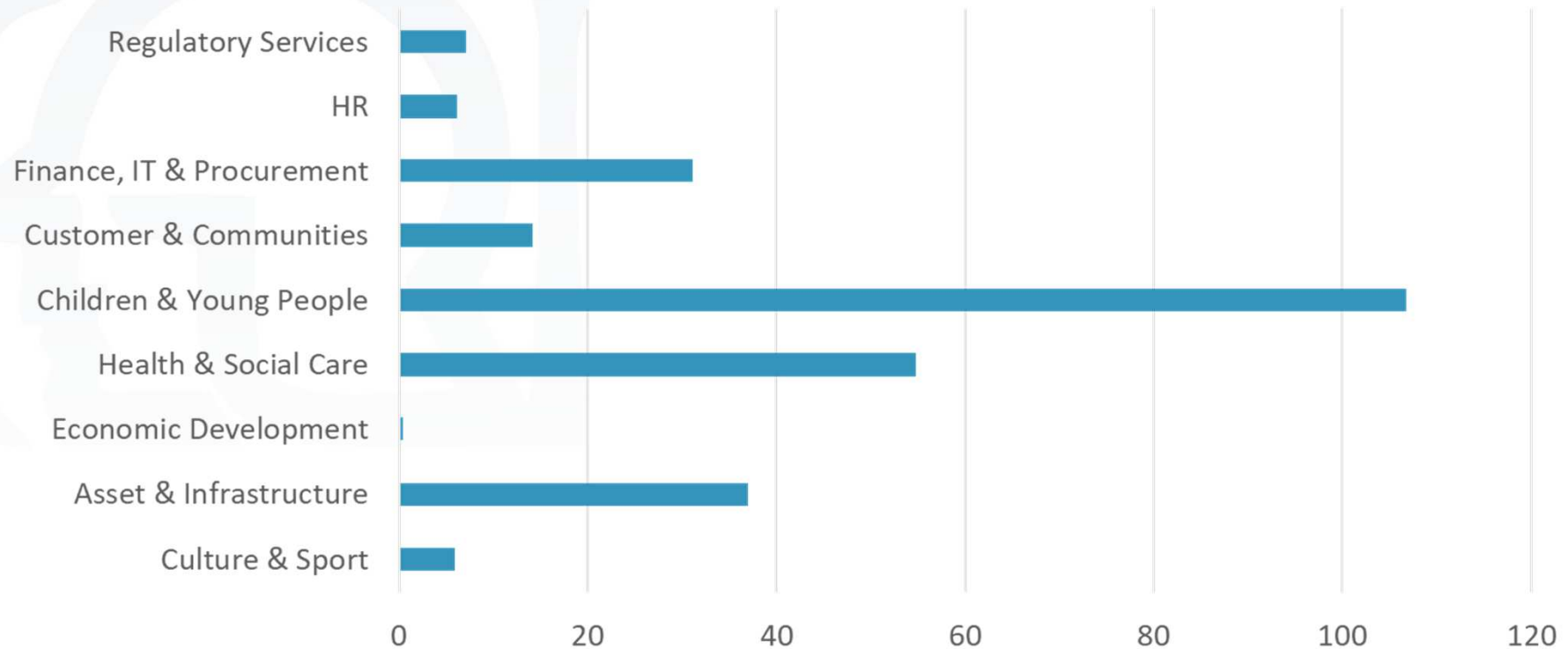
- Notice 17th June
- Period starts 1 July for 14 working days

Audited Accounts published by 30 November

2019/20 revenue expenditure



Analysis of revenue expenditure by service (£m)



Revenue expenditure of £263.3m with net underspend £1.5m

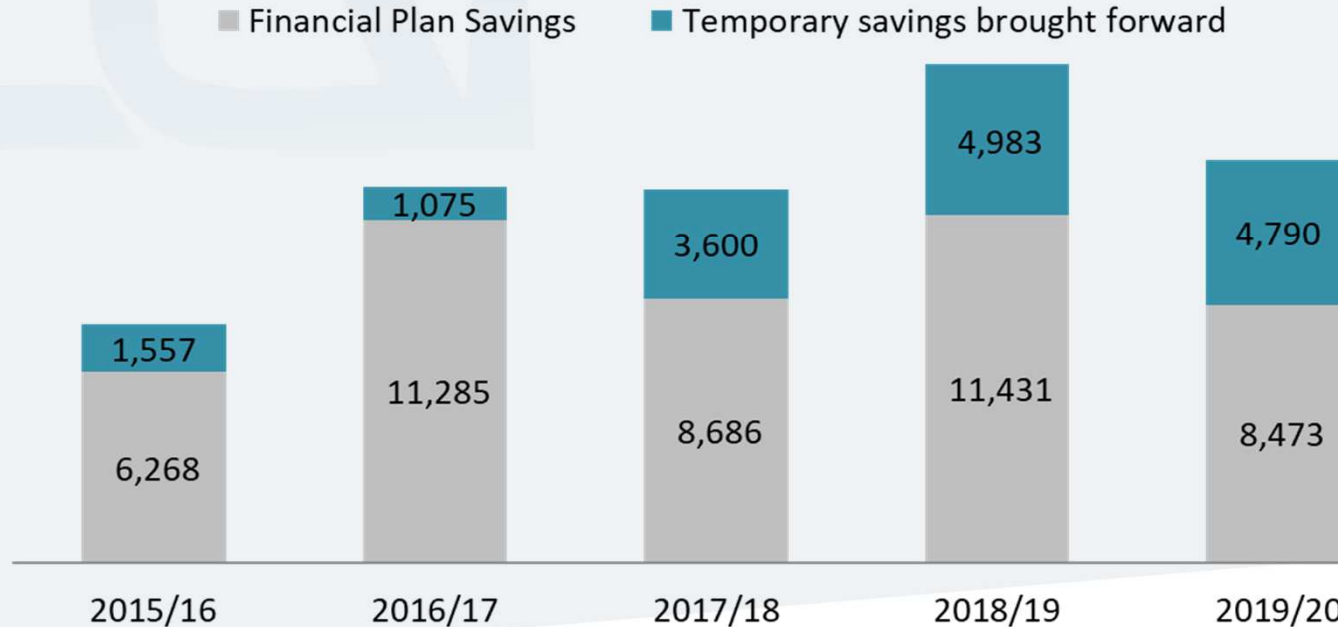
Efficiency savings



- £13.263m savings achieved

70% (£9.3m) achieved on a permanent, recurring basis

SBC 5 year savings delivered 2015/16 - 2019/20 (£000's)





Significant trading operations – note 8

- Requirement:
 - Surplus over rolling 3 year basis
- Cumulative net surplus over 3 years of £0.827m
 - Yes still Significant Trading Operation

<i>SBC Contracts</i>	2017/18 £m	2018/19 £m	2019/20 £m	Cumulative over 3 years £m	Share of Trading Surplus %
Internal Trading	0.080	0.392	0.261	0.733	89%
External Trading	(0.092)	0.126	0.060	0.094	11%
Total	(0.012)	0.518	0.321	0.827	

2019/20 Key Points:

- In 2019/20 turnover increased by £9m, or 57.2%, to £25.6m.
- 20% of the total SBC Contracts turnover was generated by external works.



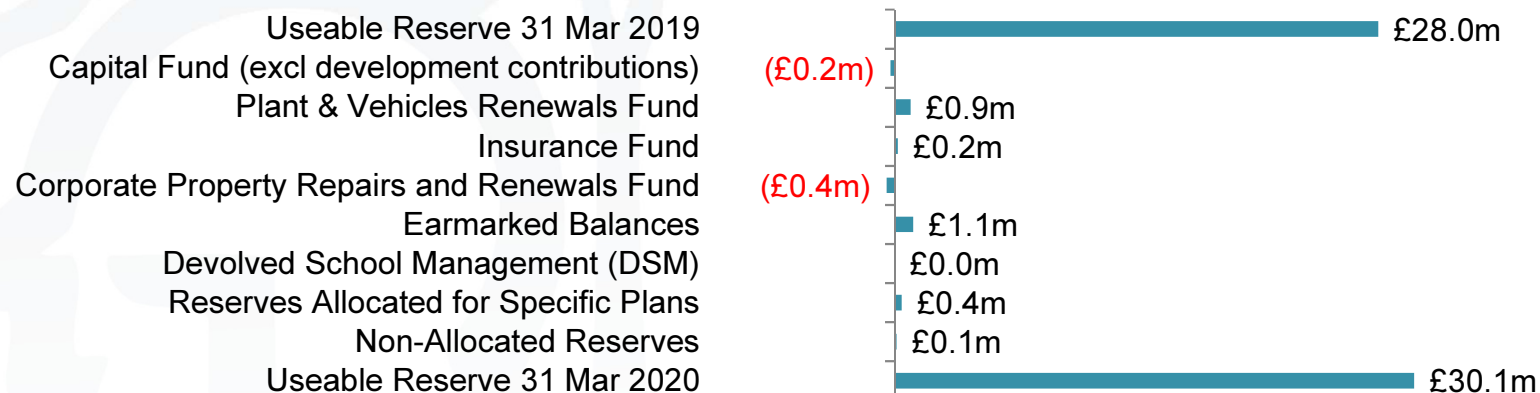
Statutory accounting adjustments

£m

Net Surplus on Revenue Out-turn	(1.538)
Net Statutory Adjustments to Net Cost of Services (inc. Depreciation/Impairment on Revaluation/ Loan Charges/PPP/Non Distributed Costs)	25,175
Other Asset (Gains)/Losses	(0.691)
Net Interest Costs	12,350
Net Changes on Pension Assets/Liabilities	(69,798)
Capital Grants & Contributions Applied (exc.Reserves used)	(30,961)
SBc Contracts External Operating Surplus	(0.060)
Net Surplus -Total Comprehensive Income & Expenditure	(65.523)

The net impact of these Statutory Adjustments have no impact on the Council taxpayer

Useable Reserves – note 31



Reserves Allocated for Specific Plans - net effect of:

Net movement in Workforce Transformation reserve	£0.353m
Net movement in IT transformation reserve	£0.078m
Draw down from Municipal Mutual reserve	(£0.009m)

Non-Allocated Reserves

SB Cares reintegration into Scottish Borders Council	(£0.080m)
2019/20 year end outturn	£1.538m

Balance Sheet overview



	Balance Sheet as at		Movement £m
	31-Mar-19 £m	31-Mar-20 £m	
Long Term Assets	558.6	564.7	6.1
Current Assets	42.6	58.7	16.1
Current Liabilities	(51.3)	(51.9)	(0.6)
Long Term Liabilities	(291.3)	(303.4)	(12.1)
Net Assets Excluding pension Liabilities	258.6	268.1	9.5
Pension Liability	(197.6)	(141.6)	56.0
Net Assets/(Liabilities) including Pension Liabilities	61.0	126.5	65.5

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.

Capital Outturn 2019/20

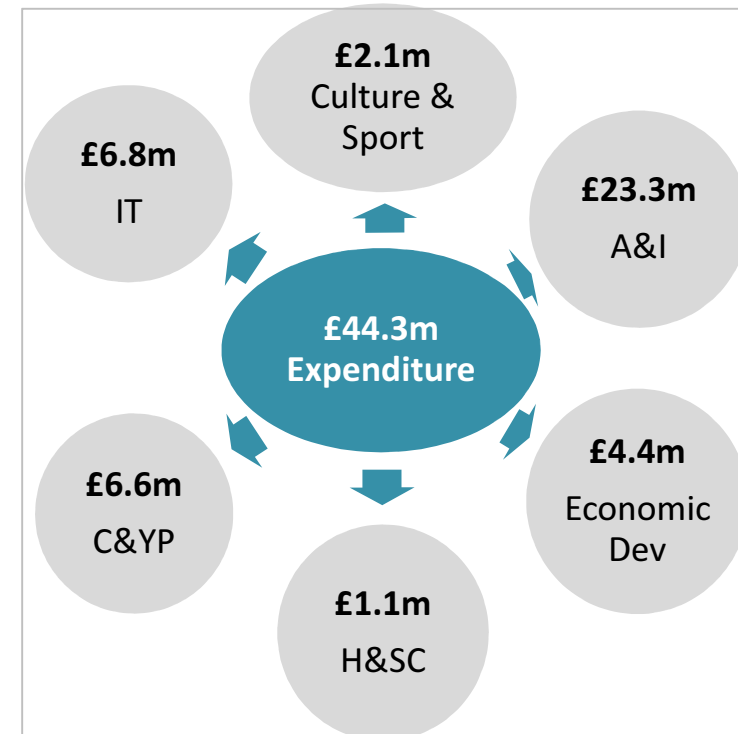


Actual Capital Financing (£m)



- Borrowing
- Scottish Government - General Grant
- External Grants & Contributions

Actual Capital Expenditure



Total Expenditure £44.3m



Balance Sheet Fixed Assets – notes 12, 13, 14 & 15

	Balance Sheet as at		Movement £m
	31-Mar-19 £m	31-Mar-20 £m	
Property Plant and Equipment			
Other Land and Building	379.3	374.1	(5.2)
Vehicle, Plant, Furniture & Equipment	18.7	21.8	3.1
Infrastructure	128.2	130.0	1.8
Surplus Assets	3.6	4.8	1.2
Assets Under Construction	21.5	26.3	4.8
Heritage assets	1.0	1.0	0
Intangible assets	0	0	0
Total PP&E, Heritage & Intangible Assets	552.3	558.0	5.7

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



Group accounts



Subsidiaries

- SBC Common Good Funds (*Registered Charity*)
- SBC Trust Funds:
 - *Registered Charities:*
 - SBC Charity Funds (*32 funds*)
 - SBC Community Enhancement Trust
 - SBC Welfare Trust
 - SBC Education Trust
 - Ormiston Trust for Institute *and*
 - 39 Non-Registered Trusts
- Bridge Homes LLP
- Live Borders

Joint Ventures

- Scottish Borders Health and Social Care Partnership (the IJB accounts have not been finalised for 2019/20 therefore the group position reflects 2018/19 figures and will be updated when available)



Common Good Funds

- 1 Charity
- 1 Annual Charity Accounts
- 12 Funds

Total Net Assets £16.3m
Fixed Assets £13.5m
Increase in Fixed Assets from revaluation £3.5m
Investments £2.3m
Cash with SBC £0.4m

Trust Funds

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

Total Net Assets £4.2m
Fixed Assets £2.1m
Increase in Fixed Assets from revaluations £0.6m
Investments £1.7m
Cash with SBC £0.5m

Bridge Homes LLP



Balance Sheet

- **£7.7m Property (54 units)**
- **Funded by:**
 - £5.6m SBC Loan
 - £0.9m Affordable Housing Contribution
 - Property Revaluations

Income & Expenditure

• Trading Profit	£0.001m
• Income:	
Rent	(£0.248m)
SBC Grant	(£0.009m)
• Expenditure:	
Loan Interest	£0.111m
SBC Support Costs (grant funded)	£0.009m
Property & Associated Costs	£0.125m
Audit & Professional Fees	£0.011m