
BALANCES AT 31 MARCH 2020

Briefing Note by Executive Director, Finance & Regulatory

EMERGENCY POWERS – COVID-19

20 May 2020

1 DECISION(S) REQUIRED BY CHIEF EXECUTIVE

- 1.1 I recommend that the revenue balances as at 31 March 2020 are noted as per Appendices 1 & 2, including movement in the Allocated Reserve since the last reporting period, and the balance in the Capital Fund as per Appendix 3.**

2 BACKGROUND AND PURPOSE

- 2.1 This report provides an analysis of the Council's balances as at 31 March 2020.
- 2.2 The Council's General Fund useable reserve (non-earmarked) balance is £7.773m at the end of the financial year. The balance has increased from the recommended level in the Financial Strategy of £6.315m due to an allocation from the 2019/20 revenue underspend. The 2019/20 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.
- 2.3 The total of all useable balances, excluding developer contributions, at 31 March 2020 is £29.824m compared to £27.799m at 31 March 2019.
- 2.4 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
- 2.5 The unaudited balances on these Funds represent the Council's useable reserves which at the 31 March 2020, is as follows:

BALANCES	2019/20 £m	2020/21 £m
Earmarked Balances (non DSM)	6.207	7.252
Earmarked Balances (DSM – including Pupil Equity Fund)	1.158	1.160
Allocated Balances	2.572	2.994
Revenue (Unallocated Reserve)	6.315	7.773
Corporate Property Repairs & Renewals Fund	0.287	0
Insurance Fund	1.197	1.396
Plant & Vehicles Renewals Fund	6.843	7.608
Capital Fund (exc. Developer Contributions)	1.876	1.641
	27.799	29.824

- 2.6 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.
- 2.7 Appendix 1 summarises the projected transactions and resultant 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, allocated reserves and the unaudited 2019/20 revenue outturn is £7.773m at 31 March 2020.
- 2.8 At the 2019/20 year end General Fund reserves have been adjusted as reflected in the table below to reflect the net 2019/20 year end underspend.

	Increase / (Draw down) £
Opening 2019/20 balance	6.315m
Net 2019/20 revenue underspend	1.458m
Balance at 31 st March 2020	7.773m

- 2.9 The Corporate Financial Risk Register relating to 2019/20 was considered at the Council Meeting on 28 February 2019 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 £11.643m and the projected useable General Fund balance, at £7.773m, is now sufficient to cover 67% of risks identified at that time. The Financial Risk Register is currently being reviewed for 2020/21 in light of the COVID-19 emergency response with an updated version being presented to Council on the 25th June 2020.
- 2.10 It was reported in the February 2020 monitoring report to the Executive Committee that during 2019/20 allocated balances were increased by £0.548m and £0.030m reserves were released to support the 2019/20 revenue budget. The changes to the Allocated Balances since this last reporting position are shown in the table below and comprise:

- a) a draw down of £0.087m from the Workforce Transformation reserve into the revenue budget for severance agreed in 2019/20;
- b) a draw down of £0.009m from the Municipal Mutual reserve to provide for a 2019/20 invoice payable.

2.11 Allocated Balances as at the 31 March 2020 are £2.994m as follows:

ALLOCATED BALANCES	31st March 2019 £m	Increase during 2019/20 £m	Released during 2019/20 £m	31st March 2020 £m
IT transformation	1.030	0.108	(0.030)	1.108
Municipal Mutual	0.242	0	(0.009)	0.233
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	0.440	(0.087)	0.353
Total	2.572	0.548	(0.126)	2.994

2.12 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.

3 IMPLICATIONS

3.1 Financial

There are no financial implications beyond those contained in the report and appendices.

3.2 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.

3.3 Equalities

There are no adverse equality issues arising from the report.

4 CONSULTATION

The Convener, the Leader of the Administration and the Leader of the Opposition are being consulted and any questions will be responded to by relevant Officers and any comments received will be considered by the Chief Executive in arriving at her decision.

Author(s)

Name	Designation and Contact Number
Suzy Douglas	Financial Services Manager X5881

APPROVED:

Chief Executive: Tracey Logan

Date: 28 May 2020

Having consulted -

Leader of the
Administration:

Cllr Shona Haslam

Date: 26 May 2020

Convener:

Cllr David Parker

Date: 26 May 2020

Leader of the
Opposition:

Cllr Stuart Bell

Date: 26 May 2020