

BALANCES AT 31 MARCH 2023

Report by Acting Chief Financial Officer

EXECUTIVE COMMITTEE

13 June 2023

1 PURPOSE AND SUMMARY

- 1.1 This report provides the Executive Committee with an analysis of the Council's balances as at 31 March 2023.**
- 1.2 The Council's General Fund useable reserve (non-earmarked) balance is £8.448m at the end of the financial year. The 2022/23 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 2023 is £61.482m compared to £64.481m at 31 March 2022.

2 RECOMMENDATIONS

- 2.1 **I recommend that the Executive Committee:-**
 - a) Notes the revenue balances as at 31 March 2023 as per Appendices 1 & 2 including movement in reserves 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) Pitch and Play Park Replacement Fund
- f) Capital Fund

4 BALANCES AT 31 MARCH 2023

4.1 The unaudited balances on these Funds represent the Council's useable reserves which at the 31 March 2023, is as follows.

BALANCES	31st March 2022 £m	31st March 2023 £m
Earmarked Balances (non DSM)	26.125	26.366
Recovery Fund	9.465	1.187
Earmarked Balances (DSM)	1.599	3.589
Allocated Balances	4.954	7.763
General Fund (Unallocated Reserve)	9.848	8.448
2022/23 revenue underspend (to be ring-fenced within the General fund balance for 2023/24 pay pressures)	0	1.532
Corporate Property Repairs & Renewals Fund	0.051	0.000
Pitch & Play Park replacement fund	0.953	1.401
Insurance Fund	1.623	1.387
Plant & Vehicles Renewals Fund	8.493	8.597
Capital Fund (exc. Developer Contributions)	1.370	1.212
	64.481	61.482

4.2 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.

4.3 Appendix 1 summarises the balances at 31 March 2023 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 2022/23 revenue outturn is £9.980m at 31 March 2023. The increase in the balance of £1.532m is entirely as a result of the 2022/23 revenue underspend and will be ring-fenced within the general fund balance to support 2023/24 pay pressures when a final SJC and Chief Officer pay agreement is reached.

4.4 During 2022/23 movements in the unallocated General Fund balance are as follows:

	Increase / (Draw down) £	Executive Committee Reporting
Opening 2022/23 balance	9.848m	
Draw down to support communities and businesses during the cost of living crisis	(1.400m)	November 2022
2022/23 revenue underspend (to be ring-fenced within the General fund balance for 2023/24 pay pressures)	1.532m	June 2023
Balance at 31 st March 2022	9.980m	

4.5 The Corporate Financial Risk Register for 2022/23 was considered at the Council Meeting on 22 February 2022 and identified 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 was assessed to be £13.785m and the projected useable General Fund balance, at £8.421m, was sufficient to cover 61% of risks identified at that time. The 2023/24 Financial Strategy, approved by Council on 23 February 2023, increased the identified risks to £14.286m and recommended an unallocated reserve of £8.448m, which would cover 59% of the risks. The current general fund balance of £8.448m, excluding the 2022/23 underspend to be earmarked to support pay pressures in 2023/24, is in line with the recommended balance in the 2023/24 financial strategy.

4.6 Movements in the Allocated Balances during 2022/23 are shown in the table below:

ALLOCATED BALANCES	31st March 2022 £m	Increase during 2022/23 £m	Released during 2022/23 £m	31st March 2023 £m
Municipal Mutual	0.233	0	0	0.233
Adverse Weather (including flood)	1.000	0	0	1.000
Workforce Management	1.059	0	(0.169)	0.890
Treasury reserve	2.300	2.069	0	4.369
Strategic Contract movement reserve	0.362	0.909	0	1.271
Total	4.954	2.978	(0.169)	7.763

4.7 Movements in the Allocated Balances since the last reporting in February 2023 are:

- Increase in the Treasury reserve of £1.069m to smooth the effect of changes in capital financing requirements over future financial years;
- Draw down of £0.013m from the Workforce Management reserve to provide for pay award for conserved staff;
- Increase in the strategic contract movement reserve of £0.280m to smooth variations in annual contract costs linked to market conditions.

4.8 A draw down of £0.726m from allocated balances will be reflected in the first 2023/24 monitoring report to reflect approved funding of the 2023/24 Financial Plan.

4.9 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 to support the Council in future years. 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 **Integrated Impact Assessment**

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

5.4 **Sustainable Development Goals**

There are no significant effects on the economy, community or environment. The maintenance of appropriate reserve balances supports the Council's ongoing financial sustainability and ability to respond to unforeseen circumstances.

5.5 **Climate Change**

No effect on carbon emissions are anticipated from the recommendation of this report.

5.6 **Rural Proofing**

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

5.7 **Data Protection Impact Statement**

There are no personal data implications arising from the proposals contained in this report.

5.8 **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 Interim Chief Officer Corporate Governance (and Monitoring Officer), the Chief Officer Audit and Risk, the Director (People Performance & Change), the Clerk to the Council and Corporate Communications are being consulted on this report and any comments received will be incorporated into the final report.

Approved by

Suzy Douglas
Acting Chief Financial Officer

Author(s)

Name	Designation and Contact Number
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Background Papers:
Previous Minute Reference:

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