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## **BALANCES AT 31 MARCH 2024**

**Report by Director of Finance & Procurement**

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### **EXECUTIVE COMMITTEE**

**13 February 2024**

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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 2023 and advises Members of the projected balances at 31 March 2024.**
- 1.2 The Council's General Fund useable reserve (non-earmarked) balance was £9.980m at 31 March 2023. The General Fund useable reserve is projected to be around £7.0m at 31 March 2024, this follows a £1m transfer of funding to Live Borders as approved at Council on 14<sup>th</sup> December 2023 and a planned drawdown of £1.2m towards the 2023/24 pay award (£0.37m of which will be returned by Scottish Government next year).
- 1.3 The total of all useable balances, excluding development contributions, at 31 March 2024 is projected to be £57.15m as summarised in section 4.2.
- 1.4 The projected balance on the Capital Fund of £9.284m (including development contributions) as detailed in Appendix 3, will be affected by any further capital receipts, development contributions, interest received 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 audited 2022/23 revenue balances at 31 March 2023;**
- (b) Notes the projected revenue balances as at 31 March 2024 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 The Council maintains a number of funds and balances, known as reserves, which are reported to Elected Members at regular intervals during the financial year. The Council holds reserves in order to manage identified risks, smooth uneven cash flows and provide a contingency against unforeseen circumstances.
- 3.2 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

- 4.1 Appendix 1 summarises the anticipated transactions and resultant projected balances at 31 March 2024 on the General Fund and Appendix 2 shows the projected non-General Fund balances. The useable General Fund balance, after earmarked funds and allocated reserves, is projected to be around **£7.0m** at 31 March 2024. This is £1.4m less than the recommended level included in the 2023/24 Financial Strategy previously approved by Council. £0.370m of the agreed funding of the 2023/24 pay award package will be returned by Scottish Government during 2024/25, this will raise the balance to £7.4m.
- 4.2 The projections in the statements attached in Appendices 1, 2 and 3 are based on actual expenditure and income to 31 December 2023 as well as further anticipated movements before year end and are summarised in the table below.

<b>BALANCES</b>	<b>31/03/24 projection £m</b>
Earmarked Balances (non DSM)	3.380
Recovery Fund (previously COVID-19 reserve)	0.400
Earmarked Balances (DSM)	1.402
Allocated Balances	36.089
General Fund (Unallocated Reserve)	7.044
Corporate Property Repairs & Renewals Fund	0.000
Pitch & Play Park replacement fund	1.875
Plant & Vehicles Renewals Fund	4.785
Insurance Fund	1.027
Capital Fund (exc. Development Contributions)	1.151
	<b>57.153</b>

4.3 The key movements in the General Fund balance since the last reporting period are:

- £1.0m – draw down to provide Live Borders with additional financial support during 2023/24 as approved by Council on 12<sup>th</sup> December 2023. Council also approved up to £0.5m in further funding, if required, during the financial year.
- £1.184m– planned draw down from unallocated reserves to fund SJC pay agreement for 2023/24. £0.37m of this will be returned by Scottish Government in 2024/25.
- £1.145m – DSM carry forwards earmarked from 2023/24 into 2024/25 as per Appendix 5 of the Revenue report per the agreed DSM policy.

4.4 The Corporate Financial Risk Register was considered at the Council Meeting on 23 February 2023 and identified potential risks including the failure to control budgets within approved limits, severe weather events, the economic downturn, potential contractual claims and unplanned emergencies. The unallocated balance of £8.4m, approved by Council as part of the Financial Strategy on 23 February 2023, equated to 2.5% of net revenue expenditure and was sufficient to cover 59% of the risks identified in the finance risk register should they be realised. This amount has now reduced due to the increased support provided to Live Borders for 2023/24 and the planned draw down to support the 2023/24 pay award. £0.37m of the pay award funding will be replaced by Scottish Government in 2024/25 bringing the total reserve to £7.414m. The general fund reserve will continue to be monitored through the Corporate Financial Risk Register on a regular basis.

4.5 Within reserves the Council also holds allocated balances which are reserves held for specific purposes. The following allocated balances have been maintained in the current reporting period per the table below:

<b>ALLOCATED BALANCES</b>	<b>31<sup>st</sup> March 2023 £m</b>	<b>Increase during 2023/24 £m</b>	<b>Released during 2023/24 £m</b>	<b>31<sup>st</sup> March 2024 £m</b>
Municipal Mutual	0.233	0	(0.233)	0
Adverse Weather (including flood)	1.000	0	0	1.000
Workforce Management	0.890	0	(0.046)	0.844
Treasury reserve	5.131	0	0	5.131
Strategic Contract movement reserve	1.271	0	(0.493)	0.778
Service concessions (support financial plan)	0	9.093	(0.682)	8.411
Service concessions (Change Fund)	0	20.000	(0.075)	19.925
<b>Total</b>	<b>8.525</b>	<b>29.093</b>	<b>(1.529)</b>	<b>36.089</b>

- 4.6 Since the Q2 report £75k has been transferred from the Change Fund to support a project within Resilient Communities to move Workflow 360 to the Cloud in order to reduce cost and improve performance. This will be repaid over the next 3 financial years from savings delivered by the project and is the first approved investment from this fund.
- 4.7 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 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.

### **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 Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Director (People Performance & Change), and Corporate Communications are being consulted on this report and any comments will be reported to the meeting.

**Approved by**

**Suzy Douglas**

**Signature .....**

**Director of Finance & Procurement**

**Author(s)**

Lizzie Turner	Chief Officer Finance & Procurement
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**Background Papers:**

**Previous Minute Reference:**

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