

Seaton Valley Council

A Community Council

Report to: Full Council 27 April 2016

Report by: Clerk and Responsible Financial Officer

Subject: Budgetary Control Report – Final Position 2015/16

Purpose of Report

To provide detailed information on the Council's final outturn position for 2015/16 comparing actual and budgeted income and expenditure.

Recommendations

Council is recommended to receive the report

Background

1. This report builds on the figures presented in the Council's 2015/16 Annual Return and compares actual income and expenditure with budgeted income and expenditure on a line by line basis. The report goes on to identify budgets required to be carried forward to the current year or transferred to earmarked reserves and reviews the level of reserves held by the Council.

Budgets compared to actuals

2. The analysis attached at Appendix 10A details the Council's budgets on a line by line basis, and shows a comparison between latest budgets and actual income and expenditure. The column headed 'Variance' shows the applicable under or overspends against each individual budget head.

3. Members will note that the net underspend equates to £95,767, however, this sum is made up of a number of ups and downs with the main ones being highlighted in the table below:

Main variances 2015/16 final outturn

Item	Actual £	Budget £	Variance £	Comments
Income				
Allotment Rents	13,623	11,280	+2,343	One off deposits and better than anticipated occupancy.
Other Income	4,440	0	+4,440	Various items/contributions not budgeted for. Now included in 2016/17 budgets.
Item	Actual	Budget	Variance	Comments

	£	£	£	
Premises recharge	0	7,000	-7000	Office sharing arrangements delayed.
Expenditure				
Salaries related expenditure	97,008	105,800	-8,792	Vacancies and restructure during the year.
Office Costs	18,889	24,550	-5,661	Budgets realigned in 2016/17.
Election expenses	6,100	0	+6,100	Cost of Seghill with Seaton Delaval bye election.
Maintenance of Flats	200	2,000	-1,800	Need to begin to build up a reserve
Bus Shelters	45,870	52,000	-6,130	Approximately £2,500 of works still outstanding
Playgrounds	35,000	11,319	-23,681	Planned underspend to transfer to renewals fund.
Partnership Surplus	24,500	6,959	-17,541	Balance earmarked to address partnership priority areas.
Support for Village Plans	1,500	39,000	37,500	Balance earmarked to address Village Plan actions.

Budget carry forwards/ transfer to earmarked reserves

4. There are number of budgets that are required to be carried forward to 2016/17 and/or transferred to earmarked reserves. The budgets affected are shown in the table below:

Budgets to carry forward/transfer to earmarked reserves

Budget Head	Carry forward/transfer requested £	Reason for request
Allotments	1,000	Net underspend to c/fwd
Other Income	1,000	P&G gateway cont. – c/fwd
Flat/office maintenance	3,000	Set up earmarked reserve
Bus shelters	2,500	Outstanding works – c/fwd
Playgrounds	23,000	Set up renewals fund
14/15 partnership surplus	17,000	Set up earmarked reserve
Support for village plan	37,500	Set up earmarked reserve
Total	85,000	

5. Therefore after adjusting for budget carry forward requests and/or transfers to earmarked reserves the net underspend on the 2015/16 budget is circa. £11,000 and is in line with previous projections.

Level of reserves

6. The table below shows a build-up of the Council's reserves as at 31 March 2016 after taking into account the items identified in the table above:

Build up and analysis of reserves as at 31 March 2016

	£
Reserves brought forward 31 March 2015	138,556
Less agreed use of reserves during the year	(51,770)
Add actual underspend 2015/16	95,767
Actual reserves as at 31 March 2016 as per Annual Return	182,553
Less budget carry forward requests identified above	4,500
Adjusted level of reserves as at 31 March 2016	178,053
<u>Analysis of Reserves</u>	
Minimum level of reserves (see below)	75,000
Earmarked reserves	
Casual elections	6,000
Playgrounds – replacement and renewals fund	23,000
Flat and building maintenance fund	3,000
2014/15 partnership surplus	17,000
Village plan action fund	37,500
Unallocated reserves	16,553
Total reserves analysed	178,053

Minimum level of reserves

7. The latest guidance on minimum levels of reserves for small councils is set out in Governance and Accountability for Local Councils – A Practitioners Guide as

updated in March 2014. Such guidance states that the amount of unallocated general reserves should be risked assessed on an annual basis.

8. Given the Council's excellent record of never exceeding budgeted spending, and that more than 50% of the Council's budget is expended on staffing and NCC partnership costs it is my view that the Council's minimum level of balances should be maintained at £75,000. In my view this level of balances is more than adequate for a council of Seaton Valley's size and risk appetite.

Conclusion

9. The Council has performed well from a financial perspective during 2015/16 and its finances remain in a healthy position. Unallocated balances are at adequate levels and progress has been made in beginning to earmark small levels of reserves for future and specific problems.

10. Adjustments between budget heads have been made in the 2016/17 budgets to reflect minor under and over spends during 2015/16 and consequently, in terms of budgetary control, the Council should see smaller variances between actual and budgeted income and expenditure as we move through the 2016/17 financial year.