

Seaton Valley Council

A Community Council

Report to: Full Council 25 April 2018

Report by: Clerk and Responsible Financial Officer

Subject: Budgetary Control Report – Final Position 2017/18

Purpose of Report

To provide detailed information on the Council's final outturn position for 2017/18 comparing actual and budgeted income and expenditure.

Recommendations

Council is recommended to receive the report and agree the budget carry forwards and transfers to earmarked reserves identified in paragraph 4 below.

Background

1. This report builds on the figures presented in the Council's 2017/18 Annual Governance and Accountability 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 9A 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 variance equates to £58,594, 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 2017/18

Item	Actual £	Budget £	Variance £	Comments
Income				
Allotment Rents	16,001	13,500	+2,501	One off deposits and better than anticipated occupancy.
Advertising Income	650	3,000	-2,350	Reduced demand – budget adjusted 2018/19
Item	Actual	Budget	Variance	Comments

	£	£	£	
Planning Grant	0	8,500	-8,500	Offset by underspend on Neighbourhood Plan
Expenditure				
General Overheads	44,472	51,980	-7,508	Budgets realigned for 2018/19.
Local Elections	6,460	0	+6,460	No budget provision made – agreed to meet from under spends elsewhere.
Christmas Events	15,180	17,990	-2,810	Arrangements to be reviewed in 2018/19
Bus Shelters	17,272	32,000	-14,728	Budget reduced for 2018/19
Playgrounds	108,468	127,090	-18,622	Under spend anticipated and to be transferred to Repairs and Renewal Fund
NCC Partnership	174,696	168,000	+6,696	Bill for railing planters received 2017/18. Cost will be offset by under spend in 2018/19.
Community Fund	21,725	34,730	-13,005	Less than anticipated demand on this budget head in 2017/18.
Support for Retail Outlets	5,291	8,600	-3,309	Budget to be carried forward to meet committed expenditure
Neighbourhood Plan	3,520	16,500	-12,980	Offset by under recovery of income on Planning Grant and delay in restarting process.

Budget carry forwards/ transfer to earmarked reserves

4. There are a number of budgets that are required to be carried forward to 2018/19 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	3,500	C/Fwd net underspend
Playgrounds	18,600	Transfer to earmarked reserve
Support for Retail Outlets	3,300	C/Fwd to fund outstanding expenditure
NCC Partnership	-6,700	C/Fwd to offset budget no longer required
In Bloom	370	C/Fwd net underspend after adjusting for income receipts.
Total	19,070	

5. Therefore, after adjusting for budget carry forward requests and/or transfers to earmarked reserves the net underspend on the 2017/18 budget will be circa. £40,000, which is in line with my previous projection.

Level of reserves

6. The table below shows a build-up of the Council’s reserves as at 31 March 2018 after taking into account the items identified in the table above:

Build up and analysis of reserves as at 31 March 2018

	£
Reserves brought forward 31March 2017	185,304
Less agreed use of reserves during the year	(87,890)
Add actual underspend 2017/18	58,594
Actual reserves as at 31 March 2018 as per Annual Return	156,008
<u>Analysis of Reserves</u>	
Minimum level of reserves (see below)	90,000
Earmarked reserves	
Playgrounds – replacement and renewals fund	18,600
Flat and building maintenance fund	4,000
Net budgets carried forward to 2018/19	470
Unallocated reserves	42,938
Total reserves analysed	156,008

Minimum level of reserves

7. The latest guidance on minimum levels of reserves (MLR) for small councils is set out in Governance and Accountability for Local Councils – A Practitioners Guide as updated in March 2018. Such guidance states that the amount of unallocated general reserves should be risked assessed on an annual basis.

8. Given that the Councils gross annual budget has increased by approximately £100,000 since I completed my first review of the MLR, the Council should hold I think it would be appropriate to increase the MLR from £75,000 to £90,000 to reflect the increased risk associated with a larger annual budget.

9. Whilst this increase in MLR doesn’t sound much in relation to the increase in the Council’s annual budget it is my view that the Council’s excellent record of never having exceeded its budgeted spending since it was created justifies this relatively

small increase in MLR. And for the avoidance of doubt, it is very much my view that this level of minimum balances (£90,000) is more than adequate for a council of Seaton Valley's size, which has a moderate to low risk appetite and an unblemished financial performance record.

Conclusion

9. The Council has performed well from a financial perspective during 2017/18 and its finances remain in a healthy position. Unallocated balances (£43,000) are at adequate levels and earmarked reserves are being built up for future and specific developments.

10. Adjustments between budget heads have been made in the 2018/19 budgets to reflect minor under and over spends during 2017/18 and consequently, in terms of budgetary control, the Council should continue to see smaller variances between actual and budgeted income and expenditure as we move through the 2018/19 financial year.