

Seaton Valley Council

A Community Council

Report to: Full Council 24 April 2019

Report by: Clerk and Responsible Financial Officer

Subject: Budgetary Control Report – Final Position 2018/19

Purpose of Report

To provide detailed information on the Council's final outturn position for 2018/19 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 2018/19 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 £48,940, 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 2018/19

Item	Actual £	Budget £	Variance £	Comments
Income				
Bank Interest	2,330	1,500	+780	Better cash flow management and increased interest rate.
Allotment Rents	16,030	13,800	+2,230	One off deposits and better than anticipated occupancy.

Item	Actual £	Budget £	Variance £	Comments
Planning Grant	0	9,000	-9,000	Offset by underspend on Neighbourhood Plan
Expenditure				
Staffing Costs	129,900	131,630	-1,730	Savings on training and recruitment.
General Overheads	42,430	50,770	-8,340	Budgets realigned for 2019/120
Members Expenses	140	2,650	-2,410	Very low take up.
Allotments	14,180	17,300	-3,120	Underspend to be carried forward to 2019/20
Food Parcels	2,990	5,000	-2,010	2019/20 budget has been adjusted to reflect underspend
Christmas Events	21,400	17,990	+3,410	Additional lights purchased and two new tree locations created.
Recycling Initiative	0	1,000	-1,000	Installed FOC by NCC
In Bloom	2,170	3,370	-1,200	Balance to be carried forward to 2019/20.
Litter Bins	5,000	6,000	-1,000	Balance to be carried forward to 2019/20.
Bus Shelters	3,760	22,000	-18,240	Two shelters in progress of being agreed. Budget to be carried forward to 2019/20.
Playgrounds	30,970	33,700	-2,730	Under spend to be transferred to Repairs and Renewal Fund
Community Fund	21,000	18,300	+2,700	Invoice received from NCC in respect of Lighting Beacon higher than expected.
Neighbourhood Plan	0	17,000	-17,000	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 2019/20 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
Flat Maintenance	1,000	Transfer to earmarked reserve
Allotments	5,300	C/Fwd net underspend
Litter Bins	1,000	New bins to be purchased

Playgrounds	2,700	Transfer to earmarked reserve
Bus Shelters	18,200	C/Fwd to fund outstanding expenditure
In Bloom	1,200	C/Fwd net underspend after adjusting for income receipts.
Total	29,400	

5. Therefore, after adjusting for budget carry forward requests and/or transfers to earmarked reserves the net underspend on the 2018/19 budget will be circa. £19,500, 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 2019

	£
Reserves brought forward 31 March 2018	156,008
Less agreed use of reserves during the year	(12,470)
Add actual underspend 2018/19	48,945
Actual reserves as at 31 March 2019 as per Annual Return	192,482
<u>Analysis of Reserves</u>	
Minimum level of reserves (see below)	90,000
Earmarked reserves	
Playgrounds – replacement and renewals fund	21,300
Flat and building maintenance fund	5,000
Net budgets carried forward to 2019/20	25,700
Unallocated reserves	50,483
Total reserves analysed	192,483

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 minimum level of reserves was reviewed last year I am quite happy to leave said level at £90,000. 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 2018/19 and its finances remain in a healthy position. Unallocated balances (£50,480) 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 2019/20 budgets to reflect minor under and over spends during 2018/19 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 2019/20 financial year.