

# Seaton Valley Council

## A Community Council

**Report to:** Full Council 29 April 2020

**Report by:** Clerk and Responsible Financial Officer

**Subject:** Budgetary Control Report – Final Position 2019/20

### Purpose of Report

To provide detailed information on the Council's final outturn position for 2019/20 comparing actual and budgeted income and expenditure.

### Recommendations

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

### Background

1. This report builds on the figures presented in the Council's 2019/20 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 and reviews the level of reserves held by the Council.

### Budgets compared to actuals

2. The analysis attached at Appendix 7A 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 £34,170, 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 2019/20

Item	Actual £	Budget £	Variance £	Comments
<b>Income</b>				
Bank Interest	3,190	2,000	+1,190	Better cash flow management and increased interest rate.
Allotment Rents	16,880	14,100	+2,780	One off deposits and better than anticipated occupancy.

## APPENDIX 7

Item	Actual £	Budget £	Variance £	Comments
Flat Rentals	9,000	11,300	-2,300	One flat un occupied for 5 months
<b>Expenditure</b>				
General Overheads	50,870	45,940	-4,930	Budgets realigned for 2020/21
Members Expenses	130	2,650	-2,520	Very low take up.
Allotments	16,160	19,400	-3,240	Underspend to be carried forward to 2019/20
Food Parcels	1,400	4,000	-3,600	Part of underspend to fund £1,000 contribution to Food Bank in 20/21.
Christmas Events	20,600	18,350	+2,250	Additional costs of removal and storage.
In Bloom	3,630	4,200	-570	Balance to be carried forward to 2020/21.
Floral Planting	21,020	23,870	-2,850	Less than anticipated additional works in 2019/20.
Bus Shelters	12,450	40,200	-27,750	Two shelters on order. Part of under spend to be carried forward to 2020/21.
Playgrounds	59,990	34,000	+25,990	Over spend anticipated and being funded from under spend elsewhere in budget.
Community Fund	18,890	25,000	-6,110	£1,000 of under spend to be carried forward to fund contribution to Bates Welfare upgrade.
Neighbourhood Plan	560	8,000	-7,440	Majority of Neighbourhood Plan expenditure delayed until 2020/21.

### Budget carry forwards

4. There are a number of budgets that are required to be carried forward to 2020/21. The budgets affected are shown in the table below:

Budgets to carry forwards

Budget Head	Carry forward/transfer requested £	Reason for request
Allotments	6,000	Net underspend on earmarked budget
Bus Shelters	17,000	To fund two shelters already ordered.
In Bloom	750	Seghill and New Hartley under spends.
Community Fund	1,000	Bates Welfare contribution
Food Bank	1,000	Contribution to Blyth Food Bank.
<b>Total</b>	<b>25,750</b>	

5. Therefore, after adjusting for budget carry forward requests the net under spend on the 2019/20 budget will be circa. £8,500, which is in line with my previous projections.

Level of reserves

6. The table below shows a build-up of the Council's reserves as at 31 March 2020 after taking into account the items identified in the table above:

Build up and analysis of reserves as at 31 March 2020

	<b>£</b>
Reserves brought forward 31 March 2019	<b>192,483</b>
Less agreed use of reserves during the year	(34,900)
Add actual underspend 2019/20	34,167
<b>Actual reserves as at 31 March 2020 as per Annual Return</b>	<b>191,750</b>
<b><u>Analysis of Reserves</u></b>	
Minimum level of reserves (see below)	90,000
<b>Earmarked reserves</b>	
Playgrounds – replacement and renewals fund	21,300
Flat and building maintenance fund	5,000

Net budgets carried forward to 2020/21	25,750
Unallocated reserves	49,700
<b>Total reserves analysed</b>	<b>191,750</b>

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 2019. 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 two years ago 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 2019/20 and its finances remain in a healthy position. Unallocated balances (£49,700) 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 2020/21 budgets to reflect minor under and over spends during 2019/20 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 2020/21 financial year.