

EAST RENFREWSHIRE COUNCIL

CABINET

21 June 2018

Report by Head of Accountancy (Chief Financial Officer)

FINANCIAL PERFORMANCE FOR YEAR ENDED 31 MARCH 2018

**PURPOSE OF REPORT**

1. To advise the Cabinet of the financial results for 2017/18 and to compare the out-turn with the final budgetary control statement for that year which was submitted to the Cabinet on 5 April 2018.

**RECOMMENDATIONS**

2. It is recommended that members: -

- (i) note the outturn position compared to the previous Budgetary Control Report;
- (ii) note that the unaudited accounts are being reported to the Audit & Scrutiny Committee this afternoon;
- (iii) approve the transfers to be made from the General Fund to the Capital Reserve, Modernisation Fund, Repairs & Renewal Fund and Equalisation Reserve after the Audit & Scrutiny Committee's consideration;
- (iv) note that once the audit has been completed the Final Accounts will be submitted to a future meeting of the Council along with the External Auditor's report.

**OUTTURN**

3. Subject to audit, the financial results contained in the Accounts for the 2017/18 financial year are satisfactory.

- The Council's financial affairs have again been managed within its operational budget. In particular, all General Fund departments' outturn spend is within budget, after recognising the planned use of reserves by the Integration Joint Board, and Directors have taken early action in applying savings measures during 2017/18, this assisting the Council in addressing the financial difficulties it faced for 2018/19. Reduced expenditure on payroll, procurement and utilities also contributed to the underspend, together with increased recoveries of income, lower utilisation of contingency funds & savings on capital financing charges.
- An overall General Fund surplus, including movement on earmarked reserves, for the financial year of £5,057k is recorded in the Accounts. After transfers to earmarked reserves, the Council's non-earmarked General Fund reserve has been increased by £364k resulting in a balance of £10,118k as at 31 March 2018, this represents 4.3% of the annual budgeted net revenue expenditure which complies with the Council's policy and includes £681k in respect of Scottish Government grant received at the end of the financial year for use in 2018/19.

- Transfers totalling £4,600k were made from the General Fund balance to the following reserves:-

• Capital Reserve*	£3,300k
• Modernisation Fund	£1,000k
• Repairs & Renewal Fund*	£100k
• Equalisation Reserve	£200k

\*Non General Fund reserves

- Capital Expenditure of £53,207k was invested.
- An operational surplus of £385k has been made on the Housing Revenue Account this increasing accumulated surpluses brought forward on that Account to £1,629k.

## COMPARISON TO BUDGETARY CONTROL

4. The Budget Monitoring Report for Period 11 submitted to the Cabinet on 5 April 2018 forecast an underspend of £5,056k in 2017/18. At the year-end the underspend position improved to £4,964k, without requiring the budgeted £2,803k contribution from reserves. The main areas making up this year end position include savings applied early across the Council and a decrease in both anticipated, centrally funded, restructuring costs and financing costs.

5. The Period 11 report to Cabinet advised that all services would take steps to contain expenditure within the budget by the year-end, and all departments achieved that goal.

## RECOMMENDATIONS

6. It is recommended that members: -

- (i) note the outturn position compared to the previous Budgetary Control Report;
- (ii) note that the unaudited accounts are being reported to the Audit & Scrutiny Committee this afternoon;
- (iii) approve the transfers to be made from the General Fund to the Capital Reserve, Modernisation Fund, Repairs & Renewal Fund and Equalisation Reserve after the Audit & Scrutiny Committee's consideration;
- (iv) note that once the audit has been completed the Final Accounts will be submitted to a future meeting of the Council along with the External Auditor's report.

## BACKGROUND PAPERS

A full copy of the Council's unaudited accounts has been placed in the Members' Lounge or can be obtained from the Chief Accountant.

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Further information is available from Barbara Clark, Chief Accountant

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