



B O S T O N

B O R O U G H C O U N C I L

REPORT TO:	BOSTON TOWN AREA COMMITTEE (BTAC)
DATE:	27 NOVEMBER 2019
SUBJECT:	BTAC 2019/20 FINANCIAL POSITION UPDATE AS AT 31 OCTOBER 2019
REPORT AUTHOR:	ACCOUNTANCY MANAGER - REVENUE & SYSTEMS
EXEMPT REPORT?	NO

SUMMARY

This report provides an update to members on the BTAC financial position, showing the budget and projected outturn (full-year spend) for the 2019/20 year, and the projected BTAC reserve at the year-end 31 March 2020.

RECOMMENDATIONS

That BTAC members note the financial position for the year and the forecasted reserve amounts at the year-end.

REASONS FOR RECOMMENDATION

This report shows the BTAC projected outturn for the 2019/20 year, both in terms of revenue expenditure for the year and the reserve sums held. It helps inform members to enable them to ensure probity and to make decisions on future spending within the BTAC area.

ALTERNATIVES CONSIDERED

None

1 2019/20 PROJECTED FINANCIAL POSITION

- 1.1 Appendix 1 provides the regular summary of the approved 2019/20 BTAC budget.

Once again a number of assumptions are required to assess the year end position – these include:-

- The outturn spending for already agreed spending and income is broadly in line with the budget.
- The remaining unallocated 2019/20 sum is approved and spent this year.

- 1.2 Appendix 1 shows the budget and projected outturn position.

At the 7 months year to date, the projection for the full year is showing a small under-spend of £356. Expenditure variances have arisen on Open Spaces & Play Areas £169, Public Conveniences (£739), Events (£146), Administration (£155) and Town Centre Operatives £1,227. The Town Centre Operatives £1,227 underspend is due to the forecasted Salaries expenditure.

- 1.3 Appendix 1 shows the Funds Available for Unallocated Projects as at 31 October 2019 to be £81,882.

2 RESERVES

- 2.1 The opening balance at 1 April 2019 held within BTAC reserves was £269,419 (comprising £70,000 as the minimum to be held to allow for contingencies - as approved in the budget setting report - plus £199,419 for projects as listed in the Appendix). The forecasted closing balance on BTAC's reserve monies is £103,178 at 31 March 2020.

- 2.2 Section 151 Officer

Councils are required to ensure that public money is administered appropriately. Section 151 of the Local Government Act 1972 requires councils to make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs. All councils are required to set a balanced budget by the Local Government Finance Act 1992, and the Local Government Act 2003, section 25, requires the council's Section 151 Officer to report to the council on the robustness

of the estimates made and the adequacy of the proposed financial reserves assumed in the budget calculations.

The Local Government Act 2003 also requires a council to ensure that it has a minimum level of reserves and balances and requires that the Section 151 officer reports that they are satisfied that the annual budget about to be agreed does indeed leave the council with at least the agreed minimum reserve (legislation does not define how much this minimum level should be, instead, the Section 151 officer estimates the elements of risk in the council's finances and then recommends a minimum level of reserves to council as part of the annual budget setting process).

Every council will also wish to ensure that it has a 'working balance' to act as a final contingency for unanticipated fluctuations in their spending and income. There are no legal or best practice guidelines on how much councils should hold in reserves and will depend on the local circumstances of the individual council. The only legal requirement is that the council must define and attempt to ensure that it holds an agreed minimum level of reserves

For BTAC, which in 2019/20 has a precept of £680K and gross spending of £719K, the Chief Finance Officer (the Council's Section 151 officer) has assessed that £70K (slightly less than 10% of the annual gross spend) is an appropriate and adequate sum to be held as a minimum working balance to provide resources should actual spending and income differ from the budget. This is in addition to the unallocated monies held in reserve which are available for one-off spending initiatives and reported to each BTAC meeting.

To assist members, the Local Government Association has published "A councillor's workbook on local government finance", which contains helpful information and can be found at -

https://www.local.gov.uk/sites/default/files/documents/11.107%20A%20Councillor%27s%20Workbook%20on%20Local%20Government%20Finance_v02.pdf

FINANCIAL IMPLICATIONS

Entire report and appendices.

LEGAL IMPLICATIONS

The use of executive powers derives from the Local Government Act 2000.

ANY OTHER IMPLICATIONS

None

CONSULTATION

None

APPENDICES

Appendix 1 – Summary of BTAC budget and projected outturn position for 2019/20, and reserve position as at 31 March 2020.

BACKGROUND PAPERS

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

CHRONOLOGICAL HISTORY OF THIS REPORT

From July 2016, BTAC members have requested that a financial update report be brought to each meeting.