

WEST DUNBARTONSHIRE COUNCIL
Report by the Executive Director of Corporate Services
Council – 24 March 2010

Subject : Available Balances Review

1. Purpose

1.1 The purpose of this report is to update Members on the recent review undertaken by officers on the current position regarding available General Services balances.

2. Background

2.1 At 31 March 2009 the Council held £5.036m on their Balance Sheet as reserves, with £4.778m earmarked for specific purposes. This identifies £0.258m as available Council reserves.

2.2 KPMG in their annual audit report to Members, dated 30 October 2009, drew attention to the risk to the Council in holding such a low level of free reserves and the Council's response included a commitment to carry out a full review of the level of prudential reserves.

2.3 In the recent Accounts Commission findings, strong reference was made to achieving a sustainable financial position.

2.4 In the report published in January 2010 the Controller of Audit, Audit Scotland, makes reference to the low level of free reserves, commenting on how they are significantly lower than the approved prudential level targets.

3. Main Issues

3.1 The balance of £4.778m was made up of a number of items which were earmarked for spend during 2009/10 and other items earmarked for use in future years – see below:

Description	2009/10	2010/11	2011/12	Future	Total
	£000	£000	£000	£000	£000
Single Status residual	1,500	1,000	500	0	3,000
Single status	0	0	0	1,000	1,000
BV Improvement Plan	14	0	0	0	14
Milton community facility	0	0	0	30	30
Energy certificates	0	195	0	0	195
PSIF training	28	0	0	0	28
PPP funding	245	250	0	0	495
Accessibility works	16	0	0	0	16
Total	1,803	1,445	500	1,030	4,778

- 3.2** During the year end process 2009/10, there may be new services/purchases identified within the budget which have been committed in 2009/10 but not yet received. As such, it is anticipated that there may be new earmarked items identified at 31 March 2010 for spend in 2010/11.
- 3.3** The Council also held provisions of £3.551m as at 31 March 2009. Of this balance £3.371m is held for equal pay claims, single status payments and £0.180m is held for early severance costs.
- 3.4** KPMG were asked to by the Audit Performance Review Committee on 25 March 2009 to review the adequacy of the Council provision in respect of the ongoing implementation of single status and the settlement of additional equal pay claims. Their subsequent report to the Committee on 10 June commented that “*no significant matters came to their attention as part of their audit testing* “. This position was further confirmed in their annual audit report to Members dated 30 October 2009. Since that time, no additional burdens have arisen that would require this provision to be increased.
- 3.5** Of the earmarked balances held as at 31 March 2009, £1.530m are currently earmarked for 2011/12 and beyond:
- (a) £0.500m is currently held to assist the Council’s general budget position in 2011/12. This balance will be used to reduce any likely budget gap in 2011/12. In essence, this balance could be made available or ‘unearmarked’ and Members may then choose whether or not to make use of this balance within the 2011/12 budget;
 - (b) £1.000m is currently held for the purpose of future single status costs. However, in reviewing the single status/equal pay provision as at 31 March 2009 (as noted in 3.3), it is anticipated that this additional sum will now not be required and consequently this sum is available to be reclassified as an unearmarked balance.
 - (c) £0.030m is currently held for a Milton community facility. There is also funding available in 2009/10 and 2010/11 budgets for this facility. Work is being progressed to ensure this facility is in place and, as such, this funding will be required in future years.

4. Personnel Issues

- 4.1** There are no personnel implications.

5. Financial Implications

- 5.1** There are no direct financial implications.

6. Risk Analysis

- 6.1** No additional risk analysis was necessary at this stage.

7. Equalities Impact Assessment

7.1 No significant issues were identified in a screening for potential equality impact of this report.

8. Conclusions and Recommendations

8.1 Of the earmarked balances as at 31 March 2009, £3.248m has been committed into either 2009/10 or 2010/11 budget. Of the remaining and uncommitted balance of £1.530m, £1.500m is considered to be available to reclassify as an unearmarked balance.

8.2 Members are asked to agree :

- (a) to make available for general reserve purposes £1.500m of this balance (point 3.5(a) and 3.5(b) above);
- (b) to continue to earmark £0.030m for the future Milton community facility (point 3.5(c) above)

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Date: 12 March 2010

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Appendix: n/a

Background Papers: Financial Statements 31 March 2009

Wards Affected: n/a