

EAST RENFREWSHIRE COUNCILCABINET13 August 2020Report by Head of Accountancy (Chief Financial Officer)FINANCIAL PERFORMANCE FOR YEAR ENDED 31 MARCH 2020**PURPOSE OF REPORT**

1. To advise the Cabinet of the financial results for 2019/20 and to compare the out-turn with the final budgetary control statement for that year which was submitted to the Cabinet on 12 March 2020.

**RECOMMENDATIONS**

2. It is recommended that members: -

- (i) note the outturn position compared to the previous Budgetary Control Report;
- (ii) 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 2019/20 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. As in the previous year, directors took early action in applying savings measures during 2019/20 to assist the Council in addressing the financial difficulties it faces for 2020/21. Reduced expenditure on payroll, procurement and utilities contributed to the year-end underspend, together with increased recoveries of income, lower utilisation of contingency funds & savings on capital financing. These were partly offset by increased costs relating to the Covid-19 pandemic at the end of the year.
- To balance the budget for 2019/20, it was anticipated that £4,312k would be required from the Non-Earmarked General Fund reserve but, after directors closely managed net expenditure only £964k of reserves was called upon. This represents an improvement of £3,348k.
- The Council's Non-Earmarked General Fund reserve has therefore been decreased by £964k resulting in a balance of £9,590k as at 31 March 2020 (3.8% of the annual budgeted net revenue expenditure). This is slightly below the Council's most prudent target level of 4% but better than forecast when setting the budget for 2020/21, however it is anticipated that the balance will significantly reduce during 2020/21 to cover unfunded pressures relating to Covid-19.

- Capital Expenditure of £47,841k was invested during 2019/20.
- An operational surplus of £598k has been made on the Housing Revenue Account, which increases the accumulated surpluses brought forward on that Account to £2,316k.

## COMPARISON TO BUDGETARY CONTROL

4. The Budget Monitoring Report for Period 9 submitted to the Cabinet on 12 March 2020 forecast an underspend of £1,618k in 2019/20. At the year-end the underspend position improved to £3,348k thus only reserves of £964k of the budgeted £4,312k were called upon. The main areas making up this improved year end position include a decrease in payroll, procurement and utility costs, together with an increased recovery of income, lower utilisation of contingency funds and savings on capital financing charges.

5. The Period 9 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 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 can be accessed within the papers for the Audit & Scrutiny Committee of 25 June 2020.

## KEYWORDS

Financial performance, reserves, annual accounts, accounting policies, corporate governance

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Further information is available from Barbara Clark, Chief Accountant

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