

North Lanarkshire Council

Report

Finance and Resources Committee

approval noting

Ref EK/VR

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Annual Accounts Outturn

From Elaine Kemp, Head of Financial Solutions

Email kempe@northlan.gov.uk

Telephone 01698 302408

Executive Summary

The purpose of this report is to inform Committee that the annual statutory accounts of the council for the year ended 31 March 2019 have been approved for submission by the Audit and Scrutiny Panel and subsequently submitted to the Council's External Auditors, Audit Scotland, by the statutory date of 30 June.

The report also explains any major variations against the Council's annual budget for the year 2018/19.

Recommendations

It is recommended that the Finance and Resources Committee:

- (1) note the contents of the report.

The Plan for North Lanarkshire

Priority Improve North Lanarkshire's resource base

Ambition statement (25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning

1. Background

- 1.1 The Annual Accounts demonstrate the Council's stewardship of the public funds with which it is entrusted. The Annual Accounts are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom. As per the Local Authority Accounts (Scotland) Regulations, the Council must submit a set of unaudited accounts to its external auditors, Audit Scotland, by 30 June following the end of the financial year.
- 1.2 In addition, the Council's approved Financial Regulations require Council Services to remain within the approved budgetary provision, and to report all significant deviations within their budget monitoring reports.

2. Report

2.1 General Fund Account

- 2.1.1 The General Fund surplus brought forward from 2017/18 of £45.103m has been reduced to reflect the net deficit for the year of £0.731m.
- 2.1.2 As outlined in table 1 below, the cumulative General Fund Surplus at 31 March 2019 is £44.372m, represented by £31.008m of earmarked funds for specific future commitments, the approved contingency reserve level of £8m and an unallocated balance of £5.364m. A projected unallocated balance of £5.403m was reported to this Committee on 29 May 2019 as part of the Council's provisional outturn report.

Approved Earmarked Funds	£m	£m
Balances held by Schools under Devolved School Management	2.695	
Pupil Equity Fund	2.036	
City Deal	1.491	
Family Firm	0.492	
Digitisation	9.900	
Revenue Budget Support	4.729	
Scottish Attainment Challenge	0.155	
Dilapidations	0.750	
One Off Costs of Budget Savings/Restructure Costs	3.550	
Business Gateway Contract	1.222	
ESF Match Funding	0.697	
Other Earmarked Funds	3.291	31.008
Unallocated - Change Management Fund		5.364
Contingency Reserve		8.000
General Fund Surplus as at 31 March 2019		44.372

Table 1

2.2 **Budget Outturn Position 2018/19**

2.2.1 As noted in 2.1.2 above, the provisional outturn position was reported to Committee on 29 May 2019 and highlighted a General Fund underspend of £10.349m. However, the final outturn position differed from the reported position mainly due to the re-profiling of Schools and Centres 21 (SC21) financing, resulting in reduced financing costs of £4.618m.

2.3 **Housing Revenue Account**

2.3.1 The Housing Revenue Account (HRA) reported a £2.323m surplus position to Committee in May however this position differed from the final outturn position mainly as a result of an increase to the HRA Equal Pay Provision of £0.532m.

2.3.2 Taking account of the in-year use of earmarked reserves (£0.730m), the surplus of £1.075m has been added to the balance brought forward to enable an earmarked cumulative surplus of £12.927m. Of this surplus, some £8.007m has already been approved for specific purposes including temporary accommodation (£6.135m). Adjusting for the £1.200m contingency reserves, this leaves a current unallocated balance of £3.720m.

2.4 **Other Matters**

2.4.1 The Council has previously recognised the need to provide for on-going commitments arising from equal pay compensation claims. The total opening 2018/19 provision value of £10.250m comprised of £10.100m in relation to General Fund and £0.150m for HRA. Total claims paid out during 2018/19 equated to £3.317m in total. Following further review and quantification of likely values of claims in relation to previous non-claimants, and providing for the employers pension cost of those claims, the provision has been increased by £0.532m, all of which relates to HRA. The existing level of provision was also assessed and concluded to be a reasonable level to cover the expected pension cost for previously settled claims (£7.465m).

2.4.2 The Council has a controlling interest in a number of bodies that have been incorporated into the Group Accounts. After consolidation, the Group balance sheet shows net assets of £1,492.756m, an increase on the single entity position of £94.742m.

2.4.3 The accounting position in relation to the Council's pension arrangements highlights a headline deficit based on the standard IAS19 calculation of £470.694m. This is a snapshot valuation as at 31 March 2019 and will be made good by contributions over the remaining working life of employees, as assessed by the scheme actuary. It should however be noted that the pension liability for the final accounts has been subject to review after receiving a revised Actuarial Valuation. The consolidated group entities pension arrangements have also been subject to review and will be amended as appropriate for the final accounts however it is not expected to be significant.

2.5 **Conclusion**

2.5.1 As in previous years, the unaudited accounts have been submitted by the statutory deadline of 30 June, demonstrating continued effective financial management. In addition, the cumulative General Fund surplus will assist in managing the financial challenges currently facing the Council.

3. Equality and Diversity

3.1 Fairer Scotland Duty

There is no specific impact in relation to Fairer Scotland.

3.2 Equality Impact Assessment

There is no specific Equality Impact Assessment required.

4. Implications

4.1 Financial Impact

There is no financial impact resulting from the contents of this report

4.2 HR/Policy/Legislative Impact

There are no HR Policy or Legislative impact resulting from the contents of this report.

4.3 Environmental Impact

There is no environmental impact linked to this report.

4.4 Risk Impact

There is no risk impact linked to this report.

5. Measures of success

5.1 N/A

6. Supporting documents

6.1 No appendices



Elaine Kemp
Head of Financial Solutions