
BALANCES AT 31 MARCH 2021

Report by Executive Director, Finance & Regulatory EXECUTIVE COMMITTEE

15 September 2020

1 PURPOSE AND SUMMARY

- 1.1 This report provides the Executive Committee with an analysis of the Council's balances as at 31 March 2020 and advises Members of the projected balances at 31 March 2021.**
- 1.2 The unaudited Council's General Fund useable reserve (non-earmarked) balance was £6.315m at 31 March 2020. The projected General Fund useable reserve is projected, at this early stage in the financial year, to remain at £6.315m at 31 March 2021 in line with the Council's Financial Strategy. Any year end overspend as a result of the COVID-19 pandemic will, however, require to be funded from reserves.
- 1.3 The total of all useable balances, excluding development contributions, at 31 March 2021 is projected to be £23.490m, compared to £29.866m at 31 March 2020.
- 1.4 The projected balance on the Capital Fund of £7.965m will be affected by any further capital receipts, developer contributions, interest credited and any expenditure authorised to be financed from the Fund during the remainder of the financial year.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Executive Committee:**
 - (a) Notes the unaudited 2019/20 revenue balances at 31 March 2020;**
 - (b) Notes the projected revenue balances as at 31 March 2021 as per Appendices 1 & 2; and**
 - (c) Notes the projected balance in the Capital Fund as per Appendix 3.**

3 ACCOUNTS AND FUNDS OPERATED BY THE COUNCIL

3.1 Income and expenditure relating to the Council's services are accounted for and financed through the following funds (as required or permitted by statute):

- (a) General Fund
- (b) Corporate Property Repairs & Renewals Fund
- (c) Insurance Fund
- (d) Plant & Vehicles renewals Fund
- (e) Capital Fund

4 BALANCES AT 31 MARCH 2020

4.1 Appendix 1 summarises the projected transactions and resultant projected balances at 31 March 2021 on the General Fund and Appendix 2 shows the projected non-General Fund balances. The net effect is the useable General Fund balance after earmarked funds and allocated reserves is projected to be **£6.315m** at 31 March 2021 which is in line with the recommended level included in the 2020/21 Financial Strategy approved by Council. It should, however, be noted that due to the circumstances in the current year, any year end overspend as a result of the COVID-19 pandemic will require to be funded from reserves.

4.2 The projections in the statement attached in Appendices 1, 2 and 3 are based on actual expenditure and income to 30 June 2020 and are summarised in the table below.

	31/03/20	31/03/21	Movement
BALANCES	£m	projection	£m
	£m	£m	
Earmarked Balances (non DSM)	7.251	2.544	(4.707)
Earmarked Balances (DSM)	1.160	0	(1.160)
Allocated Balances	2.993	2.993	0.000
General Fund (Unallocated Reserve)	6.315	6.315	0.000
Unaudited 2019/20 revenue outturn	1.458	0	(1.458)
Corporate Property Repairs & Renewals Fund	0	0	0
Insurance Fund	1.397	1.782	0.385
Plant & Vehicles Renewals Fund	7.608	8.222	0.614
Capital Fund (exc. Developer Contributions)	1.684	1.634	(0.050)
	29.866	23.490	(6.376)

4.3 Key movements in the General Fund allocated balances during 2020/21 to date are as a result of:

- Allocation of 2019/20 outturn of £1.458m from the general fund

balance to the revenue account in 2020/21.

- Movement in earmarked balances is as a result of all earmarked balances from 2019/20 being applied to 2020/21 as planned.

4.4 The Corporate Financial Risk Register was considered at the Council Meeting on 26 February 2020 and identifies potential risks which include failure to control budgets within approved limits, severe weather events, the economic downturn, potential contractual claims and unplanned emergencies. The accumulated financial risk in the Risk Register is assessed to be at £12.252m and the projected useable General Fund balance, at £6.315m, is sufficient to cover 52% of risks identified at that time. £6.315m is the recommended level of General Fund Reserve identified in the Financial Strategy approved by Council on 26 February 2020. The general fund reserve will continue to be monitored through the Corporate Financial Risk Register on a regular basis.

4.5 Allocated balances have been maintained at £2.993m to date in 2020/21:

ALLOCATED BALANCES	31st March 2019 £m	Increase during 2020/21 £m	Released during 2020/21 £m	31st March 2021 £m
IT transformation	1.108	0	0	1.108
Municipal Mutual	0.233	0	0	0.233
Adverse Weather (including flood)	1.000	0	0	1.000
Approved contribution to Energy Efficiency & Change Fund	0.300	0	0	0.300
Workforce Management	0.352	0	0	0.352
Total	2.993	0	0	2.993

4.6 Appendix 3 details the balances currently held in the Capital Fund. These balances are temporarily held in the Loans Fund and will attract interest at the end of the financial year. The Fund can only be used for capital purposes or to repay external debt.

5 IMPLICATIONS

5.1 Financial

There are no financial implications beyond those contained in the report and appendices.

5.2 Risk and Mitigations

The major risks associated with this report are that the level of projected balances proves to be insufficient. Service budget pressures plus unexpected liabilities are the most likely sources of pressure on reserves. Current pressures as a result of the COVID-19 pandemic being highlighted through the 2020/21 revenue monitoring process increase the likelihood of a draw down from reserves being required in 2020/21. These risks are being managed through regular monitoring of financial activity in all funds of the Council, including regular revenue and capital budgetary control reports to the Executive Committee. In addition, the Corporate Financial Risk Register is regularly reviewed by senior Finance staff.

5.3 **Equalities**

There are no adverse equality issues arising from the report.

5.4 **Acting Sustainably**

There are no economic, social or environmental effects associated with this report.

5.5 **Carbon Management**

There are no effects on carbon emissions associated with this report.

5.6 **Rural Proofing**

This report does not relate to a new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

5.7 **Changes to Scheme of Administration or Scheme of Delegation**

There are no changes to the Schemes of Administration or Delegation as a result of this report.

6 CONSULTATION

- 6.1 The Monitoring Officer/Chief Legal Officer, the Chief Officer Audit and Risk, the Service Director HR & Communications, the Clerk to the Council and Corporate Communications have been consulted and any comments received have been incorporated into the final report.

Approved by

David Robertson
Executive Director,
Finance & Regulatory

Signature

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Background Papers:
Previous Minute Reference:

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