
BALANCES AT 31 MARCH 2022

Report by Executive Director, Finance & Regulatory

EXECUTIVE COMMITTEE

17 August 2021

1 PURPOSE AND SUMMARY

- 1.1 This report provides the Executive Committee with an analysis of the Council's balances as at 31 March 2021 and advises Members of the projected balances at 31 March 2022.**
- 1.2 The unaudited Council's General Fund useable reserve (non-earmarked) balance was £8.831m at 31 March 2021. The General Fund useable reserve is projected, at this early stage in the financial year, to be at least £6.315m at 31 March 2022 in line with the Council's Financial Strategy.
- 1.3 The total of all useable balances, excluding development contributions, at 31 March 2022 is projected to be £34.970m, compared to £48.264m at 31 March 2021. The reason for the reduction in balances year to year is due to the allocation of one-off funding carried forward in the COVID-19 reserve from 2020/21 to support the 2021/22 budget.
- 1.4 The projected balance on the Capital Fund of £6.870m 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 2020/21 revenue balances at 31 March 2021;**
- (b) Notes the projected revenue balances as at 31 March 2022 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) Pitch and Play Park Replacement Fund
- (f) Capital Fund

4 BALANCES

4.1 Appendix 1 summarises the projected transactions and resultant projected balances at 31 March 2022 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 at least **£6.315m** at 31 March 2022 which is in line with the recommended level included in the 2021/22 Financial Strategy approved by Council. A further £2.256m from the 2020/21 underspend is currently held in unallocated balances to support COVID-19 pressures giving a current balance of £8.571m. It should be noted that due to the ongoing implications of COVID-19, any year end overspend as a result of the COVID-19 pandemic, beyond the provision contained in the COVID-19 unallocated balances, will require to be funded from general fund 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 2021 and are summarised in the table below.

	31/03/21	31/03/22	Movement
BALANCES	£m	projection	£m
	£m	£m	
Earmarked Balances (non DSM)	24.362	11.361	(13.001)
Earmarked Balances (DSM)	1.220	0	(1.220)
Allocated Balances	2.027	2.027	0.000
General Fund (Unallocated Reserve)	6.315	6.315	0.000
Unaudited 2020/21 revenue outturn	2.516	2.256	(0.260)
Corporate Property Repairs & Renewals Fund	0.362	0	(0.362)
Plant & Vehicles Renewals Fund	7.967	9.347	1.380
Insurance Fund	1.533	1.811	0.278
Pitch & Play Park replacement fund	0.592	0.953	0.361
Capital Fund (exc. Developer Contributions)	1.370	0.900	(0.470)

	48.264	34.970	(13.294)
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- 4.3 Key movements in the General Fund allocated balances during 2021/22 to date are as a result of:
- Allocation of £0.260m of 2020/21 outturn underspend to support the 2021/22 revenue budget as approved through outturn.
 - Movement in earmarked balances is as a result of earmarked balances carried forward from 2020/21 being applied in 2021/22 as planned, with the exception of £10.581m one-off COVID-19 balance being retained in the COVID-19 reserve to support pressures on the revenue budget as the financial year progresses.
- 4.4 The Corporate Financial Risk Register was considered at the Council Meeting on 19 March 2021 and identified potential risks including the failure to control budgets within approved limits, severe weather events, the economic downturn, potential contractual claims and unplanned emergencies. £6.315m is the recommended level of General Fund Reserve identified in the Financial Strategy approved by Council on 19 March 2021. The unallocated balance projected at the 31st March 2022 equates to 2% of net revenue expenditure and is sufficient to cover 49% of the risks identified in the finance risk register should they be realised. 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 £2.027m to date in 2021/22:

ALLOCATED BALANCES	31st March 2021 £m	Increase during 2021/22 £m	Released during 2021/22 £m	31st March 2022 £m
Municipal Mutual	0.233	0	0	0.233
Adverse Weather (including flood)	1.000	0	0	1.000
Workforce Management	0.794	0	0	0.794
Total	2.027	0	0	2.027

- 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. 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 comments received have been incorporated into this final report.

Approved by

David Robertson

Signature

Executive Director, Finance & Regulatory

Author(s)

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Background Papers:

Previous Minute Reference:

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