
BALANCES AT 31 MARCH 2022

Report by Director, Finance & Corporate Governance EXECUTIVE COMMITTEE

8 February 2022

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 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 £48.948m, compared to £47.672m at 31 March 2021.
- 1.4 The projected balance on the Capital Fund of £8.831m will be affected by any further capital receipts, development 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 projected revenue balances as at 31 March 2022 as per Appendices 1 & 2; and**
 - (b) 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. £2.256m from the 2020/21 underspend is currently held in unallocated balances to support COVID-19 pressures with a current total balance of £8.421m.
- 4.2 The projections in the statement attached in Appendices 1, 2 and 3 are based on actual expenditure and income to 31 December 2021 and are summarised in the table below.

	31/03 /22 project ion £m
BALANCES	
Earmarked Balances (non DSM)	24.802
Earmarked Balances (DSM)	0.684
Allocated Balances	3.004
General Fund (Unallocated Reserve)	6.165
2020/21 revenue outturn	2.256
Corporate Property Repairs & Renewals Fund	0
Insurance Fund	1.604
Plant & Vehicles Renewals Fund	8.110
Pitch & Play Park Replacement Fund	0.953
Capital Fund (exc. Developer Contributions)	1.370
	48.948

- 4.3 Key movements in the General Fund unallocated 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;
 - Draw down of £150k for the independent inquiry;

- 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 £10.690m one-off COVID-19 balance retained in the COVID-19 reserve to support pressures on the revenue budget as the financial year progresses. This balance now reflects a draw down of £1m from the COVID-19 reserve to support Culture, Sport & Leisure Trusts in the Borders in their recovery from COVID-19.

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 increased to £3.004m at the December month end as a result of an increase in the Treasury reserve of £1m as a result of reduced borrowing. The Treasury reserve will be used to smooth the effect of changes in Loans Charges requirements over future financial years:

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	(0.023)	0.771
Treasury Reserve	0	0	1.000	1.000
Total	2.027	0	(1.023)	3.004

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 **Integrated Impact Assessment**

It is anticipated there will be no adverse impact due to race, disability, gender, age, sexual orientation or religion/belief arising from the proposals contained in this report.

5.4 **Sustainable Development Goals**

There are no significant effects on the economy, community or environment.

5.5 **Climate Change**

No effect on carbon emissions are anticipated from the recommendation of this report.

5.6 **Rural Proofing**

It is anticipated there will be no adverse impact on the rural area from the proposals contained in this report.

5.7 **Data Protection Impact Statement**

There are no personal data implications arising from the proposals contained in this report.

5.8 **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 this final report.

Approved by

David Robertson

Signature

Director, Finance & Corporate Governance

Author(s)

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Background Papers:

Previous Minute Reference:

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