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**BALANCES AT 31 MARCH 2022**

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**Report by Director, Finance & Corporate Governance  
EXECUTIVE COMMITTEE**

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**14 June 2022**

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**1 PURPOSE AND SUMMARY**

- 1.1 This report provides the Executive Committee with an analysis of the Council's balances as at 31 March 2022.**
- 1.2 The Council's General Fund useable reserve (non-earmarked) balance is £9.848m at the end of the financial year. The 2021/22 balances are before a series of technical accounting adjustments, the effect of which are expected to be broadly neutral. Adjustments required as a result of the Statutory Audit process will be reported at the conclusion of the Audit.
- 1.3 The total of all useable balances, excluding developer contributions, at 31 March 2022 is £64.481m compared to £48.264m at 31 March 2021.

**2 RECOMMENDATIONS**

- 2.1 It is recommended that the Executive Committee:**
  - (a) Notes the revenue balances as at 31 March 2022 as per Appendices 1 & 2 including movement in reserves since the last reporting period; and**
  - (b) Notes the 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 AT 31 MARCH 2022

- 4.1 The unaudited balances on these Funds represent the Council's useable reserves which at the 31 March 2022, is as follows.

<b>BALANCES</b>	<b>31<sup>st</sup> March 2021 £m</b>	<b>31<sup>st</sup> March 2022 £m</b>
Earmarked Balances (non DSM)	8.680	26.125
COVID-19 reserve	15.682	9.465
Earmarked Balances (DSM)	1.220	1.599
Allocated Balances	2.027	4.954
General Fund (Unallocated Reserve)	8.831	9.848
Corporate Property Repairs & Renewals Fund	0.362	0.051
Pitch & Play Park replacement fund	0.592	0.953
Insurance Fund	1.533	1.623
Plant & Vehicles Renewals Fund	7.967	8.493
Capital Fund (exc. Developer Contributions)	1.370	1.370
	<b>48.264</b>	<b>64.481</b>

- 4.2 The balances shown above are before a series of technical adjustments which are required to reflect international accounting requirements. These adjustments are expected to be broadly neutral in terms of the final balances and will be confirmed following finalisation of the Council's statutory accounts.
- 4.4 Appendix 1 summarises the 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, allocated reserves and the unaudited 2021/22 revenue outturn is £9.848m at 31 March 2022 after adjusting for COVID funding as set out below.
- 4.4 Included within earmarked balances is £9.465m one-off COVID-19 balance retained in the COVID-19 reserve to support pressures on the revenue budget in future financial years.
- 4.5 The Executive report to committee in February 2022 highlighted that the general fund balance contained a sum of £2.256m held as a general

contingency against COVID related costs. The COVID-19 reserve at year end stands at £9.465m and this is considered appropriate to manage the on-going costs of the COVID pandemic. Consequently the sum previously held within general fund balances and held as COVID funding can now be released into the general fund balance.

- 4.6 During 2021/22 movements in the unallocated General Fund balance are as follows:

	<b>Increase / (Draw down) £</b>	<b>Executive Committee Reporting</b>
Opening 2021/22 balance (including £2.256m previously earmarked for COVID-19)	<b>8.831m</b>	
2020/21 outturn underspend to support the 2021/22 revenue budget as approved through outturn	(0.260m)	August 2021
Draw down for independent inquiry	(0.150m)	November 2021
2021/22 revenue underspend	1.427m	June 2022
Balance at 31 <sup>st</sup> March 2022	<b>9.848m</b>	

- 4.7 The Corporate Financial Risk Register for 2021/22 was considered at the Council Meeting on 19th March 2021 and identified 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 was assessed to be £12.895m and the projected useable General Fund balance, at £6.315m, was sufficient to cover 49% 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 19th March 2021. The 2022/23 Financial Strategy, approved by Council on the 22nd March 2022, increased the identified risks to £13.785m and recommended an unallocated reserve of £8.421m, which would cover 61% of the risks.

- 4.8 Movements in the Allocated Balances during 2021/22 are shown in the table below:

<b>ALLOCATED BALANCES</b>	<b>31<sup>st</sup> March 2021 £m</b>	<b>Increase during 2021/22 £m</b>	<b>Released during 2021/22 £m</b>	<b>31<sup>st</sup> March 2022 £m</b>
Municipal Mutual	0.233	0	0	0.233
Adverse Weather (including flood)	1.000	0	0	1.000
Workforce Management	0.794	0.300	(0.035)	1.059
Treasury reserve	0	2.300	0	2.300
Strategic Contract movement reserve	0	0.362	0	0.362
<b>Total</b>	<b>2.027</b>	<b>2.962</b>	<b>(0.035)</b>	<b>4.954</b>

- 4.9 Movements in the Allocated Balances since the last reporting in February 2022 are:
- Increase in the Treasury reserve of £1.3m to smooth the effect of changes in capital financing requirements over future financial years;
  - Increase to the Workforce Management reserve of £0.300m specifically related to the DSM Fit for 2024 review to provide for potential staffing conservation costs;
  - Establish a strategic contract movement reserve of £0.362m to smooth variations in annual contract costs linked to market conditions.
- 4.10 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 to support the Council in future years. 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 Director (People Performance & Change), the Clerk to the Council and Corporate Communications are being consulted on this report and any comments received will be incorporated into the final report.

### Approved by

**David Robertson**

**Signature .....**

**Director, Finance & Corporate Governance**

### Author(s)

Suzy Douglas	Financial Services Manager 01835 824000 X5881
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### Background Papers:

### Previous Minute Reference:

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