

**ANGUS COUNCIL**

**ANGUS COUNCIL – 24 JUNE 2021**

**2020/21 FINANCIAL OUTTURN AND DRAFT ACCOUNTS UPDATE**

**REPORT BY IAN LORIMER, DIRECTOR OF FINANCE**

**ABSTRACT**

This report provides details of the unaudited financial outturn position on both a revenue and capital basis for 2020/21 for Angus Council and an update with regard to the preparation of the 2020/21 Annual Accounts.

**1. RECOMMENDATIONS**

1.1 It is recommended that the Council:-

- a) Note the update with regard to the preparation of the 2020/21 Annual Accounts and that, in accordance with statutory requirements, they will be submitted to Audit Scotland by the 30 June 2021 deadline;
- b) Note that the Council's Annual Accounts will be published on the Council's website on or around the 30 June 2021;
- c) Note the revenue budget performance and associated commentary as set out in Section 4 and Appendices A, B & D of this report;
- d) Note the capital budget performance and associated commentary as set out in Section 4 and Appendix C of this report;
- e) Approve the 2020/21 100% budget carry forwards received totalling £2.616 million as set out in Section 4 and Appendix E of this report in accordance with the Council's 100% budget carry forward scheme subject to none of these being affected by changes arising from the audit process;
- f) Note that £0.131 million of 100% carryforward requests have been approved by the Director of Finance under delegated authority.
- g) Approve that £0.504 million of the 2019/20 100% carryforwards not utilised in 2020/21 due to being delayed by the COVID-19 pandemic are carried forward to 2021/22 as set out in Section 4 and Appendix E.
- h) Note that a total of £2.017 million of budget uplifts agreed in the budget recast report (211/20) has been returned to the General Fund Reserve having been identified by services in their corporate monitoring as no longer being required in 2020/21.
- i) Note that the Capital Financing Charges (CFC) budget recast adjustment of £0.600 million identified in report 211/20 has been re-instated to the 2020/21 CFC budget as this is now required in the 2020/21 Annual Accounts based on year end calculations.
- j) Note that the ANGUSalive budget recast adjustment of £0.458 million identified in committee report 211/20 is not required in 2020/21 and this has been earmarked for future drawdown if required in the General Fund Reserve at March 2021.

## **2. ALIGNMENT TO THE ANGUS COUNCIL PLAN**

2.1 This report contributes as a whole to the Council Plan.

## **3. BACKGROUND**

3.1 The Council is required by law to prepare Annual Accounts which set out its financial position at the end of each financial year. These Accounts are prepared by the Director of Finance and his team on a draft basis for submission to the Controller of Audit in order that they may scrutinise their accuracy and completeness. The Accounts represent the cumulation of the year's financial transactions and are an essential means of demonstrating the proper stewardship of public funds as well as budget performance and financial control. The Council is legally obliged to complete the draft Accounts and submit them by 30 June to Audit Scotland.

### 3.2 Annual Accounts Process

Preparation of the Council's 2020/21 Accounts is nearing completion and are on schedule to meet the statutory submission deadline (30 June). These draft accounts will be submitted to Audit Scotland by the 30 June, then published on the Council's website at the end of June for public inspection and will be submitted to the August meeting of the Scrutiny & Audit Committee.

3.3 This report summarises in a simpler format than the formal Accounts how the Council has performed financially in 2020/21 by comparing budget and actual expenditure and income. The information is presented in a similar format to the budget monitoring reports to Policy & Resources Committee during the year.

## **4. BUDGET PERFORMANCE**

### 4.1 Background

This report looks at budget performance on revenue (running costs) and capital (investment in assets) for both the Housing Service and the General Fund (which covers all other services provided by the Council).

### 4.2 Revenue Budget Performance - General Fund Services

4.2 Members will recall that committee report 211/20, 10 September to Angus Council recommended a number of changes (increases) to Services revenue budgets for 2020/21 to take account of the impact of the COVID-19 pandemic. Services have been monitoring these revised budgets and have since confirmed that some of the additional budget resources provided via report 211/20 are not required. A total of £2.017 million has been identified as no longer being required and has been returned to the General Fund Reserve. Included in this total is £0.572 million in relation to the Tayside Contracts – Construction Surplus for 2020/21. Confirmation has been received from Tayside Contracts that the Construction financial performance and projected surplus has been significantly under-reported throughout financial year 2020/21 and reasons for this situation is under further review. Due to this issue the actual distributable surplus is £1.600 million higher than the projected surplus of which the Angus Council share is £0.572 million. This position was not identified by Tayside Contracts until May 2021 so hadn't been factored into the Council's budget monitoring reports.

4.3 In addition to this it has been confirmed that the £0.458 million budget recast adjustment approved for ANGUSalive is not required in 2020/21 and this has been returned and has been earmarked for future drawdown in the General Fund Reserve if required. It has also been confirmed that the £0.600 million budget recast reduction made for the Capital Finance Charge Budget cannot be achieved and has had to be re-instated. This has been identified as now required in the 2020/21 Annual Accounts based on year end calculations.

4.4 Report 211/20 set out how the various increases in budgets were to be funded and this required a significant drawdown from the Council's uncommitted General Fund Reserve. On this basis it was considered appropriate that budget uplifts provided through Report 211/20 which are no longer required should be removed and the balance of the freed up one-off resources be returned to the General Fund Reserve.

4.5 The Policy & Resources Committee received regular updates on budget performance during financial year 2020/21 with the latest recast monitoring budget of £293.163 million (report 17/21 refers)

- 4.6 When the Council set the 2021/22 revenue budget in March 2021 the projected outturn for 2020/21 was a saving of £8.831 million compared to budget. This total needs to be adjusted to reflect previously approved policies, grant funding which due to accounting treatment is required to be carried forward into 2021/22 and previously approved 2019/20 100% carryforwards not spent in 2020/21, due to the impact of COVID-19, as they will be required in 2021/22. After taking these into account this left an adjusted projected saving of £2.977 million at that time, report [17/21](#) refers.
- 4.7 The most recent projected outturn for 2020/21 submitted to Policy and Resources Committee on 4 May 2021 projected a saving against budget of £10.416 million whereof £6.439 million was to be earmarked leaving £3.977 million available as the projected uncommitted, General Reserve balance, report [131/21](#) refers.
- 4.8 Appendix A to this report provides a detailed breakdown of budget performance against the recast budget for each Council service and for centrally held budgets such as capital charges and financing and covers the same headings as those used in the budget monitoring reports submitted to Policy & Resources Committee.
- 4.9 Overall a saving compared to budget for Angus Council's General Fund Services of £14.751 million was achieved in 2020/21. This compares to the most recent projected position of £10.416 million, an increase of £4.335 million.
- 4.10 Some of this saving has arisen due to delays in costs being incurred which will now fall due in financial year 2021/22 and this requires those savings to be earmarked and carried forward from 2020/21 to 2021/22. It must also be acknowledged how abnormal the 2020/21 financial year was in terms of service delivery, costs incurred and income achieved because of the pandemic. The effects of the pandemic have made financial management and monitoring more challenging and also has affected planned spending in for example the Council's capital programme.
- 100% budget carry forwards
- 4.11 A key part of the Council's financial management arrangements is to provide budget flexibility across financial years and this allows services to carry forward resources for specific purposes and recognises that some projects and initiatives don't always neatly fall into a single financial year.
- 4.12 Thirty Two 100% carryforward requests were received from Services totalling £2.747 million. The requests have been reviewed by officers and have been categorised into the following:-

Table 1 – 100% Carryforward Requests

	<b>£m</b>
Approval sought from Council – 24 June 2021	2.616
Approved by Director of Finance under Delegated Authority	0.131
<b>Total</b>	<b>2.747</b>

- 4.13 The details of the carry forward requests of £2.616 million seeking approval from elected members are attached at Appendix E.
- 4.14 In addition approval is being sought to carryforward £0.504 million of the 2019/20 100% approved carryforwards which have been delayed due to the onset of the pandemic during 2020/21. These requests have been reported in the Corporate Monitoring to Policy & Resources during the financial year and details of these requests is also attached at Appendix E.

Table 2 below shows the gross saving made and the net savings available for other purposes after adjusting for the total 100% carryforwards set out above.

Table 2 - Summary of Appendix A

	<b>£m</b>
Gross Saving – General Fund Services	14.751
Less Ring-fenced Grant Income/Devolved School Management (DSM)	(7.885)

<b>Adjusted Saving Compared to Budget</b>	<b>6.866</b>
Less 2019/20 100% carryforwards requested to be carried forward to 2021/22	(0.504)
Less Savings in Change Programme Costs (earmarked for use in 2021/22)	(0.460)
<b>Savings Available for Other Purposes</b> (before 2020/21 requested 100% carry forwards)	<b>5.902</b>
Projected 2020/21 Outturn applied to 2021/22 Budget Setting (report 17/21)	(2.977)
Less Proposed 2020/21 100% Budget Carry forwards	(2.747)
<b>Net Savings Available for Other Purposes</b> (if carry forwards agreed in full)	<b>0.178</b>

#### COVID-19 Related Expenditure

- 4.15 Included in the figures above and within the Income & Expenditure Account for the 2020/21 is £13.9m of expenditure as a result of the COVID-19 impact on Angus Council Services. The main expenditure area has been and will continue to be within the Education & Lifelong Learning service, a total of £6.4 million. These costs have in the main been funded by additional government grant. Any COVID additional grant which was unspent at 31 March 2021 will be earmarked in the General Fund Reserve to assist with future COVID-19 related costs as we continue through the recovery process. Some additional COVID-19 related costs have been met from the Early Years specific government grant and from Service core budget underspends.
- 4.16 The Council has also been responsible for paying out over £35m of grants to business across Angus during the last financial year and these are not included within the figures above or within the Income & Expenditure Account as these are categorised as agency payments. The payments will be included in summary within the management commentary to the Annual Accounts and also in more detail within the Annual Accounts disclosure notes.

#### Overall Impact on the General Fund Reserve

- 4.17 The Council set its 2020/21 Revenue Budget in February 2020 (report 88/20 refers) which reported that £4.171 million was planned to be funded from the General Fund Reserve. Due to COVID-19 the 2020/21 revenue budget required revision and budget recast adjustments were approved by Angus Council on the 10 September, report 211/20 refers. This amended the General Fund Reserve contribution to £5.468m, in other words it budgeted for a deficit of £5.468 million. For accounting purposes and to reflect the fact that Services can carry forward some unspent budget from previous years this budgeted deficit has subsequently been revised to £2.964 million.
- 4.18 The actual year end position on the General Fund Reserve shows an increase of £12.101 million which compared to the revised budgeted deficit means the General Fund Reserve is £15.065 million higher than expected on a gross basis. This gross position does however need to be interpreted carefully because much of this relates to delayed spending rather than real savings which can be used for other purposes.
- 4.19 The main components of the favourable movement on the General Fund Reserve are set out in Table 3 below:-

Table 3 – General Fund Reserve Movement

	£m
Underspends on Services budgets (inc capital financing charge deficit of £0.163m) – per Appendix A	14.751
Debt Restructuring Premium	(0.144)

Additional Council Tax Income (of which £0.728m was in relation to Affordable Housing Monies which needs to be earmarked in the General Fund Reserve)	1.810
Transfer to Affordable Housing Account	(0.500)
Transfers to Capital Fund	(0.777)
All other Items (Net effect)	(0.075)
<b>Total Favourable Movement on General Fund Balance</b>	<b>15.065</b>

#### Money Held by Angus Schools

- 4.20 Appendix D provides a breakdown of the monies which are held and ring-fenced by Angus Schools and which are not available for other purposes. The Appendix shows the balances held under the Devolved School Management (DSM) scheme and the Pupil Equity Fund (PEF). Together these amount to £1.556 million.

#### Revenue Budget Versus Actual – Services Budgets

- 4.21 Appendix A attached provides a Service breakdown of the £14.751 million reported in Table 2 and the adjustments made. Appendix B provides a short commentary on all of the main variances in Appendix A. Appendix B is in 2 parts. Part 1 explains variances between budget and actual for the year and part 2 explains the main variances between the actual position and the last projected position through the Council's internal budget monitoring process.

- 4.22 It will be noted from Appendix A that all Services, operated within their controllable budget, prior to removing employee slippage which is now held and controlled centrally within Other Services, in 2020/21. It needs to be recognised that financial year 2020/21 has not been a normal year due to the pandemic so it will be difficult to identify reliable trends for future budget forecasting. Budget holders supported by Finance employees will undertake a review of the variances compared to budget and to try and determine whether adjustments are required to 2021/22 or 2022/23 budgets based on the 2020/21 experience.

#### Revenue Budget Performance - Housing Revenue Account (HRA)

- 4.23 When the Council set its 2020/21 Revenue Budget for Housing it planned for a breakeven position which meant no contribution to or from Reserves was planned.
- 4.24 The actual year end position shows a surplus of £3.401 million and the reasons for this position are given in Appendix B. This surplus will transfer to the HRA reserve. Other transfers to and from the HRA reserve have been made as part of the year end accounts resulting in a balance at 31 March 2021 of £5.562 million as set out in Table 4 below.

Table 4 – HRA Reserve Movement

	Transferred From Reserve £m	Transferred To Reserve £m	Reserve Balance £m
Opening Balance at 1 April 2020			3.096
In-year surplus		3.401	
Funding of properties appropriated from General Fund	1.435		
Affordable Housing Revenue Account capital funding		0.500	
Total movements	1.435	3.901	2.466
Closing balance at 31 March 2021			5.562

#### Capital Budget Performance – General Fund

- 4.25 The Council's provisional capital budget for 2020/21 was set in February 2020, forming part of the 2019/2024 Capital Plan (report 84/20 refers). Following a comprehensive update of the 2019/2024 Capital Plan based on actual expenditure at the end of the 2019/20 financial year, the final capital monitoring budget for 2020/21 was approved in September 2020 (report 212/20 refers).

- 4.26 Table 5, below, sets out the year end position on the overall General Fund capital programme for 2020/21 on a net basis (i.e. after the deduction of direct funding contributions).

Table 5 – NET Capital Expenditure 2020/21

Programme	Monitoring Budget Net £m	Actual Expenditure £m	Under / (Over) Spend £m	Percentage Spend Against Budget %
<b>Strategic Policy, Transformation &amp; Public Sector Reform</b>				
Strategic Policy & Economy	0.610	0.160	0.450	26.3
<b>Communities</b>				
Planning & Communities *	0.000	0.000	0.000	n/a
Environmental Services	3.799	2.445	1.354	64.4
<b>Infrastructure Services</b>				
Property Asset	0.355	0.240	0.115	67.5
Roads & Transportation	10.587	5.469	5.118	51.7
<b>Children, Families &amp; Justice *</b>	0.00	0.000	0.000	n/a
<b>Education &amp; Lifelong Learning</b>	2.622	2.332	0.290	88.9
<b>Digital Enablement &amp; Information Technology</b>	1.035	0.573	0.462	55.3
<b>Angus Health &amp; Social Care Partnership</b>	1.004	0.068	0.936	6.8
<b>Angus Alive</b>	0.114	0.059	0.055	51.5
<b>Total Net Capital Expenditure</b>	<b>20.126</b>	<b>11.346</b>	<b>8.780</b>	<b>56.4</b>

\* dedicated funding has fully offset actual expenditure incurred

- 4.27 The actual net expenditure on the General Fund capital programme of £11.346 million reflects the amount to be funded from resources such as borrowing, general capital grant from the Scottish Government, corporate capital receipts from the sale of assets, etc. Of these sources of funding, general capital grant will always be utilised first, as unused grant cannot be carried forward into the following financial year and would require to be returned to the Scottish Government.
- 4.28 Due to the unprecedented level of slippage which has arisen in 2020/21, the level of general capital grant available to fund the General Fund capital programme (£12.296 million) is higher than the net expenditure of £11.346 million. In order to ensure our grant is fully utilised in 2020/21, the application of revenue funding (also known as CFCR – capital funded from current revenue) totalling £0.950 million has been deferred, with general capital grant being utilised instead. The revenue funds have still been drawn down from the relevant departments in 2020/21, however rather than be applied in year to fund capital expenditure they have been transferred into the Capital Fund and will be utilised in 2021/22.
- 4.29 This action is not reflected in the net capital expenditure detailed in table 5. Rather table 5 reflects what has been spent and how departments originally intended that spend to be funded. Furthermore, it should be stressed that the capital expenditure associated with the above mitigation has still been incurred – it is simply how and when we are utilising the funding associated with that capital expenditure that is being reworked in order to ensure full utilisation of general capital grant.
- 4.30 Table 6, below, shows the impact of this action on the 2020/21 net expenditure requiring to be funded from corporate resources:

Table 6 – Adjusted Net Capital Expenditure 2020/21

	£m
Actual Net Expenditure	11.346
Deferral of CFCR funding	0.950
Adjusted Net Expenditure	12.296

- 4.31 Table 7, below, details how the adjusted net expenditure of £12.296 million has been funded and compares this with the funding anticipated when the 2020/21 monitoring budget was set:

Table 7 – Capital Funding 2020/21

Funding Source	Monitoring Budget £m	Actual £m	Variance £m
Borrowing	6.289	0	6.289
General Capital Grant	12.084	12.296	(0.212)*
Corporate Revenue Contribution	1.042	0	1.042
Corporate Capital Receipts	0.711	0	0.711
Total Funding	20.126	12.296	7.830

\* Angus Council's total capital grant allocation in 2020/21 was £12.442 million. When setting the monitoring budget, it was estimated that £0.358 million of general capital grant would be required to fund non-enhancing projects (Private Sector Housing Grants, etc.), leaving a balance of £12.084 million for the remainder of the capital programme. The actual level of grant applied to non-enhancing projects in 2020/21 was £0.146 million, some £0.212 million lower than originally anticipated. This reduction was mainly due to slippage on the Private Sector Housing Grant programme which was severely disrupted due to the COVID-19 pandemic.

- 4.32 The level of expenditure slippage on the General Fund capital programme has meant that no borrowing will be undertaken to fund the 2020/21 capital expenditure, nor will the corporate revenue contribution or capital receipts be applied. These funding requirements have not however gone away but are merely subject to a delay in application in line with the slipped expenditure. Similarly, the deferred CFCR that has been transferred to the Capital Fund will also be applied in 2021/22.
- 4.33 Appendix C to this report provides a brief commentary on the capital budget performance of council Services during the year. The Capital Projects Monitoring Group reviewed the year end position in more detail at its meeting on 3 June 2021.
- 4.34 In summary, Angus Council spent £8.780 million less on General Fund capital projects than budgeted for and this has meant a substantially lower requirement for funding in 2020/21. In the main, the underspend against the monitoring budget is due to project delays brought about by the COVID-19 pandemic as well as the rephasing of spend on some large scale projects and therefore represents a delay in incurring the expenditure rather than a reduction in the expenditure required.

Capital Budget Performance – Housing Revenue Account (HRA)

- 4.35 The HRA provisional capital budget for 2020/21 was set in February 2020. Following a comprehensive update of the 2019/2024 Financial Plan based on actual expenditure at the end of the 2019/20 financial year, the capital monitoring budget for 2020/21 was updated and reported to the Communities Committee in September 2020 (report 240/20 refers).
- 4.36 Table 8, below, sets out the year end position on the overall HRA capital programme for 2020/21 on a net basis (i.e. after the deduction of direct funding contributions).

Table 8 – NET HRA Capital Expenditure 2020/21

Programme	Monitoring Budget Net £m	Actual Expenditure £m	Under / (Over) Spend £m	Percentage Spend Against Budget
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				%
New Build	4.212	5.175	(0.963)	122.9
Conversions	0.310	0.074	0.236	23.9
Aids & Adaptations	0.250	0.236	0.014	94.4
Heating Installations & Replacements	1.653	0.485	1.168	29.3
Window Replacements	0.525	0.103	0.422	19.6
Energy Savings	4.000	2.340	1.660	58.5
Sheltered Housing	0.369	0.089	0.280	24.1
Kitchen Replacements	0.782	0.685	0.097	87.6
Bathroom Replacements	0.950	1.224	(0.274)	128.8
Miscellaneous / Balances on Completed Works	0.892	0.484	0.408	54.3
<b>Total Net Capital Expenditure</b>	<b>13.943</b>	<b>10.895</b>	<b>3.048</b>	<b>78.1</b>

- 4.37 Table 9, below, details how the actual net expenditure of £10.895 million has been funded and compares this with the funding anticipated when the 2020/21 monitoring budget was set:

Table 9 – Housing Capital Funding 2020/21

Funding Source	Monitoring Budget £m	Actual £m	Variance £m
Borrowing	4.861	1.219	(3.642)
Capital Receipts	0.000	0.425	0.425
Capital Grants Unapplied	0.000	0.169	0.169
Capital from Current Revenue	8.231	8.231	0.000
Affordable Housing Reserve	0.500	0.500	0.000
HRA Reserves	0.351	0.351	0.000
<b>Total Funding</b>	<b>13.943</b>	<b>10.895</b>	<b>(3.048)</b>

- 4.38 Members will note from Table 9 that the level of expenditure slippage on the HRA capital programme has meant that it has only been necessary to borrow some 25% of the originally planned borrowing amount to fund the 2020/21 capital expenditure. The remaining funding requirement has not however gone away but is merely subject to a delay in application to fund slipped expenditure.
- 4.39 Appendix C to this report provides a brief commentary on the capital budget performance of the HRA during the year. The Capital Projects Monitoring Group reviewed the year end position in more detail at its meeting on 3 June 2021.

#### COVID-19 funding

- 4.40 During the financial year 2020/21 Angus Council received notification of a large number of funding streams which were to be made by the Scottish Government to assist Local Authorities to cover the costs that the COVID-19 pandemic was causing, specific funding being made mainly for Education, Children & Families. Table 10 below shows the detail of the funding received and the balance of the funding which has been earmarked in the General Fund Reserve to assist with the recovery costs which will impact the Council for some years to come.

Table 10 – Balance of COVID-19 Funding for Earmarking

	£m	£m
<b>Funding</b>		
Scottish Government Redetermination	(22.505)	
Less – Agency Grant not included in Service Expenditure	0.556	
Less – Service Grant Income Carry Forward to 2021/22	0.099	(21.850)



Scottish Government Direct Grant Income	(2.052)	
Less – Carry forward to 2021/22	0.084	(1.968)
Early Years Ring-Fenced Grant		(0.895)
Service Core Budget Underspends		(0.730)
<b>Total Funding</b>		<b>(25.443)</b>
Total Net COVID-19 Expenditure		13.888
<b>Balance of Funding to be earmarked</b>		<b>(11.555)*</b>
* - £5.260m of this sum is committed – see table 12		

## COUNCIL RESERVES

- 5.1 The Council holds a number of Reserves and those which are classified as “Usable Reserves” for accounting purposes can be used to support service expenditure. All of the transactions on the General Fund and Housing revenue and capital budgets in 2020/21 affect the Council’s reserves as does expenditure met directly from Reserves such as the Renewal and Repairs Fund.
- 5.2 Based on all of the transactions for the 2020/21 financial year the main usable reserves and their balance at 31 March 2021 are shown below together with the equivalent balances at 31 March 2020:-

Table 11 – Usable Reserves

	Balance As At 31/3/21 £m	Balance As At 31/3/20 £m	Movement £m
General Fund	46.660	36.616	10.044
COVID-19 Contingency	2.057	0.000	2.057
<b>Total General Fund Reserve</b>	<b>48.717</b>	<b>36.616</b>	<b>12.101</b>
Housing Revenue Account	5.562	3.096	2.466
Capital Fund	3.755	1.519	2.236
Renewal and Repairs Fund	1.621	2.193	(0.572)
Insurance Fund	1.501	1.339	0.162
Usable Capital Receipts	2.257	0.458	1.799
Unapplied Grants	2.613	1.805	0.808
Other Reserves	<u>0.768</u>	<u>0.753</u>	0.015
<b>Total</b>	<b><u>66.794</u></b>	<b><u>47.779</u></b>	<b><u>19.015</u></b>

- 5.3 Overall the Council’s Reserves have increased by £19.015 million in the year ending 31 March 2021, some £11.6 million of which is due to one-off COVID support funding which although unspent at 31 March 2021 has a number of commitments against it. Section 2 and Appendix B of this report explains how the majority of this has arisen and it’s effectively due to the net effect of all of the savings and use of reserves which has taken place during 2020/21 and has been hugely impacted by the additional funding received from the Scottish Government for COVID-19 related expenditure, which has not all been required in 2020/21 and will be utilised over the next few years as the recovery process continues.

### General Fund Reserve

- 5.4 The main Reserve held by the Council is the General Fund Reserve the opening balance on which at 1 April 2020 was £36.616 million including £0.518 million held on behalf of schools under the Devolved School Management scheme. At 31 March 2021 this Balance stands at £48.717 million of which £1.011 million is earmarked under the DSM scheme. Excluding these the total balance available for other purposes is £47.706 million.
- 5.5 A significant part of the General Fund Balance is committed or earmarked as follows:-

Table 12– General Fund Commitments

	£m
Working Balance/Contingency (per existing policy)	4.705
Applied in 2021/22 Budget Setting	4.891
Future years reserve strategy	1.000
Severance Costs	1.162
Provision for Participatory Budgeting	0.404
Saving on debt charges, used for informing discussions/decisions on the 20/21 budget setting process (committee report 64/18 refers)	1.042
Change Fund (committee report 83/14 refers)	0.871
Tay Cities Deal Fund	0.694
Investment Projects (approved as part of 2019/20 budget setting)	0.523
Service Developments (approved as part of 2020/21 budget setting)	1.048
Prior Year 100 % Carryforward Requests	2.613
Ringfenced Grants received in 2020/21 that need to be earmarked for future drawdown as per accounting regulations	6.874
Prior Year Redetermination Monies	0.681
2020/21 Non COVID-19 Redeterminations Monies	0.392
2020/21 COVID-19 Redetermination Monies which are committed for specific projects	5.260
ANGUSalive – Income Generation uncertainty/inability to deliver 2020/21 savings targets in Change Programme	0.458
Museums Collection Fund	0.007
Welfare Reform Fund	0.698
Affordable Housing Revenue Account	2.946
Proposed 2020/21 100% Revenue Budget Carry Forwards	2.747
Demolition of Lochside Leisure Centre	0.427
COVID-19 Contingency agreed per report 211/20	2.057
<b>Total Committed Within General Fund Reserve</b>	<b>41.500</b>
<b>Uncommitted General Fund Reserve at 31 March 2021</b>	<b>6.206</b>
This Uncommitted balance is made up of:-	
<b>2020/21 COVID-19 Redetermination Monies which are not committed for specific projects</b>	<b>4.278</b>
<b>Non COVID-19 Uncommitted General Fund</b>	<b>1.928</b>

- 5.6 If all 100% budget carry forwards were to be approved when the Council considers these as part of this report this would leave an uncommitted balance of £6.206 million at 31 March 2021. As highlighted in Table 12 this is made up of COVID-19 funding which was received for non specific spend (£4.278 million) and the original Uncommitted General Fund Reserve balance. (£1.928 million). The future use of this sums will be considered as part of the ongoing delivery of the 2021/22 budget and the development of the budget strategy for 2022/23 and beyond. When the Council set its 2021/22 revenue budget in March 2021 it projected to have an uncommitted General Fund Balance of zero so the position now is an improvement of £6.206 million assuming all 2020/21 carryforward requests are approved.

- 5.7 COVID-19 Contingency Reserve  
As part of the recast budget (report 211/20) the Council created a COVID-19 contingency reserve and table 13 below sets out the movement on this reserve.

Table 13 – COVID-19 Contingency Reserve

	£m
<b>Uncommitted Balance at 1 April 2020</b>	<b>0.000</b>
Transfer to create Reserve (report 211/20 refers)	0.901

<b>New Commitments/Funding 2020/21</b>	
Contact Centre extension of posts, report 316/20 refers	(0.172)
2020/21 Change Programme Savings Shortfall, report 314/20 refers	(0.306)
Loss of Income Scheme Funding	1.634
<b>Uncommitted Balance at 31 March 2021</b>	<b>2.057</b>

- The Housing Revenue Account Reserve
- 5.8 The balance on this Reserve of £5.562 million is, as anticipated, above the policy level of £1.0 million and this will be taken into account in the ongoing commitment to: deliver new build and affordable housing; maintain the Scottish Housing Quality Standard; and as part of the budget strategy for 2022/23 and beyond.

- Other Reserves
- 5.9 The Capital Fund balance (£3.755 million) relates to funding decisions within the Capital Budget and is largely committed, while the Renewal and Repairs Fund balance (£1.621 million) provides resources to assist the Council to respond to requirements to keep its property, roads, play parks, cemeteries and IT assets properly maintained. Most of this sum is also committed. The balance on the Insurance Fund (£1.501 million) will be reviewed in the context of potential liabilities and possible increases in premiums for 2021/22. The Other Reserves (£0.768 million) include the Arbroath Harbour and Car Parking Reserves and also have some commitments against them. The balances on all of these Reserves were reviewed when the Council set its 2021/22 budget in March 2021 and they will be reviewed again in setting the 2022/23 budgets.

## 6. FINANCIAL IMPLICATIONS

- 6.1 The Annual Accounts for 2020/21 have been concluded to a stage sufficient to allow actual outturn information to be prepared and commented upon as detailed in this report.
- 6.2 Overall the Council's reserves are showing an increase of £19.015 million.

## 7. EQUALITY IMPACT ASSESSMENT

- 7.1 An equality impact assessment is not required.

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### Appendices:

- Appendix A – Summary Outturn (Main Variances)
- Appendix B – Revenue Budget Performance Commentary
- Appendix C – Capital Budget Performance
- Appendix D – Money Held by Angus Schools
- Appendix E – 100% Carryforward Requests