

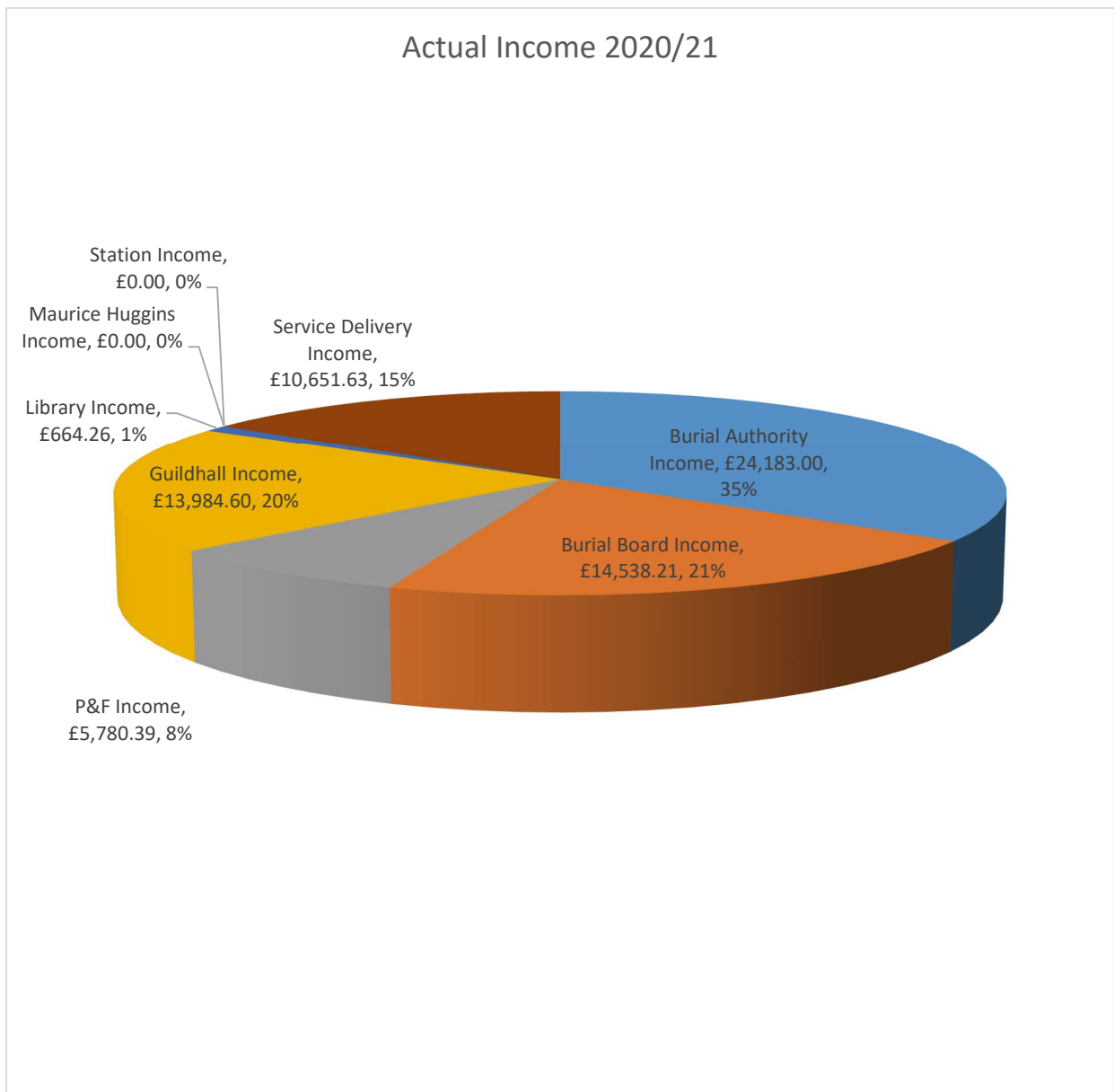
## Saltash Town Council

### End of Year Financial Report 2020/21

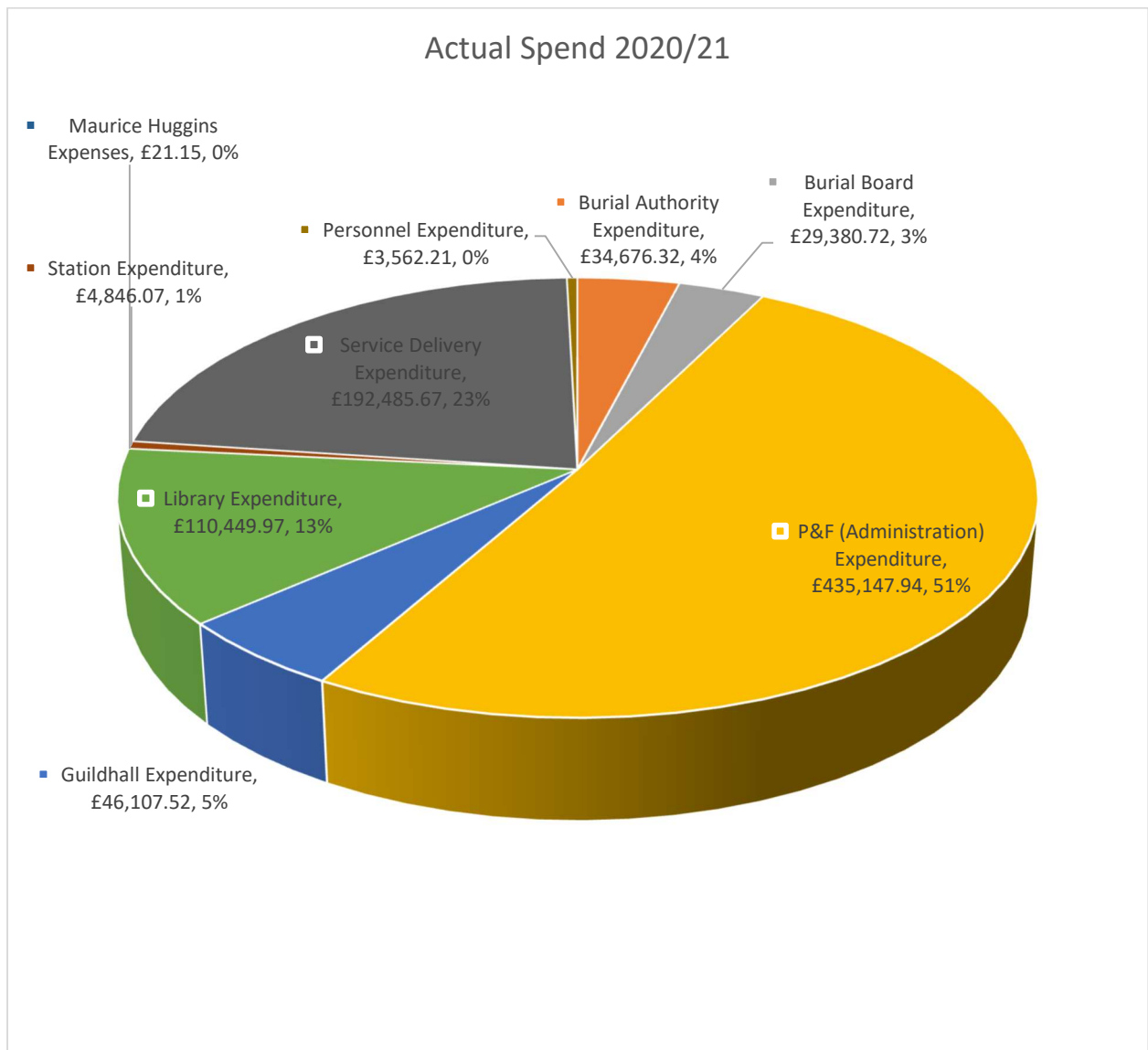
Despite Covid restrictions, the finance department has been able to operate throughout the year and provide the council with updated budget committee reports and weekly reports on available funds.

There were a lot of adjustments that had to be made, as we needed to obtain authorisations for purchase ledger invoices electronically instead of in person. This has meant we have had to introduce a add on software to the accounting system to facilitate this, which was purchased in January 2021. This has also given all departments the ability to be able to raise orders themselves and be able to view up to date budget information.

A breakdown of 2021 total income of £69,802.09 is as follows

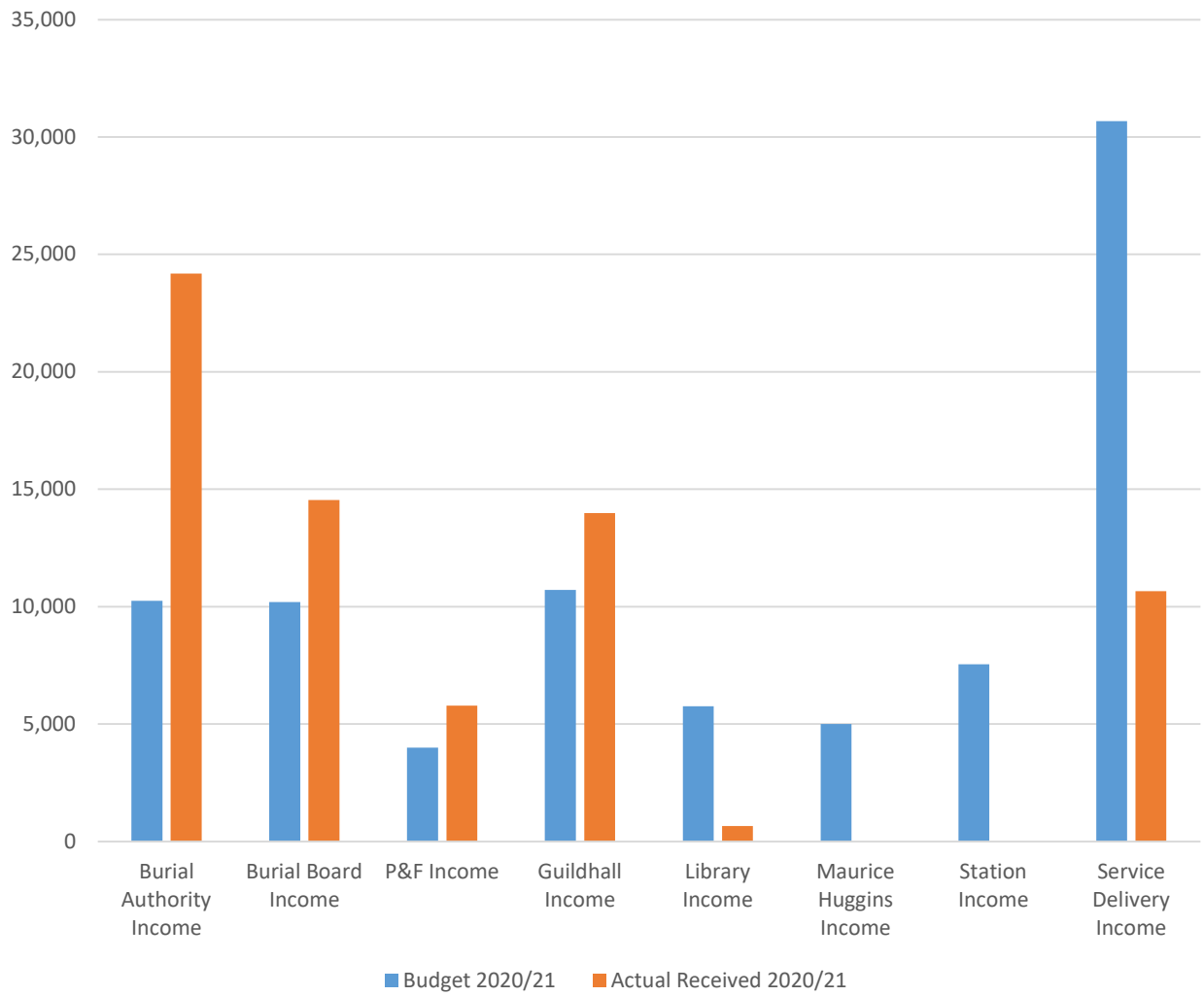


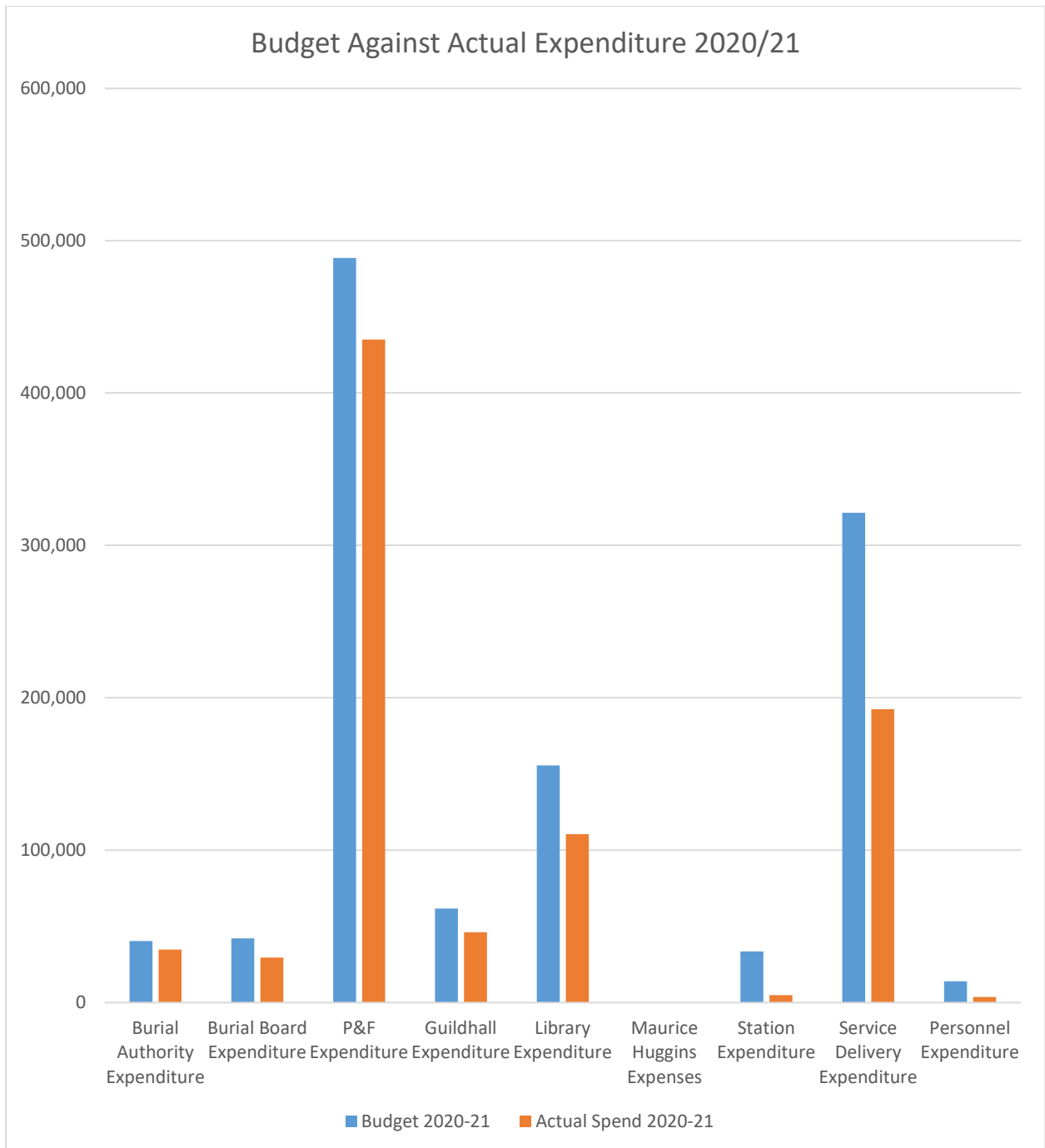
A breakdown of 2020/21 total operational expenditure of £856,677.57 is as follows:



The year-end accounts show an underspend of £285,656. This has been generated over all of the budgets and have now been added to the reserves figure to reallocate for future projects/ contingency funds.

### Budgeted Income Against Actual Income Received 2020-21





### Covid Impact

Covid had an impact on the overall income and expenditure during 2020-21. The income resulted in a loss of £37,656 and contributed to the £299,982 underspend on expenditure accounts due to the council services not being fully operational during lockdown and devolution projects being put on hold.

All together including the increases on income compared to budget, this resulted in an underspend of £285,656. The breakdown of underspend on operational income & expenditure is as follows

### **Burial Authority Budget**

Income: Increase in burial income compared to budget of £13,933, however according to burial records this isn't due to Covid related deaths.

Expenditure: There is an underspend of £5,582 mainly due to less work being carried out for the first three months of 2020/21 due to Covid. A planned reduction in the operational expenditure budget for 2021 -22 of £4,950 was due to mainly a reduction in staffing hours required.

### **Burial Board Budget**

Income: Increase burial income compared to budget of £4,338, reason unknown.

Expenditure: There is an underspend of £12,659 mainly due to less works being carried out for the first three months of 2020-21 due to Covid. There is a planned reduction in the operational expenditure budget for 2021 -22 of £11,143 mainly due to a reduction in staffing hours required.

### **Policy & Finance Budget**

Income: Increase in bank interest income of £1,780 received compared to budget

Expenditure: An underspend of £53,504 compared to the budget due to fewer civic events and festival events taking place during 2020-21 due to Covid. There has been an increase in budget for 2021-22 due to an increase in administration staffing levels.

### **Guildhall (Services) Budget**

Income: There was an increase on the budget of £3,279 due to receiving grants for loss of income and against business rates for the building not being operational during 2020-21.

Expenditure: An underspend of £15,545 due to the building not being operational most of the year due to Covid. There has been a reduction in the budget for 2021-22 of £11,087 due to Covid related expenditure reduced by six months as agreed by the council at the precept setting.

### **Library (Services) Budget**

Income: £5,090 loss of income due to Covid, being unable to charge library fees and charges safely because of Covid restrictions.

Expenditure: An underspend of £45,097 due to the library building not being fully functional throughout 2020-21 due to Covid. Also, the library staffing recruitment of a Community Hub Leader was delayed during the first lockdown. A reduction in budget of £2,101 due to Covid related expenditure was reduced by six months as agreed by the council at the precept setting.

### **Maurice Huggins (Services) Budget**

Income: A loss of £5,000 due to being unable to hire out the building during covid lockdown.

Expenditure: No budgeted expenditure during 2020-21. £21 Overall spent. Credit from the energy company for the year before absorbed the costs for last year.

### **Station (Services) Budget**

Income: Loss of income of £7550 as the refurbishment completion was delayed due to Covid which meant the council was unable to take over the building until mid-way through the year.

Expenditure: An underspend of £28,532 due again to the building not being operational during 2020-21. A reduction in budget in 2021-22 due to Covid related expenditure reduced by six months as agreed by the council at the precept setting.

### **Service Delivery (Services) Budget**

Income: A loss of income of £20,016 due to services not being fully operation during Covid and the expected income from the devolution of assets. There was also an issue with the pontoon gate which meant it was difficult to police the charging of fees and charges for the daily moorings on the pontoon.

Expenditure: Underspend of £128,841 due to devolution of assets not taking place and recruitment of Service Delivery Manager and SDGAs delayed due to Covid restrictions.

### **Personnel Budget**

Expenditure: An underspend of £10,243 due to a reduction in recruitment expenditure.

All budgets were adjusted according to previous year's expenditure and future year's predicted expenditure for 2021-22.

<b>Breakdown of Free Reserves at Year-End</b>	
Opening Balance as at 31 <sup>st</sup> March of 'Free Reserves'	£114,900
Plus Loss of Income & Underspend from Operational Income & Expenditure	£285,656
Plus Transfer from Reserves for Covid Expenditure	£15,000
Less Transfers to EMFs to cover temporary agency fees during 2020-21 and 2021-22 Operational Expenditure	(£155,197)
Plus EMF Deleted at Year-End	£1,387
<b>Total 'Free Reserves at start of 2021/22</b>	<b>£261,746</b>

**Currently the available total in General Reserves 'Free Reserves' is £254,711**

**Options for Utilisation of Overall 'Free Reserves':**

- 1) To increase the contingency reserve to Six months of operating expenditure equating to £584,870:  
Therefore, £102,929 will needed to be vired  
This will mean that if the council was planning on increasing this in the future this won't have any impact on the precept.
- 2) To offset the proposed library works loan of £200,000 or part of it.
- 3) To create EMF to enable the investment in a property purchase in the future.
- 4) It will be prudent to keep at least £100,000 in 'free reserves' in case of any unexpected expenditure during this year.

**Option for Contingency Investment**

- 1) Investment in the Local Authorities Property Fund with the CCLA.

The Local Authorities Property Fund is an option I would recommend. At the moment the contingency stands at £481,941. If a small part of this contingency were to be invested it would currently be earning around 4% return on the investment. For example, £100,000 would earn £4,000 in the year. The council currently as a public sector deposit account with CCLA. (which makes up part of the contingency fund earning about 0.1% currently).

If the council invested into the Property Fund, it will be earning a return for its community whilst acting as a contingency. This comes with draw back there is a three-month notice withdrawal period and the cost of the withdrawal is currently 8.33% if the council made a withdrawal early within the investment it would lose this amount on the investment if it didn't have time to create a return.

This is long-term investment and the minimum term recommended is five years. A few local councils within Cornwall invest in this fund including Falmouth, Wadebridge, St Agnes and Camelford.

I can provide more information to the council before final approval.

Finance Officer

End of Report