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**Report for councillors: RFO update on the council's finances**

**Issued to: Town Council 21<sup>st</sup> June 2021**

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### **Purpose of Report**

To provide councillors with updated information regarding the general reserve, and current ear marked reserves (EMRs)

### **General Reserve**

As of the 31<sup>st</sup> March 2021 the town council's general reserve was £298,105. Last year the general reserve opened at £306,138 on the 1<sup>st</sup> April 2020.

In order to assess that the council has an appropriate level of general reserve please see the spreadsheet with the net revenue expenditure calculations. Proper practices suggest that a council of this size should hold a minimum of three to six months' net revenue expenditure (NRE). To calculate the NRE, use the total of all previously agreed costs for the year where money is allocated to future projects, remove this total from the precept amount and divide the residue by 4 to arrive at the minimum amount to be held.

The projected minimum general reserve required based on these calculations is £169,249, the maximum general reserve is £338,497. The town council held £298,105 as of the 1<sup>st</sup> April 2021.

The following spreadsheet shows how this figure has been arrived at.

<b>Agreed moves to EMR for 2021/22</b>	
Election expenses	£6,000
HM Van	£3,000
Paths	£2,000
Tree Trimming	£3,000
Walls	£2,000
PWLB loan payment	£14,405
Total	£30,405
Precept	£707,399
Total Net Revenue Expenditure (NRE)	£676,994
Min Gen Reserve required in 3 months NRE	£169,249
Max Gen Reserve required 6 months NRE	£338,497
Actual General reserve as at 31st March 2021	£298,105

Last year was extremely difficult to predict in terms of outcomes with the ever changing situation. There were many budgets that were underspent because of the pandemic and it was agreed that these were to be moved into EMR's so that these fund are available to be used going forward. The council also received a significant amount of grant support that was not able to be predicted.

The losses that the council had in terms of income due to the pandemic were made up by the grants that were received.

### **Ear Marked Reserves (EMRs)**

As of 1<sup>st</sup> April 2020 the total amount held in EMRs was £687,381 and as of the 31<sup>st</sup> March 2021 there was £746,867.

It is important to note that within the EMRs, the town council agreed (min ref:10/21/TC) that £149,131 is allocated to cover expenditure occurring in 2021 and to complete agreed projects that had not progressed in 2020 (fireworks, civic events, youth awards, Crosses Penn toilets, staff recruitment, Burnham Evolution match funding).

### **Policy implications**

#### Financial Regulations

3.6 The general reserve is a contingency to cushion the impact of unexpected events or emergencies and to avoid unnecessary temporary borrowing.

3.7 The council considers a prudent level of general reserves to be three to six months' net revenue expenditure.

### **Overview**

The amount of general reserve currently held is within the guidelines within the proper practices. The ear marked reserves were reviewed extensively at budget planning and stand at a suitable level to support the budget.

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Report Date: 14<sup>th</sup> June 2021

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