



TODMORDEN TOWN COUNCIL

REPORT AUTHOR	Colin Hill Town Clerk and Responsible Financial Officer
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Date	18th November 2020
SUBJECT	Revised Budgets and Earmarked Reserves

PURPOSE:

1. To advise Members that the Resources Committee on the 4th November 2020 considered a projected year end outturn and authorised net virements totalling £61,912 to be made.
2. To advise Members that this net virement figure also included the establishment of budgets this year for the Festive Lights and Wheelspark project to be funded by receipt of Accelerator Funding.
3. To seek Town Council ratification of a total budget expenditure of £434,892 and an income budget of £508,103 with the difference representing “in-year” savings arising out of these virements and others in year, that have been reallocated to a combination of Earmarked and General Reserves.
4. To seek Town Council ratification of Earmarked Reserves totalling £159,913 as per the Balance Sheet in Appendix 3 to the report

RESERVES CONSIDERATIONS:

5. The Resources Committee looked at a first draft of the budget for 2021/2022 and a number of issues to consider emerged as follows: -
 - In seeking to deliver a no increase in precept charge, the three-year budget indicates a shortfall of £7,268 in year one.
 - The three - year budget relies on the continued provision by CMBC of both Council Tax Support Grant £23,800 and Parish Grant £11,691
 - CMBC are under extreme financial pressure and therefore this opportunity should be taken to provide some buffer in case these are withdrawn.
 - There is some uncertainty regarding continuance of the Remembrance Parade by British Legion.

- The current Covid 19 discretionary fund is gradually being extinguished and given new lockdown measures, Members may wish to provide for further assistance to voluntary groups looking to assist.
- The revenue budget to move funds into the Community Development Reserve has been reduced from £50,000 to £19,750 and therefore the opportunity to increase this now, is appropriate.

6. Considering the above issues it was proposed that out of the £61,992 estimated underspend a total of £50,013 is allocated to Reserves movements as below, noting that the £5,000 reduction in Reserves is through a Reserves adjustment, not a revenue budget.
7. The residual element of £11,899 (£61,992 less £ 50,013) will be left in General Reserves and dealt with at year end in terms of any future underspend.

Description	Balance as of 4 th November 2020	Reserve movement proposals as of 4 th Nov	Proposed New balances as of 31 st March 2021	Forecast Reserves as of 31 st March 2022
Emergency Flood Repair	£20,000	Nil	£20,000	£20,000
Skate Park *	£10,000	-£5000	£5,000	£5,000
Full Elections	£5,000	Nil	£5,000	£10,000
Station Access	£25,000	Nil	£25,000	£25,000
IT Upgrade	£4,900	Nil	£4,900	£4,900
Community Development	£50,000	£10,000	£60,000	£79,750
Festive Lights Replacement	Nil	£7,500	£7,500	£15,000
Remembrance Parade	Nil	£2,500	£2,500	£2,500
Non precept Grant Reserve	Nil	£17,745	£17,745	Nil
Budget Phasing	Nil	£7,268	£7,268	Nil
Covid 19 Assistance	Nil	£5,000	£5,000	Nil
Total	£114,900	£45,013	£159,913	£162,150

FINANCIAL CONSIDERATIONS:

8. In taking on responsibility of delivery of the Wheelspark and Festive Lights project, funded by Accelerator Funding from Calderdale MBC, it is necessary to establish new and increased operational budgets to enable commitments and payments to be made and income to be received.
9. It is also prudent to recognise likely underspends this year arising out of reduced activity following Covid 19 Restrictions, and to move such savings into a combination of Earmarked and General Reserves.
10. After making these financial budget and reserve adjustments it is estimated that our General Reserves figure at year end will be approximately £99k, still in excess of our

General Reserves Policy level of £80k. This provides us with some further leeway should we face some unexpected expenditure.

RECOMMENDATION:

11. That Town Council ratifies the actions of the Resources Committee in establishing a new expenditure budget of £434,892 and an income budget of £508,103 for the current financial year 2020/21
12. That Town Council ratifies the actions of the Resources Committee to establish Earmarked Reserves in a total of £159,913.
13. That Town Council notes the forecast year end General Reserves outturn of £99k after allowing for these adjustments.

REASONS FOR RECOMMENDATION

14. The Resources Committee has delegated powers to vire between budgets, but in light of Council commitments already to move forward with both the Wheelspark and Festive Lights projects, it agreed for new budgets to be established ahead of Town Council approval, in order to present a full picture to Town Council for ratification.
15. The Resources Committee, as part of this further realignment of budgets, also took the opportunity to revisit Earmarked Reserves and create new Earmarked Reserves where it was prudent to make new provision, which now requires ratification by Town Council.

POLICY IMPLICATIONS:

16. The Establishment of Earmarked Reserves and retention of a General Reserves level of minimum £80,000 adheres to our Reserves Policy.

SUPPORTING PAPERS:

17. Appendix 1 - Financial Summary as at 11th November 2020
- Appendix 2 - Detailed budgets as at 11th November 2020
- Appendix 3 - Balance sheet as at 11th November 2020

FURTHER INFORMATION, PLEASE CONTACT: Colin Hill