

VJB17. Final Financial Statements 2020/21

The Board considered a report by the Treasurer presenting Final Financial Statements 2020/21.

The Board was required by law to prepare a statement of accounts in accordance with 'proper practices' which set out its financial position at the end of each financial year. This was defined as meaning compliance with the terms of the Code of Practice in Local Authority Accounting in the United Kingdom prepared by CIPFA/ LASAAC Joint Committee.

The Code specified the principles of accounting required to give a 'true and fair' view of the financial position and transactions of the Board, following completion of the audit.

The Code was based on International Financial Reporting Standards within a framework of the Government Financial Reporting Manual (FReM).

The Audit of the Accounts was required to be completed and the final accounts approved by the Board for signature by the 30 September 2021. In considering the final accounts, the Board were required to have regard to the reports provided by the External Auditor.

The main financial statements comprised were:

- Comprehensive Income and Expenditure Account
- Movement in Reserves Statement
- Balance Sheet
- Cash Flow Statement

The deficit on the provision of services reported in the Comprehensive Income and Expenditure Account was (£145k). However, this included £264k of accounting adjustments which required to be reversed out in the Movement in Reserves Statement which resulted in a net increase in reserves of £119k.

The useable surplus brought forward from the previous year was £399k. After applying the usable reserves surplus in the year of £119k, per above, the surplus carried forward to future years is £518k. This balance of £518k had been retained as a surplus attributable to the constituent authorities in usable reserves.

From this surplus the Board approved the ear-marking of £441k for specific projects as part of the 2021/22 budget setting process. Included within the earmarked reserves was £154k that related to the underspend of Barclay funding. Since the budget was set the Scottish Government has advised that these unspent funds are required to be repaid. As such an adjustment had been made to earmarked reserves to remove these amounts. An additional ear-marked reserve of £2k had also been made that related to Barclays Review that could not be completed before 31st March 2021 and would be undertaken in 2021/22. As a result of these

changes the total ear-marked reserves as at 31 March 2021 were £289k and uncommitted reserves are £229k.

The Board's reserves strategy stipulated that it should retain uncommitted reserves at a minimum level between 3% and 6% of net expenditure, which as at March 2021 would translate to a figure between £89k and £178k. The reserves position was therefore £51k in excess of the maximum reserve figure and represents a level of 7.7%. This high level of reserves was mainly due to the impact of COVID delaying work resulting in an underspend during the year. The level of reserves would be reviewed during the year to ensure the level is prudent in the current climate and potential future impact of COVID.

Decision

The Board approved the 2020/21 Final Audited Financial Statements.