

1. Accounting Policies

1.19 Going Concern

The CIPFA Code confirms that local authority accounts must be prepared on a going concern basis. The impact of Covid-19 restrictions have created significant issues for many businesses and residents and as a result from April 2020, Council income was affected detrimentally as payers sought to defer payments or were unable to pay at all, however as the year progressed much of the outstanding money was received and collection rates for example on in year council tax exceeded 99% for the year. The government has provided support for lost income and additional costs borne by authorities because of the crisis and the Council has received just over £1.66 million in income compensation for 2020/21 with further and a further £0.042m in quarter 1 of 2021/2. There were some significant income losses during 2020/21 though these have been much less significant in 2021/22. Also £2.55 million in relation to additional expenditure. A non adjusting post balance sheet event in respect of the details of the impact of the Covid 19 virus are provided within note 5 to the accounts.

Our most recent balances compared to the year end reported in these statements is as follows.

Date	General Fund	Housing Revenue Account	Earmarked Reserves
31/03/2019	£13.2m	£10.9m	£37.8m
31/03/2020	£18.1m	£5.1m	£37.2m
31/03/2021*	£15.9m	£4.6m	£47.1m
31/03/2022*	£19.1m	£6.7m	£45.9m
31/03/2023*	£21.2m	£4.9m	£42.9m

* Projected

This still remains above the Council minimum level of General Fund balances as set by our CFO of £2.5 million.

The Council has carried out an assessment of the impact of Covid-19 on its future finances and are satisfied that there is no material uncertainty relating to going concern.

Through our assessment we have identified that we expect in 2020/21:

Reductions in revenue during 2020/21 was less than originally feared and as mentioned earlier a government compensation scheme was introduced and 75% of losses in 1,3 and 4 below were compensated for. The areas concerned were:-

1. Trade Waste – Losses amounted to around 0.33m or x 51% of income
2. Commercial Income – Arrears for the year were at 3% rather than the 12% predicted and whilst early in the pandemic interest from Ermine Street, the council's wholly owned housing company, was affected detrimentally due to a pause in activity early in 2020/21, things were back on track by the year end.
3. Planning fees – Losses amounted to around £0.75m or 17% of income
4. Business rates – Original losses for 2020/21 assumed at £1m were nearer £0.8m.

The income compensation scheme continued into the first quarter of 2021/22 though losses were somewhat less with both Business Rates and Council tax recovering to pre-covid collection rates.

Additional costs relating to Covid-19 amounted to £1.2m in 2020/21 with the remainder of the funding committed to expenditure in 2021/22 including the funding of a Covid recovery plan.

It is therefore expected that all additional expenditure resulting from the pandemic will be funded from the Government support provided.

The Council has also considered the impact of all the above on its cash flow and treasury management, including availability of liquid cash. At the end of September 2021, the Council had £15m in Other liquid funds and £8.8m in the Bank.

The Council has no issues obtaining the short term borrowing it requires and is currently benefiting from the low interest rates.

The Council has not assumed any additional Government grants not already announced within these assumptions, re-prioritisation of services or alternative service provision. The Council is forecasting a surplus of around £2m in 2021/22 which would then produce a predicted General Fund balance of £19.1 million on 31 March 2022.

The Fair Funding Review has been delayed until 2023/24, and the provisional Government settlement for 2022/23 was similar to 2021/22. Assumptions in the MTFs beyond 2022/23 assume the Fair Funding Review will occur and the Council will as a result see a reduction in funding. However the GF balance on 31 March 2023 is expected to be £21.2m.