

Summary of Projected Cash backed reserves at 31 March 2022

CAPITAL STATUTORY FUND

The Capital Statutory Fund holds capital receipts from the disposal of assets, which have not yet been used to finance replacement assets or to redeem debt. At the end of the financial year, it is anticipated that there will be £2.413 million of capital receipts carried forward to 2022/23. The forecasts for unapplied capital receipts relate to the Commercial Property Investment Programme and recommendations for utilising these resources will be reported to the Strategic Policy and Resources Committee.

INSURANCE FUND

The Council operates an Insurance Fund in accordance with the provisions of the Local Government (Scotland) Act 1994. The Council's actuaries, Arthur J Gallagher, undertook the triennial review of the Fund as at 30 September 2020 and concluded, in summary, that the balance of £2.975 million at 31 March 2020 excluding prepayments and provisions on the Fund was adequate and provides flexibility should the Council look to increase insurance excess levels. Any increase in excess levels would be balanced by premium savings relative to the additional risk.

The balance on the Fund at 31 March 2021 was £2.397 million (excluding provisions for outstanding liabilities). It is anticipated that the balance may reduce to approximately £1.87 million by 31 March 2022 assuming no significant change in claims experience.

The 2022/23 Provisional Revenue Budget assumes that a budgeted contribution of £200,000 from the General Fund and £50,000 from the Housing Revenue Account is made to the Insurance Fund.

The current level of the Fund should provide both a degree of resilience in relation to self-insured risks and provide some capacity for flexibility in the future management of the Council's insurance arrangements. The most significant of these self-insured risks are in relation to property claims for which the excess per claim is £100,000, flooding claims for which the excess is £1 million and the potential for claims in relation to the Limitation (Child Abuse) Act passed by the Scottish Parliament. For the main classes of insurance e.g. Casualty or Property, there is an individual "stop loss" in place which limits the financial exposure to the Council in any one year. The maximum loss that the Council would be required to meet in any given year for these main classes is £1.3 million for Casualty and £800,000 for Property (excluding flooding).

CAPITAL FUND

The Council operates a Capital Fund in accordance with the Local Government (Scotland) Act 1975. The Fund can be used to meet the principal element of loan repayments or to defray capital expenditure. It is anticipated that the balance on the Fund at 31 March 2022 will be £24.757 million subject to approval of the recommendation for use of the Capital Fund set out in paragraph 2.8 above. The strategy for managing these resources will be considered as part of the future Capital Budget, which the Council will consider later in 2021.

CAPITAL GRANTS UNAPPLIED

The Capital Grants Unapplied Reserve holds capital grants which have been received by the Council for which the capital works have not yet been undertaken or completed. The current balance is £2.730 million and this will be applied to the relevant projects as the works are completed. This is mainly in respect of Capital projects supporting the expansion of nursery provision to 1140 hours.