

Specific Reserves Working Group

11 December 2018

Report title	Review of Specific Reserves 2018-2019	
Cabinet member with lead responsibility	Councillor Louise Miles Resources	
Wards affected	All	
Accountable director	Claire Nye, Director of Finance	
Originating service	Strategic Finance	
Accountable employee(s)	Alison Shannon Tel Email	Chief Accountant 01902 554561 Alison.Shannon@wolverhampton.gov.uk
Report to be/has been considered by		

Recommendation(s) for action or decision:

The Specific Reserves Working Group is recommended to:

1. Provide its view and observations on the appropriateness of the specific reserves that are held by the Council.
2. Agree that it be recommended to Cabinet that any reserves no longer required for their original purpose should be transferred to the Council's Efficiency or Transformation Reserve as appropriate.
3. Approve that the findings and any recommendations to be presented to Confidential Capable Council Scrutiny Panel meeting on 6 February 2019.

1.0 Purpose

- 1.1 The purpose of this report is to seek the views and observations of members of the working group as to the appropriateness of specific reserves held by the Council by providing information on the balances held and their uses.

2.0 Background

- 2.1 Specific reserves are made up of revenue resources which have been set aside by the Council in previous financial years in order to fund specific items of expenditure in the future. The timing and certainty of this future expenditure varies, depending on the nature of the related spend.
- 2.2 The specific utilisation of reserves is subject to approval by Cabinet (Resources) Panel. This is most often reported in quarterly budget monitoring reports.
- 2.3 Under the Council's financial procedure rules, the establishment, dissolution or use of specific reserves requires the approval of the Cabinet. Specific reserves must also be reviewed for relevance and adequacy at least twice per financial year, as part of the outturn and budget preparation processes. The last such review was reflected in the 'Reserves, Provisions and Balances 2017-2018' report to Cabinet on 11 July 2018. Table 1 below details the balances and specific reserves held by the Council at 31 March 2018 which were included in the Council's audited Statement of Accounts.

Table 1 - Balances and Reserves as at 31 March 2018

	Balance as at 31 March 2018 £000
Total General Balances	(17,000)
Specific Reserves	(40,857)
Other Specific Reserves with Specific Criteria (excluding Schools' Balances)	(9,757)
Schools' Balances	(5,108)
Total	(72,722)

- 2.4 The Council's reserves are currently being reviewed as part of the annual budget setting process and the views and observations of the working group concerning the appropriateness of specific reserves are therefore being sought as part of this annual review.
- 2.5 General Balances and Schools' balances are not within the scope of this report. The associated financial management arrangements of Schools' balances are governed by the City of Wolverhampton's Scheme for Financing Schools.

2.6 As part of last year's budget setting process all specific reserves were reviewed by Confident, Capable Council Scrutiny Panel Specific Reserves Working Group on 8 December 2017 for appropriateness. In response to feedback from the Working Group, and agreement of the Director of Finance, a number of reserve transfers were actioned during the 2017-2018 closedown process to rationalise and to ensure that reserves no longer required for their original purpose were consolidated to support future projects.

3.0 Review

3.1 This report provides detailed information on the Council's current specific reserves at Appendix 1. Other specific reserves that are administered by the Council but that have specific criteria for allocation are provided for information in Appendix 2. A summary of this information by Directorate can be found in tables 2 and 3 below.

Table 2 – Specific Reserves by Directorate

Directorate	Actual Balance as at 1 April 2018 £000	Forecast Net Use/(Contribution) 2018-2019 £000	Forecast Balance as at 31 March 2019 £000
Corporate	(36,944)	12,501	(24,443)
People	(1,982)	1,465	(517)
Place	(1,931)	1,107	(824)
Total	(40,857)	15,073	(25,784)

Table 3 – Other Specific Reserves with Specific Criteria by Directorate

Directorate	Actual Balance as at 1 April 2018 £000	Forecast Net Use/(Contribution) 2018-2019 £000	Forecast Balance as at 31 March 2019 £000
Corporate	(6,498)	-	(6,498)
People	(28)	17	(11)
Place	(3,231)	803	(2,428)
Total	(9,757)	820	(8,937)

3.2 It is proposed that any resources released from specific reserves be transferred to the Council's Efficiency or Transformation Reserve as appropriate in order to continue the funding that is available for strategic programmes.

4.0 Questions for Scrutiny to consider

- 4.1 The Specific Reserves Working Group is recommended to provide its views and observations on the appropriateness of specific reserves held by the Council as part of the budget setting process 2019-2020.
- 4.2 The Specific Reserves Working Group is asked to consider what further information and support is needed to more effectively carry their scrutiny function role.

5.0 Financial implications

- 5.1 These are discussed in the body of the report and are detailed in full at Appendices 1 and 2.
[RP/03122018/L]

6.0 Legal implications

- 6.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs.
[JSM /15112018/A]

7.0 Equalities implications

- 7.1 There are no direct equalities implications arising as a result of this report.
- 7.2 It is important, however, that any re-direction of resources is preceded by an equality analysis in order to ensure that the Council's statutory duties are complied with and any negative impact on specific groups is mitigated as far as practicable.

8.0 Environmental implications

- 8.1 There are no direct environmental implications arising as a result of this report.

9.0 Human resources implications

- 9.1 There are no direct human resources implications arising as a result of this report.

10.0 Corporate landlord implications

- 10.1 There are no direct Corporate Landlord implications arising as a result of this report.

11.0 Schedule of background papers

- 11.1 Reserves, Provisions and Balances 2017-2018, report to Cabinet, 11 July 2018.