

# Specific Reserves Working Group

Minutes - 11 December 2018

## Attendance

### Members of the Specific Reserves Working Group

Cllr Alan Bolshaw  
Cllr Ian Brookfield  
Cllr Paula Brookfield (Chair)  
Cllr Dr Michael Hardacre

### Employees

Michelle Howell	Finance Business Partner
Earl Piggott-Smith	Scrutiny Officer
Alison Shannon	Chief Accountant

## Part 1 – items open to the press and public

*Item No.*     *Title*

- 1        **Apologies for Absence**  
There were no apologies received.
  
- 2        **Declarations of Interest**  
There were no declarations recorded.
  
- 3        **Specific Reserves Working Group - Terms of Reference**  
Earl Piggott-Smith, Scrutiny Officer, presented the terms of reference for the working group.  
  
Resolved:  
          The panel agreed to note the terms of reference.
  
- 4        **Review of Specific Reserves 2018/19**  
Alison Shannon, Chief Accountant, introduced the report and invited the specific reserves working group to comment on the appropriateness of the specific reserves held by the Council. The Chief Accountant highlighted that in response to the discussion at the previous meeting on 8 December 2018 an extra column titled 'Areas of anticipated expenditure 2018-2019' had been added to Appendix 1 and 2 to provide further context.  
  
The Chief Accountant outlined the purpose of maintaining specific reserves and reassured the working group that any specific reserves considered no longer required, would be transferred to the Council's Efficiency or Transformation reserve. The Chief Accountant added that the working group comments on the report would be reported back to Cabinet for consideration.

The working group discussed the summary of specific reserves analysed by directorate. The Chief Accountant advised that the forecast balance figure is what the Council expects the financial position on each reserve to be as at 31 March 2019.

The working group queried the liability for the Council with regards to school budget balances, and the situation if a school were to go into deficit.

The Chief Accountant advised the working group that information regarding school deficit budget balances and the financial implications of any directed academy conversions for the Council is included in the revenue monitoring report to Cabinet (Resources) Panel on a quarterly basis.

The following is a summary of the working group comments about the specific reserves by directorate detailed in Appendix 1 of the report.

### **Budget Strategy Reserve**

The working group queried the appropriateness of the reserves and the consideration given to future redundancy costs. The Chief Accountant commented it was difficult to forecast the cost of redundancies, but it was currently estimated to be in the region of £3-4 million for 2018-2019.

### **Business Rates Equalisation Reserves**

The working group requested details of the number of times this fund had been used. The Finance Business Partner stated that this reserve had been established to equalise the impact of the fluctuation in business rates arising as a result of revaluations and appeals, and that it had last been used in 2017-2018. However, the Council is not anticipating that the reserve would be required during 2018-2019. The working group queried if the level of reserve was required. The Chief Accountant explained that it is difficult to predict the number of successful appeals, however the level of this reserve seemed prudent.

### **Development Reserve**

The working group queried the reason for maintaining the reserve which is forecast to remain unused. Alison Shannon, Chief Accountant, agreed to query with colleagues if the reserve is still appropriate and transfer the balance into the Efficiency or Transformation Reserve as part of the 2018-2019 closedown process, if this reserve is no longer required.

### **Efficiency Reserve**

No working group comments.

### **Enterprise Zone Business Rates Equalisation Reserve**

The working group queried when this fund was used previously. The Chief Accountant commented that the fund is needed to equalise the impact of fluctuations in business rates receipts within the Enterprise Zone.

**Job Evaluation Reserve**

The working group queried the time limit for appeals arising from job evaluations and the appropriateness of the reserve. The Chief Accountant advised the working group that the time limit for claims will end in March 2019 and the amount of the reserve will be reviewed after this period.

**Local Strategic Partnership Reserve**

No working group comments.

**Pension Deficit Recovery Reserve**

The working group supported the level of reserves and considered it to be good business and financial sense to reduce future costs to the Council and secure on-going budget reductions.

**Regional Work Reserve**

The working group queried the rationale for holding reserves and the need to match funding for regional initiatives. The Chief Accountant advised the working group that the Council works with the West Midlands Growth Company and contributes as part of the agreement. The working group stated that consideration should be given to the expected benefits from its investments.

**Transformation Reserve**

The working group queried the purpose of the fund and how it relates to other similar reserves. The Chief Accountant commented that this is a corporate reserve that service areas can submit bids for funding which are expected to deliver future efficiencies.

**Treasury Management Equalisation Reserve**

No working group comments.

**Adult Social Care Reserve**

The working group requested a breakdown of how the money in the reserve was used. The Chief Accountant explained that the reserve would be used to cover cost pressures across Adult Social Care to prevent an overspend within year. The working group queried if the expected spend on the reserve will lead to an underspend in the following year. The Chief Accountant advised the working group that approval from Cabinet would be needed if any additional contributions were to be made to the reserve in year to support cost pressures in future years.

**Building Resilience Reserve**

No working group comments.

**Early Intervention Programme**

No working group comments.

**Public Health**

No working group comments.

**Safeguarding Adults Board**

The working group queried if the Council contribution was the same as other organisations represented on the Board. The working group were advised that the amount paid does vary. The working group were advised that the budgets of children's and adults safeguarding have been brought together. The working group were advised that the reserve would be used to cover cost pressures such as additional serious case reviews.

**Art Gallery Touring Exhibitions Reserve**

The working group queried the use of the reserve. The Chief Accountant explained that the reserve is used to cover exhibition costs if the cost for an event exceeded the income generated.

**HRA Homelessness**

No working group comments.

**Kickstart Loans**

The working group queried the use of the reserve. The Chief Accountant agreed to review the requirement for this reserve and transfer the balance into the Efficiency or Transformation Reserve as part of the 2018-2019 closedown process, if this reserve is no longer required.

**Library Equipment**

No working group comments.

**Local Growth Transport Fund**

The working group requested further details about the purpose of the reserve and an example where it has been used in the past. The Finance Business Partner explained that the reserve is used to fund the revenue costs of feasibility work if the costs cannot be allocated to a capital project. The working group were advised that there are also other sources of feasibility funding available.

**Library Equipment**

The working group queried who could apply to this fund and whether it was restricted to specific libraries. The working group requested details of the process for applying and also how the fund is publicised. The working group were advised by the Chief Accountant that it was the aim of the service to use all the funds in the reserve in 2018-2019 and that the reserve was managed by the Head of the Library Service who allocated the reserve based on priorities across the library service.

### **Regeneration Reserve**

No working group comments.

### **School Arts Service Reserve**

The working group asked for further details about the purpose of maintaining the reserve and a clearer description. The Chief Accountant agreed to redraft the information.

## **Appendix 2 – Other specific reserves with specific criteria**

### **Insurance Reserve**

The working group queried if the level of reserves was appropriate given the previous history of claims has been low. The Chief Accountant commented that the level was set to support unexpected insurance claim events, that cannot be covered by Insurance Fund budgets. The working group were advised that there is also a budget for insurance services that covers the costs of the team.

### **Mary Ellen Bequest**

The working group queried if the Oxley Centre was still open. The Chief Accountant agreed to check and report back to the working group.

### **Magistrates Court Reserve**

The working group queried the reason for the Council contributing to future refurbishment costs and wanted details of the responsibility and also further information about the appropriateness of the reserve.

Resolved:

1. The working group comments on the appropriateness of the specific reserves in Appendix 1 and 2 to be considered by Cabinet.
2. The Chief Accountant to provide information on reserves requested by the working group and that any reserves that are no longer required or lower amount than for their original budget should be transferred to the Council's Efficiency or Transformation Reserve.
3. The findings and recommendations of the Specific Reserves Working Group meeting on 11 December 2018 to be presented to Confidential Capable Council Scrutiny Panel meeting on 6 February 2019.