

Specific Reserves Working Group

Minutes - 14 December 2021

Attendance

Members of the Specific Reserves Working Group

Cllr Paul Appleby
Cllr Zee Russell (Chair)
Cllr Tersaim Singh
Cllr Udey Singh (Vice-Chair)

Employees

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

Part 1 – items open to the press and public

Item No. *Title*

1 **Welcome and Introductions**

Cllr Zee Russell, Chair, welcomed everyone to the meeting and advised it was also being live streamed to the press and public. Cllr Potter advised that she was not expecting any exempt or restricted items on the agenda. A recording of the meeting would be available for viewing on the Council's website at a future date.

2 **Meeting procedures to be followed**

Cllr Russell explained the protocol to be followed during the meeting for asking questions and reminded everyone that microphones should be muted and cameras off unless they have been invited to speak.

3 **Apologies**

No apologies were received.

4 **Declarations of Interest**

There were no declarations of interest recorded.

5 **Review of Specific Reserves**

The Chair invited Alison Shannon, Chief Accountant, and Michelle Howell, Finance Business Partner, to present their report to the working group.

The Chief Accountant advised the group that were being invited to comment on the appropriateness of the specific reserves held by the Council, and to make

recommendations to Cabinet that any reserves no longer required for their original purpose should be transferred to the Council's Corporate Reserves as appropriate. The draft findings and recommendations from the group will be presented to Our Council Scrutiny Panel meeting on 19 January 2022 for approval and then onto Cabinet as part of Council's budget process.

The Chief Accountant advised the group that Council has financial reserves which are set aside for future events. The meeting will focus on the management of the funds set aside for specific reserves as detailed in the tables appended to the report which details the balances and specific reserves held by the Council as of 31 March 2021, which were included in the Council's audited Statement of Accounts.

The Chief Accountant agreed to give a brief overview of each of the reserves listed in Appendix 1 and then to give members the opportunity to comment and or ask questions.

The following is a summary of the presentation and comments from the working group.

Adults Social Care Reserve

The Chief Accountant advised the working group that the funding has been put into reserve to support the transformation of the service and deal with any future funding pressures. There is a plan to use some of the reserve during this financial year and the balance will be used in future years.

No comments from the group.

Safeguarding Partnership Board

The Chief Accountant advised the group that the reserve is made up of contributions from partners that are represented on the Safeguarding Partnership Board. The surplus will be used to support any ongoing improvements the Board may wish to make, or for instance, if additional activity is required, for example additional serious case reviews which are in excess of the annual budget.

No comments from the group.

HRA Homelessness

The Chief Accountant advised the group that the reserve will be used by the end of the financial year to support initiatives that work to prevent homelessness.

No comments from the group.

Climate Change Reserve

The Chief Accountant advised the group that the reserve was set up to support the Council's net carbon zero reduction target by 2028 and some of it will be used by the end of the financial year. No comments from the group.

Kickstart Loans

The Chief Accountant advised the group that the funds will be used by the end of the financial year to assist with private sector housing improvements the panel queried if the funds will be used for the housing programme.

The Chief Accountant commented that the reserve is funded by the recycling of funds secured following the repayment of KickStart Loans and confirmed they would be used to support the housing capital programme. The funds would be used for small housing adaptations that cannot be funded from the disabled facilities grants.

No comments from the group.

Transformation Reserve

The Chief Accountant advised the group the reserve will be used to transform services and deliver efficiencies in the future. The reserve will be partly used by the end of the financial year.

No comments from the group.

Budget Contingency Reserve

The Chief Accountant advised the group that the reserve is used to address in-year budget pressures that cannot be met from within existing service budgets. The reserve will be increased in year to support environmental works.

No comments from the group.

Efficiency Reserve

The Chief Accountant advised the group that the reserve is used for upfront pump priming, and investment in new developments that deliver efficiencies in the future. The reserve is expected to be partly used by end of the financial year.

No comments from the group.

Job Evaluation Reserve

The Chief Accountant advised the group that the reserve was set up to assist with the funding of the implementation of new pay scales arising from job evaluation process.

The Chief Accountant advised the group that following a review, the reserve is no longer required, and the Budget Strategy 2022-2023 includes the use of this reserve. It is therefore planned to use this in full in 2022-2023.

The group queried if the reserve could be used to make pay packages more attractive in areas such as procurement where recruitment is difficult and suggested this could be a recommendation to Cabinet to support this area of work if this was possible. The Chief Accountant advised the group that reserves are not normally

used for permanent funding solutions as they provide one-off funding. Other reserves have been used in the past to fund temporary employees for projects, but it would not be appropriate to use reserves for permanent roles. If there were in-year financial pressures, then the budget contingency fund would be considered first.

The group queried if the Efficiency Reserve or Contingency Reserve could be used to support Wolverhampton Homes. The Chief Accountant explained that these were General Fund Reserves and Wolverhampton Homes hold their own reserves. In addition, there was also a separate General Housing Revenue Account (HRA) reserve.

Development Reserve

The Chief Accountant advised the group that the development reserve is fully committed and will be used to support the preparation of feasibility work for development and growth projects across the city over the new few years.

The group queried if the reserve funding was being used for ongoing or new projects. The Chief Accountant commented that the reserve is used to fund feasibility work for new projects that are coming forward.

The group queried the financial repercussions in a situation where a project which has been funded based on the feasibility study and a future point it is considered that there is going to be an overspend on the project. The Chief Accountant advised the group there would be a separate approval processes as part of the capital programme to consider any budget changes for a project. The changes to the capital project budget would be subject to approval by Cabinet and / or Full Council.

Business Rates Equalisation Reserve

The Chief Accountant advised the group that £1.1 million from this reserve would be used in 2021-2022 to offset the deficit on the Collection Fund brought forward from 2019-2020 as part of the approved budget strategy for this year

No comments from the group.

Treasury Management Equalisation Reserve

The Chief Accountant advised the group that the reserve is used to support the revenue costs associated with re-phasing in the Capital Programme. There is no planned use of this reserve in 2021-2022. There are plans to use the reserve in the next financial year as part of the budget strategy for 2022-2023.

No comments from the group.

Budget Strategy Reserve

The Chief Accountant advised the group that the reserve is available to address reorganisation costs that cannot be met in year.

No comments from the group.

Community Initiatives

The Chief Accountant advised the group that the reserve is available to fund community-based activities for young people. There are no plans to use the reserve this financial year due to other grants / funds being available to support this activity. The funds will be available in future years to provide activities for young people across the City.

The group welcomed the use of the fund to support young people.

Future Years Budget Strategy Reserve

The Chief Accountant advised the group that the reserve is available to support the Budget Strategy for 2021-2022 and 2022-2023 and will be drawdown over the next few financial years.

No comments from the group.

Recovery Reserve

The Chief Accountant advised the group that the reserve was created to support the Council's recovery from the pandemic. The funds will be used over the next few years to support projects in our recovery work, for example the Youth Employment project.

No comments from the group.

Our Technology Reserve

The Chief Accountant advised the group that the reserve is held to meet the costs of future developments on the Agresso system and there are plans to use some of the fund during this financial year.

The group discussed the costs involved in the development of the Agresso system and the extent to which this has been considered at the time of installation as there would be an expectation that the system would need funding to get it updated in the future. The group requested more details of the expenditure on the initial implementation of Agresso. The Chief Accountant commented that the fund is used to cover the cost of engaging system specialists required for the any developments and to ensure the system is up to date. The Chief Accountant added the reserve is for Agresso developments rather than meeting the costs linked to the installing the initial system.

Revenues and Benefits Strategy Reserve

The Chief Accountant advised the group that following review of this reserve it was agreed that it was no longer required going forward and the Budget Strategy 2022-2023 includes this use of this reserve. It is therefore planned to use this reserve in 2022-2023.

No comments from the group.

Elections Reserve

The Chief Accountant advised the group that the reserve has been established to contribute to the in-year underspend against the local elections budget in 2020-2021 due to a fallow election year. The reserve will be available to cover future elections costs if they are in excess of the available budget.

No comments from the group.

Ward Funds Reserve

The Chief Accountant advised the group underspends from the Ward Funds in 2020-2021 due to the Covid-19 pandemic were transferred into this reserve for 2021-2022. There are plans to drawdown this reserve in full in this financial year.

The group welcomed the fund and commented on the positive impact that it has had on local communities.

Building Resilience Reserve

The Chief Accountant advised the group that the fund is used to support activities under the Preventing Violent Extremism workstream. However, the small reserve has not been used for some years. The Chief Accountant suggested to the group that may wish to ask for further challenge on the need for this reserve, and if no proposals for the use of this reserve can be identified then consideration be given to the transfer of these funds to a corporate reserve.

The group supported the proposal.

Art Gallery Touring Exhibitions Reserve

The Chief Accountant advised the group that the fund is available to support the costs of touring exhibitions. The Chief Accountant proposed that the group may want to ask for further challenge on the need for this reserve, and if no proposals for the use of this reserve can be identified then consideration be given to the transfer of these funds to a corporate reserve.

The group suggested it would be helpful to have extra funding to support art and creative work but accepted that if the fund is not being used then it should be transferred to the corporate reserves.

The Chief Accountant reassured the panel that if funding was needed in future years for this work then a request can be made for consideration and approval to allocate funds from the corporate reserve.

The group supported the proposal.

Regeneration Reserve

The Chief Accountant advised the group that the fund is available to fund projects in support of corporate regeneration priorities across the City

No comments from the group.

Schools Arts Service Reserve

The Chief Accountant advised the group that the fund is relatively small reserve which has not been used for a number of years. The Chief Accountant proposed that the group may want to ask for further challenge on the need for this reserve, and if no proposals for the use of this reserve can be identified then consideration be given to the transfer of these funds to a corporate reserve

The group supported the proposal.

The group queried if a breakdown was available of the spending commitments for Climate Change Reserve. The Chief Accountant commented that approvals had been given to support additional staffing resources and feasibility work.

The Chief Accountant advised the group that the funds listed in Appendix 2 are reserves with specific criteria or bequest conditions which limit discretion about how the funds can be used.

The group agreed to note the comments of the Chief Accountant.

The group thanked the presenters for the report and presentation.

Resolved:

1. The Specific Reserves Working Group recommend that the following reserves be reviewed and if no longer required, consideration be given to transfer these into the Council's Corporate Reserves as appropriate:
 - Schools Arts Service Reserve
 - Building Resilience Reserve
 - Art Gallery Touring Exhibitions Reserve
2. The working group general comments on the appropriateness of the reserves detailed in Appendix 1 be considered by Cabinet.
3. The working group minutes be presented to Our Council Scrutiny Panel meeting on 19 January 2022 for approval.