

Reserves Working Group

8 November 2022

Time 6.30 pm **Public Meeting?** YES **Type of meeting** Executive
Venue Teams Meeting

Membership

Chair Cllr Zee Russell (Lab)
Vice-chair Cllr Udey Singh (Con)

Labour

Cllr Louise Miles
Cllr Tersaim Singh

Conservative

Cllr Jonathan Crofts
Cllr Ellis Turrell

Quorum for this meeting is two Councillors.

Information for the Public

If you have any queries about this meeting, please contact the democratic support team:

Contact Earl Piggott-Smith
Tel/Email earl.piggott-smith@wolverhampton.gov.uk or 01902 551251
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Some items are discussed in private because of their confidential or commercial nature. These reports are not available to the public.

Agenda

Part 1 – items open to the press and public

- | <i>Item No.</i> | <i>Title</i> |
|-----------------|--|
| 1 | Welcome and Introductions
[The Chair to welcome everyone to the meeting.] |
| 2 | Meeting procedures to be followed
[The Chair will explain how the meeting will proceed, how questions are to be asked and any matters of meeting etiquette.] |
| 3 | Apologies |
| 4 | Declarations of Interest |
| 5 | Review of Earmarked Reserves 2022-2023 (Pages 3 - 36)
[Alison Shannon, Chief Accountant, to present the report] |

Reserves Working Group

8 November 2022

Report title	Review of Earmarked Reserves 2022-2023	
Cabinet member with lead responsibility	Councillor Obaida Ahmed Resource and Digital City	
Wards affected	All Wards	
Accountable director	Claire Nye, Director of Finance	
Originating service	Strategic Finance	
Accountable employee(s)	Alison Shannon	Chief Accountant
	Tel	01902 554561
	Email	Alison.Shannon@wolverhampton.gov.uk
Report to be/has been considered by	N/A	

Recommendations for action

The Reserves Working Group is recommended to:

1. Provide its view and observations on the appropriateness of the earmarked 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 Corporate Reserves as appropriate.
3. Approve that the findings and any recommendations be presented to Resources and Equality Scrutiny Panel meeting on 1 December 2022.

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 earmarked reserves held by the Council by providing information on the balances held and their uses.

2.0 Background

- 2.1 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 Under the Council's financial procedure rules, the establishment or dissolution of reserves require the approval of the Cabinet (Resources) Panel. Reserves must also be reviewed for relevance and adequacy at least twice per financial year, as part of the outturn and budget preparation processes.
- 2.3 The last such review was reflected in the 'Reserves, Provisions and Balances 2021-2022' report to Cabinet on 15 June 2022. Table 1 below details the balances and earmarked reserves held by the Council as at 31 March 2021 which were included in the Council's draft Statement of Accounts. It should be noted that since reporting to Cabinet in June, minor adjustments have made to the reserves, the tables below show the latest position which has been included in the draft statement of accounts.
- 2.4 Reserves play a vital role in the financial sustainability of the Council. The Council's General Fund balance stands at £13.7 million, which is approximately 5% of the net budget for 2022-2023 and is in line with recommended best practice. In addition, the Council holds earmarked reserves which are set aside to fund future planned expenditure. It is vital that the Council continues to hold these reserves to mitigate the risk of uncertainty and any potential future expenditure, and to support the delivery of council priorities.
- 2.5 The important issue for the Council in looking forward is whether or not the earmarked reserves, taken together with the Council's general balances, are sufficient to meet the cost of fulfilling the obligations (past or future) for which these reserves were established. If those obligations have been met, it is good practice to release the reserve. The funds released are then available for other uses.
- 2.6 Due to the projected financial challenges facing the Council over the medium term, combined with the budget risks, reserves should only be called on in very specific circumstances and are not a viable funding option to reduce the projected budget deficit over either the short or longer term.

Table 1 - Balances and Reserves as at 31 March 2022

	Balance as at 31 March 2022 £000
Total General Balances	(20,662)
Earmarked Reserves	(56,315)
Other Earmarked Reserves with Specific Criteria (excluding Schools' Balances)	(40,671)
Schools' Balances	(15,232)
Total	(132,880)

- 2.7 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 earmarked reserves are therefore being sought as part of this annual review.
- 2.8 General Balances and Schools' balances are not within the scope of this report.
- 2.9 General balances, unlike earmarked reserves, are funds that are generally available and not earmarked for a specific purpose although the individual funds (General Fund and Housing Revenue Account) are ring-fenced.
- 2.10 The Council's General Fund balance stands at £13.7 million, which is approximately 5% of the net budget for 2022-2023 and is in line with recommended best practice. The Housing Revenue Account (HRA) balance is £7 million, this balance is only available to fund expenditure against the HRA budget.
- 2.11 The policy on the use of reserves was revised during the 2014-2015 budget process and approved by Full Council in November 2013. The policy states:
1. Earmarked Reserves - to provide sufficient sums to meet known and estimated future liabilities and/or planned expenditure.
 2. General Fund Balance:
 1. To retain a minimum balance of £10.0 million at all times in order that sufficient sums are available to address the significant budget risks that face the authority should they materialise.
 2. This actual balance may however be lower than the £10.0 million where the use of these balances is the only option to fund significant costs associated with downsizing the workforce, in order to deliver significant on-going savings. These balances should however be replenished to the minimum level of £10.0 million within a maximum of two financial years.

3. Can only be used following the agreement of Full Council having first been considered by the Cabinet Member for Resources in consultation with Cabinet colleagues and then by Cabinet (Resources) Panel and only in the following circumstances:
- a. To fund one-off exceptional/extraordinary items of expenditure where such expenditure cannot be contained within existing budgets or by calling on earmarked reserves and/or provisions.
 - b. To smooth the impact of a significant projected medium term budget deficit, where robust plans to address that deficit will take time to approve and implement.
 - c. To fund Invest to save or income generating initiatives where there are insufficient sums held within the Efficiency Reserve to fund the initiative and there is a payback within a reasonable period of time.

2.12 The associated financial management arrangements of Schools' balances are governed by the City of Wolverhampton's Scheme for Financing Schools.

3.0 Review

3.1 This report provides detailed information on the Council's current earmarked at Appendix 1. Other earmarked 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 – Earmarked Reserves by Directorate

Directorate	Actual Balance as at 1 April 2022 £000	Forecast Net Use/(Contribution) 2022-2023 £000	Forecast Balance as at 31 March 2023 £000
Adult Services	(3,478)	823	(2,655)
Children's and Education	(191)	0	(191)
City Housing and Environment	(802)	239	(563)
Corporate	(45,713)	22,314	(23,399)
Finance	(3,496)	2,220	(1,276)
Governance	(307)	0	(307)
Public Health	(113)	0	(113)
Regeneration	(2,120)	1,311	(809)
Strategy	(95)	0	(95)
Total	(56,315)	26,907	(29,408)

Table 3 – Other Earmarked Reserves with Specific Criteria by Directorate

Directorate	Actual Balance as at 1 April 2022 £000	Forecast Net Use/(Contribution) 2022-2023 £000	Forecast Balance as at 31 March 2023 £000
Adult Services	(7)	0	(7)
Children's and Education	(2,749)	100	(2,649)
City Assets	(61)	0	(61)
City Housing and Environment	(3,378)	250	(3,128)
Corporate	(23,265)	17,164	(6,101)
Finance	(3,063)	0	(3,063)
Public Health	(7,959)	0	(7,959)
Regeneration	(189)	0	(189)
Total	(40,671)	17,514	(23,157)

3.2 It is proposed that any resources released from earmarked reserves be transferred to the Council's Corporate Reserves as appropriate in order to continue the funding that is available for strategic programmes.

4.0 Questions for Scrutiny to consider

4.1 The Reserves Working Group is recommended to provide its views and observations on the appropriateness of earmarked reserves held by the Council.

4.2 The Reserves Working Group is asked to consider what further information and support is needed to more effectively carry out 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/31102022/A]

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.

[SZ/31102022/P]

7.0 All other implications

7.1 There are no other direct implications arising as a result of this report. However, any consideration given to the use of reserves, provisions or balances could have direct or indirect equality implications. These will need to be considered as and when sums are allocated from reserves and/or balances whereby an initial screening will be conducted.

8.0 Schedule of background papers

8.1 Reserves, Provisions and Balances 2021-2022, report to Cabinet, 15 June 2022.

9.0 Appendices

9.1 Appendix 1 – Earmarked Reserves by Directorate

9.2 Appendix 2 – Earmarked Reserves with a specific criteria by Directorate

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Adult Services						
Adult Services Transformation Reserve Page 9	Over the next few years the Adult Service Transformation Programme will be refreshed and will prioritise a number of key projects, including the redesign of the operating model, associate structures, and review of the practice model. This reserve will be used to support this transformation work and deal with the growing demand within Adult Social Care	(2,478)	(655)	This reserve will be used to support the redesign of Adult services.	This would mean less capacity to support increases in demand and transformational work.	268
Adults Social Care Reserve for Growth and Demand Pressures	This reserve is to support increases in growth and demand across adult social care	(1,000)	(2,000)	The Draft Budget and MTFS 2023-2024 to 2025-2026 reported to Cabinet on 19 October 2022, incorporated the use of this reserve in 2023-2024.		2,000
Adult Services Total		(3,478)	(2,655)			2,268

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Children's and Education						
Safeguarding Partnership Board	This reserve is to fund the Safeguarding Partnership Board expenditure in future years. This reserve is made up of contributions from our partners to support the running costs of the Safeguarding Partnership Board.	(191)	(191)	It is not currently anticipated that this reserve will be utilised in 2022-2023	Commitments have been made to all partner agencies that their contributions will be carried forward to fund improvements to the service in future years. If the reserve was not utilised in this way, then partners would need to receive their contributions back and the Council may have to absorb the pressure of any increased costs going forward.	-
Children's and Education Total		(191)	(191)			-

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
City Housing and Environment						
Kickstart Loans	Recycling of funds secured following the repayment of Kickstart Loans into assistance for private sector housing improvements.	(72)	(72)	It is not currently anticipated that this reserve will be utilised in 2022-2023.	Alternative funding would be required.	-
Climate Change Reserve	Funds in this reserve are available for climate change feasibility works and will enable the Council to tackle climate change with a shift to net carbon zero by 2028.	(730)	(491)	This reserve will support projects and resources to support the Climate Change agenda.	This reserve addresses the need for the organisation to be responsive to its ambitions to achieve its carbon targets and other climate change projects. If the reserve to support those costs were not to be available, the Council may have difficulty in achieving carbon reductions and the opportunity to move forward with climate change projects.	213
City Housing and Environment Total		(802)	(563)			213

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Corporate						
Transformation Reserve	To progress transformational work across the council and ultimately deliver greater efficiencies.	(2,631)	(969)	Examples of approved utilisation of the Transformation Reserve in 2022-2023 include resources to support the scanning programme, and transformation programmes within Governance and Human Resources.	Compromise service ability to deliver efficiencies and resultant budget reductions. Also, there may be a potential impact on the delivery of budget reduction targets.	17
Budget Contingency Reserve	Available to address in-year budget pressures that cannot be addressed from within existing service budgets. Funds in this reserve have been increased in previous years to support risks associated with the budget, including but not limited to the delivery of challenging budget reduction targets.	(7,073)	(4,029)	Examples of approved use of this reserves in 2022-2023 include the commonwealth games, and environmental works.	This reserve mainly addresses in-year budget pressures that cannot be met from within existing budgets.	-

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Efficiency Reserve	Available to allow pump priming and investment in new developments, where the main aim is to generate efficiencies in the future as supported by a fully costed business case.	(5,411)	(5,137)	Examples of approved utilisation of the Efficiency Reserve in 2022-2023, include supporting development work in Finance, and the deliver activities in maximising the collaboration with the Voluntary and Community Sector	If the reserve is not used to support investment, significant new developments may not be able to be undertaken and efficiencies would not be realised.	-
Job Evaluation Reserve	To assist with the funding of the implementation of new pay scales arising from job evaluation, in addition to equal pay costs that cannot be charged to the provision.	(1,000)	-	On 23 February 2022, the Council approved the drawdown of £1.0 million from this reserve in 2022-2023, as part of the 2022-2023 budget strategy.	There would be an impact on the 2022-2023 budget position if the reserves were not to be used as planned.	-
Development Reserve	To fund feasibility works.	(294)	(77)	This reserve is available to deliver feasibility works.	If the reserve were not to be used for this purpose, the Council may need to divert other resources to support feasibility works.	-

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Business Rates Equalisation Reserve	To equalise the impact of the fluctuation in business rates on the Council's General Fund arising as a result of revaluations and appeals.	(22)	(22)	There is no planned use of this reserve in 2022-2023.	There would be an indirect impact in that the cost of appeals attributable to the Council would need to be accommodated within existing resources. Those resources would therefore not be available to support services.	-
Treasury Management Equalisation Reserve	To support the revenue costs associated with re-phasing in the Capital Programme, such as interest costs arising as a result of borrowing.	(1,651)	-	On 23 February 2022, the Council approved the drawdown of £1.7 million from this reserve in 2022-2023, as part of the 2022-2023 budget strategy.	There would be an impact on the 2022-2023 budget position if the reserves were not to be used as planned.	-

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Budget Strategy Reserve	Funds in this reserve are available to address reorganisation costs as a result of the financial challenges faced by the Council over the medium term.	(7,569)	(7,569)	Any requirements to use this reserve will be reviewed at year end.	This reserve addresses reorganisation costs. If the reserve to support those costs were not to be available, the Council may have difficulty in achieving on-going budget reductions required over the medium term to balance the budget.	-
Community Initiatives	For a programme of positive community based activities to engage and develop young people	(697)	(697)	There is no planned use of this reserve in 2022-2023.	There would be an impact the Council being able to fund activities for young people in future years. Plans are currently being developed to support activity in 2023-2024 and future years.	-

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Future Years Budget Strategy Reserve	Funds have been transferred into this reserve to support the budget strategy in future years.	(13,307)	(3,000)	On 23 February 2022, Cabinet approved the budget strategy and MTFS for 2022-2023 to 2025-2026 includes the use of this reserves of the medium term	There would be an impact on the 2022-2023 budget and MTFS position if the reserves were not to be used as planned.	3,000
Our City Our Plan Reserve	This reserve is to support Our City, Our Plan priorities	(6,058)	(1,899)	Examples of approved utilisation include resources to support the Wolves at Work 18-24 - Youth Employment project.	If the reserve were not to be used for this purpose, the Council may need to divert other resources to support Our City, Our Plan priorities.	150
Corporate Total		(45,713)	(23,399)			3,167

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Finance						
Our Technology Reserve	This amount has been set aside to part fund costs arising from the ongoing development of Agresso.	(116)	(71)	Funds in this reserve will support the ongoing development of Agresso.	If the reserve were not to be available, the Council would have to divert other resources to support these developments / costs.	-
Revenues and Benefits Strategy Reserve 2017	Funds available to address changes in benefit distribution.	(3,380)	(1,205)	On 23 February 2022, the Council approved the drawdown of £2.2 million from this reserve in 2022-2023, as part of the 2022-2023 budget strategy.	There would be an impact on the 2022-2023 budget position if the reserves were not to be used as planned.	-
Finance Total		(3,496)	(1,276)			-

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Governance						
Elections Reserve	The cost of running local elections to the Council in any year is dependent on whether they are standalone or combined with Parliamentary, Police and Crime Commissioner or Combined Authority Mayoral elections. Combined elections costs are effectively shared, part funded by Government or the Combined Authority. In these circumstances significant underspends against the local elections budget are expected and provide scope for contributions to the Elections Reserve. Standalone election costs are conversely expected to exceed the local elections budget. In these years the additional costs are to be funded from the Elections Reserve.	(183)	(183)	There is currently no planned use of this reserve in 2022-2023.	There would be an indirect impact in that the cost of the election would need to be accommodated within other Council resources which could result in budget efficiencies having to be made elsewhere.	-

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Ward Funds Reserve	The reserve is to carry forward unspent Ward Funds for future use to be determined in conjunction with Councillors.	(124)	(124)	Expenditure plans determined by Councillors in compliance with Ward Fund scheme governance.	If the reserve were not used for this purpose it would impact on the Ward Fund scheme.	-
Governance Total		(307)	(307)			-
Public Health						
Homelessness	Available to support initiatives that work to prevent homelessness. This reserve was set up due to the uncertain future of the grant. Homelessness is on the increase and the Homelessness Reduction Act requires authorities to provide earlier interventions to prevent homelessness.	(109)	(109)	This reserve funding will support Housing Homelessness Services.	If the reserve were not to be used for this purpose, the Council may need to divert other resources to support this service.	-
Building Resilience Reserve	To continue activities under the preventing violent extremism work stream.	(4)	(4)	It is not currently anticipated that this reserve will be utilised in 2022-2023.	Potential for projects not being implemented.	-
Public Health Total		(113)	(113)			-

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Regeneration						
Regeneration Reserve	To fund projects in support of corporate regeneration priorities and maintaining the city centre development.	(2,114)	(809)	Reserve will support various regeneration projects.	Regeneration of existing key sites and development of pipeline activity across the city would not be achieved. The reserve is used to promote inward investment which will help to maintain or increase business rates and council tax base	-
Schools Arts Service Reserve	This reserve is made up of funds to support educational art projects in schools and the wider community, which may lead to increased future income streams.	(6)	-	It is currently anticipated that this reserve will be used in full in 2022-2023	This reserve supports educational art projects in schools and the wider community.	-
Regeneration Total		(2,120)	(809)			

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Strategy						
Digital Inclusion	To support the rollout of future proofed digital infrastructure	(95)	(95)	There is no planned use of this reserve in 2022-2023.		-
Strategy Total		(95)	(95)			-
Total		(56,315)	(29,408)			5,648

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Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Adult Services						
Mary Ellen Bequest - Oxley Training Centre Reserve	Bequest available for use at the Oxley Training Centre.	(7)	(7)	There is no planned use of this reserve in 2022-2023.	No specific impact on services. The use of the reserve is governed by trust conditions	-
Adult Services Total		(7)	(7)			-
Children's and Education						
The Education (Penalty Notices) Regulations 2007	This reserve is made up fines levied to parents where their children are taken out of school on holidays during term time. The fund can only be spent on issuing and enforcing penalty notices and prosecuting recipients who do not pay.	(89)	(89)	It is not currently anticipated that this reserve will be utilised in 2022-2023	This reserve balance could be recalled back by the Government at any time if it is not used for the intended purpose. If this reserve were to not be available, then this would have to be funded by the Council.	-

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Regional Adoption Agency (RAA)	As part of the funding agreement with partner Authorities in the Regional Adoption Agency it has been agreed that an overspend up to 5% of the approved budget will be held in a reserve to be utilised in future years.	(443)	(343)	This reserve will be used to support the regional adoption agency- 'Adoption at Heart'	If the reserve were not used for this purpose, the Council may need to divert other resources to support any in year cost pressures.	-
PFI surplus reserve	A reserve to allow in year PFI contract efficiencies to be utilised to meet future years expenditure.	(2,217)	(2,217)	There is no planned use of this reserve in 2022-2023.		-
Children's and Education Total		(2,749)	(2,649)			-
City Assets						
Victoria Square Sinking Fund Reserve	Contributions made by tenants and set aside by the Council to meet future maintenance costs at Victoria Square commercial units.	(27)	(27)	It is not currently anticipated that this reserve will be utilised in 2022-2023.	The Council would have to meet the cost of any essential repairs and maintenance through its own resources.	-

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Magistrates Court Reserve	Sinking fund to meet non recoverable refurbishment costs for buildings occupied by Magistrates Courts' staff.	(34)	(34)	There is no planned use of this reserve in 2022-2023.	There may not be funds to carry out necessary repairs.	-
City Assets Total		(61)	(61)			-
City Housing and Environment						
Page 25 Markets Reserve	To fund periodic repairs and maintenance at the wholesale market including, for example, internal and external redecoration. The reserve has been established from market trader contributions (part of annual service charges).	(92)	(92)	There is no planned use of this reserve in 2022-2023.	The reserve is used as a mechanism to minimise variations in annual service charges to traders that would otherwise arise from annual fluctuations in repairs and maintenance costs. The service would be unable to smooth service charges for traders from year to year in accordance with tenancy agreements.	-

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Licensing Reserve	The Licensing service is not permitted to make a surplus over a three-year period. Against this background the reserve is used to minimise variations in fees imposed as costs and license volumes fluctuate between years.	(2,048)	(2,048)	It is not currently anticipated that this reserve will be utilised in 2022-2023.	The funds in this reserve are subject to Licensing legislation and can only be used for Licensing.	-
Wholesale Market Sinking Fund	Established to fund specific major replacement and refurbishment projects at the wholesale market including, for example, plant and equipment replacement or a roof replacement. This reserve has been established from market trader contributions (part of annual service charges).	(21)	(21)	There is no planned use of this reserve in 2022-2022	The functioning of the wholesale market will be impacted if the site condition is not maintained. Market traders contribute to this reserve for the maintenance of the markets, it cannot be used for any other purpose.	-

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Highway Management Reserve	Reinvestment of funds secured through Bus Lane enforcement into Highway improvement.	(988)	(738)	Funds will be reinvested into Transportation projects and Highway Improvement works.	In accordance with Section 55 of the Road Traffic Act, this reserve holds any surplus generated through Bus Lane enforcement, to be reinvested into Transportation projects and Highway Improvement works.	-

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Private Sector Housing - Civil Penalties	This reserve is made up of fines levied on private sector landlords under the Housing Planning Act 2016. As an alternative to prosecution landlords can be fined for breaches of the act for example breaches of an improvement notice or overcrowding in a property. Fines can be up to £30,000 and are ringfenced to provision of the service.	(169)	(169)	It is not currently anticipated that this reserve will be utilised in 2022-2023	If the reserve were not to be available, the Council would need to consider whether resources could be reallocated to support the cost of enforcement activity.	-

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Private Sector Housing - Licencing Fees	Licencing fees are levied on all private sector properties that offer multiple occupancy. Each property is charged a set fee at the point of registration. Properties are then assessed against pre defined criteria and are awarded a star rating. Depending upon the star rating awarded an amount of the licence fee is refunded up to a total of the original fee. This reserve is required in order to fund these refunds in future years.	(60)	(60)	It is not currently anticipated that this reserve will be utilised in 2022-2023	If the reserve were not to be available, the Council would need to consider whether resources could be reallocated to support the cost of enforcement activity.	-
City Housing and Environment Total		(3,378)	(3,128)			-

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Corporate						
Funds and Bequests Reserve	Trust funds administered by the authority with specific criteria for allocation.	(9)	(9)	It is not currently anticipated that this reserve will be utilised in 2022-2023.	No specific impact on services. Use of reserve governed by trust conditions.	-
Revenue Grants Unapplied (IFRS) Reserve	Established in accordance with the principles of IFRS in relation to the recognition of grants and contributions in the council's accounts. Approvals for the use of actual grants are made during the year according to the Council's constitution.	(3,599)	(3,599)			-
Art Fund	Funds administered to support revenue expenditure against criteria defined by the bequest.	(33)	(33)	There is no planned use of this reserve in 2022-2023.	Would be unable to purchase art works, which is a condition of bequest and further develop the city's art collection.	-

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Mayors Award	Trust funds administered by the authority with specific criteria for allocation.	(2)	(2)	There is no planned use of this reserve in 2022-2023.	No specific impact on services. Use of reserve governed by trust conditions.	-
Collection Fund business rates section 31 Covid-19 relief reserve	This reserve has been established to hold the funds provided via a section 31 grant to the Council for the cost of Covid-19 business rates reliefs. Due to Collection Fund accounting treatment, the deficit on the Collection Fund in 2021-2022, to be offset in part by this funding, will not be realised until 2022-2023.	(16,349)	-	There was a deficit on the Collection Fund in 2021-2022, which due to Collection Fund accounting treatment will not be realised until 2022-2023. This reserve will be used in full in 2022-2023 to offset this element of the deficit.	This reserve was established to support costs associated with the Collection Fund. Should this reserve not be used in this way, the Council would need to redirect other resources to mitigate the impact on the budget.	-

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Covid Collection Fund tax income guarantee scheme reserve	In the Spending Review 2020, the Government announced funding to compensate 75% irrecoverable losses from council tax and business rates revenues in 2020-2021, that would otherwise need to be funded through local authority budgets in 2021-2022 and later years. The reserve has been established to hold the funds. Due to Collection Fund accounting treatment, the deficit on the Collection Fund in 2020-2021, to be offset in part by this funding, will not be realised until 2021-2022 and later years.	(3,273)	(2,458)	There was a deficit on the Collection Fund in 2020-2021, which due to Collection Fund accounting treatment will not be realised until 2021-2022 and later years. This reserve will be used in part in 2022-2023 to offset one third of the deficit.	This reserve was established to support costs associated with the Collection Fund. Should this reserve not be used in this way, the Council would need to redirect other resources to mitigate the impact on the budget.	2,458
Corporate Total		(23,265)	(6,101)			2,458

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Finance						
Insurance Reserve	The reserve is for unexpected insurance claim events that cannot be covered by Insurance Fund budgets. Insurance claims costs vary year to year and a contribution may be made to or from the reserve dependent on the Fund outturn position.	(3,063)	(3,063)		Should this reserve not be used in this way, the Council would need to redirect other resources to mitigate the impact on the budget. The reserve is for unexpected claim events that cannot be covered by the Insurance Fund in a given year. If the reserve is not used for this purpose it will impact on the General Fund.	-
Finance Total		(3,063)	(3,063)			-

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Public Health						
Mediation Service	To provide a Mediation Service which is self-funded through annual contributions, mainly from Wolverhampton Homes and Cannock Chase District Council.	(1)	(1)	There is no planned use of this reserve in 2022-2023.		-
Community Safety	To assist the Safer Wolverhampton Partnership to deliver the Community Safety and Harm Reduction Strategy and its annual Delivery Plan, as authorised by the Office of the Police and Crime Commissioner.	(22)	(22)	There is no planned use of this reserve in 2022-2022	Reserve established from ring fenced Police Grant Community Fund for specific Community Safety initiatives.	-
Public Health	This reserve has been established from ring fenced Public Health grant and is to fund one-off public health initiatives.	(7,936)	(7,936)	Plans for use in 2022-2023 are currently being reviewed and approval will be sought in the Performance and Budget Monitoring Reports to Cabinet	The Draft Budget and MTFS 2023-2024 to 2025-2026 reported to Cabinet on 19 October 2022, incorporated the use of £2 million of this reserve over the period of 2023-2024 to 2024-2025	2,000
Public Health Total		(7,959)	(7,959)			2,000

Earmarked Reserve	Description of Reserve	Balance at 1 April 2022 £000	Forecast Balance at 31 March 2023 £000	Areas of anticipated expenditure 2022-2023	What would be the effect on services if the reserve is not utilised in this way	Approved Commitments for future years (2023-2024 onwards) £000
Regeneration						
Building Control Service Improvements	Any surplus achieved on the Building Control Service is required to be reinvested back into the service	(189)	(189)	It is not currently anticipated that this reserve will be utilised in 2022-2023	These funds are ringfenced by the Building (local authority charges) regulations 2010.	-
Regeneration Total		(189)	(189)			-
Total		(40,671)	(23,157)			4,458

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