

Specific Reserves Working Group

9 January 2020

Report title	Review of Specific Reserves 2019-2020	
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 be presented to Our Council Scrutiny Panel meeting on 11 March 2020.

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 and Provisions 2018-2019' report to Cabinet (Resources) Panel on 18 June 2019. Table 1 below details the balances and specific reserves held by the Council at 31 March 2019 which were included in the Council's audited Statement of Accounts.

Table 1 - Balances and Reserves as at 31 March 2019

	Balance as at 31 March 2019 £000
Total General Balances	(17,011)
Specific Reserves	(41,753)
Other Specific Reserves with Specific Criteria (excluding Schools' Balances)	(11,813)
Schools' Balances	(5,077)
Total	(75,654)

- 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.

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 Division can be found in tables 2 and 3 below.

Table 2 – Specific Reserves by Division

Division	Actual Balance as at 1 April 2019 £000	Forecast Net Use/(Contribution) 2019-2020 £000	Forecast Balance as at 31 March 2020 £000
Adult Services	(4,964)	4,300	(664)
Children's Services	(190)	-	(190)
City Assets and Housing	(125)	53	(72)
Corporate	(30,948)	5,726	(25,222)
Finance and Strategy	(2,811)	292	(2,519)
Public Health	(4)	-	(4)
Regeneration	(1,446)	579	(867)
Total*	(40,488)	10,950	(29,538)

Table 3 – Other Specific Reserves with Specific Criteria by Division

Division	Actual Balance as at 1 April 2019 £000	Forecast Net Use/(Contribution) 2019-2020 £000	Forecast Balance as at 31 March 2020 £000
Adult Services	(7)	-	(7)
Children's Services	(89)	-	(89)
City Assets and Housing	(205)	-	(205)
City Environment	(3,195)	495	(2,700)
Corporate	(5,954)	-	(5,954)
Finance	(2,103)	-	(2,103)
Public Health	(1,286)	200	(1,086)
Regeneration	(239)	31	(208)
Total*	(13,078)	726	(12,352)

* Please note, following a review of specific reserves, a number of reserves have been reallocated to 'Other Specific Reserves with Specific Criteria' during 2019-2020. This therefore has resulted in a variance between the opening balances per category in Tables 2 and 3 when compared to Table 1.

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.

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/03012020/Z]

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.
[TC/20122019/D]

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 Climate Change and Environmental implications

8.1 There are no direct climate change and 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 Health and Wellbeing Implications

11.1 There are no direct health and wellbeing implications arising as a result of this report.

11.0 Schedule of background papers

11.1 Reserves, Provisions and Balances 2018-2019, report to Cabinet (Resources) Panel, 18 July 2019.