

# Specific Reserves Working Group

Minutes - 9 January 2020

## Attendance

### Members of the Specific Reserves Working Group

Cllr Simon Bennett  
Cllr Alan Bolshaw  
Cllr Paula Brookfield (Chair)  
Cllr Roger Lawrence  
Cllr Hazel Malcolm

### 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**  
Apologies were received from the following  
  
Cllr Jane Stevenson – Cllr Simon Bennett (substitute)
- 2 Declarations of Interest**  
There were no declarations of interest recorded.
- 3 Specific Reserves Working Group - Terms of Reference**  
Earl Piggott-Smith, Scrutiny Officer, presented the terms of reference which detailed the remit of the working group.  
  
Resolved:  
  
The panel agreed to note the report.
- 4 Review of Specific Reserves**  
The Chief Accountant outlined the background to the report and explained the role of working group in reviewing the appropriateness of the specific reserves held by the Council as part of the budget review process.  
  
The working group were asked to comment on any changes or further information that would help them to more effectively meet their responsibilities as detailed in the terms of reference.

The Chief Accountant explained the difference between the two Appendices and that those listed in Appendix 2 have a specific criteria which limits their use. The panel were advised that general balances and school balances were outside the scope of the report.

The Chief Accountant explained that following a review of specific reserve allocations that a number of changes were made which resulted in a variance between the opening balances figures detailed in Table 2 and 3 in the report. The working group were advised that Public Health reserve had been moved from Appendix 1 to Appendix 2 as it is funded from a ring-fenced grant.

The following is a summary of the comments and discussion on the specific reserves working group listed in Appendix 1

### **Adult Social Care Reserve**

The Chief Accountant commented that £4.3 million of the allocation will be used which will leave a small balance as at 31 March 2020. The working group were advised that the reserve has been built up from underspends in previous years, in the knowledge that there would be cost pressures within Adult Services in the future.

The Chief Accountant advised that a was still a forecast overspend at quarter two even after the use of this reserve. The panel queried if there were plans to rebuild the reserve to help meet demand in future years. The Chief Accountant advised it was unlikely that Adult Services would underspend in this financial year, however, as part of the budget process the growth was being built into the Medium-Term Financial Strategy to mitigate against any future pressures.

### **Safeguarding Partnership Board**

The panel queried the appropriateness of the reserve as the expectation is that the allocation would not be used in 2019-2020. The Chief Accountant explained that this reserve was made up of partner contributions not fully utilised in previous years. This reserve would be used to fund any additional activity such as additional serious case reviews, rather than asking partners for additional in year contributions or the Council having to fund an overspend.

The panel were advised that a reduction in the level of reserve could potentially lead to partner agencies asking for their contributions to be refunded. There is a commitment by the partner agencies that their contributions will be carried forward to fund future improvements to the service.

### **HRA Homelessness**

The Chief Accountant advised the working group that the reserve allocation will be fully used to fund projects aimed at preventing homelessness.

### **Kickstart Loans**

The Chief Accountant explained the background to the reserve and advised that it was not expected to be used during 2019-2020. The working group were advised that the fund could be used for small capital home adaptations. The working group commented on the need to raise awareness of the availability of financial support for residents for house adaptations.

The panel expressed concern about the difficulties in providing information required before an application can be made. The working group considered that it is a very good scheme but there was confusion about the criteria and the application process was considered to be complicated. The panel were advised that the current schemes are administered by Wolverhampton Homes.

### **Transformation Reserve**

The Chief Accountant advised the group that this reserve was available to support the transformation of services. The group queried the process to approve bids and the performance criteria to assess if a project has delivered expected improved efficiencies. The Chief Accountant advised that a business cases are submitted and reviewed by SEB. Formal approval is sought by Cabinet (Resources) Panel as part of the quarterly revenue budget monitoring. The group discussed the ratio of investment to efficiency savings that would be expected to show that it has achieved its original aim.

### **Budget Contingency Reserve**

The panel queried how the budget reserve is monitored and also expressed concern about the Council's liability for end of year budget deficit arising from schools which have converted to an academy. The Chief Accountant explained the responsibility on Councils to fund the deficits of any schools who are directed to convert to an academy and the process used to monitor school deficits.

### **Efficiency Reserve**

The panel queried the reasons for not combining this reserve with Transformation Reserve and the Budget Contingency Reserve to make better use of the fund. The working group suggested that consideration should be given to reducing the overall budget reserve, if all three were combined, to reflect current/expected expenditure trends.

The group were advised that a number of these reserves were set up several years ago with the aim of providing pump priming funding options that would be expected to generate savings. There is a different criteria for each of the reserves which does allow some flexibility. The working group agreed that three separate reserves was therefore appropriate.

**Job Evaluation Reserve**

The Chief Accountant advised the panel that the reserve had been reduced following a review of the expected costs arising from the Job Evaluation process and the number of likely claims to be submitted in the future.

**Development Reserve**

The Chief Accountant advised the panel that this reserve was expected to be used over the period of 2019 -2020 to 2020-2021.

**Enterprise Zone Business Equalisation Reserve**

The Chief Accountant advised the panel that this reserve is used to manage changes in business rates in the Enterprise Zone. The expectation is that the reserve will not be used in 2019-2020.

**Treasury Management Equalisation Reserve**

The working group queried the use of the budget reserve and the level of challenge as has not been used during the previous three years. The Chief Accountant advised that this reserve was required to deal with any reprofiling of the capital programme and this was reviewed on an ongoing basis.

**Budget Strategy Reserve**

The Chief Accountant advised the working group that Cabinet approved a drawdown of £1.5 million from this reserve in 2019-20 as part of the budget strategy.

**Pension Deficit Recovery Reserve**

The working group discussed the idea of the financial advantages of increasing pension contributions.

**Recovery of Overpaid VAT Reserve**

The Chief Accountant advised the working group that the reserve is expected to be fully used before the end of March 2020.

**Our Technology Reserve**

The Chief Accountant advised the working group that the reserve had been used to support the recent upgrade of Agresso system.

**Community Initiatives and Crowdfund Wolves**

The Chief Accountant advised the working group that this reserve was created at the end of 2018-2019 in line with Cabinet approval to support a programme of activities for young people across the city.

### **Revenue and Benefits Strategy Reserve**

The Chief Accountant advised the working group that the reserve is not be used in 2019-2020 but may be required in future years if bad debts increase as a result of the rollout of Universal Credit.

### **Building Resilience Reserve**

The Chief Accountant commented that the fund is used to provide top up support to projects or activities under the preventing violent extremism workstream.

### **Art Gallery Touring Exhibitions Reserve**

No panel comments.

### **Regeneration Reserve**

The Chief Accountant advised the working group that Cabinet (Resources) Panel had approved a number of projects from this reserve.

### **Schools Arts Service Reserve**

The Chief Accountant advised that this reserve was intended to top up support to projects. The panel queried the appropriateness of the reserve as it had not been used in previous years. The Chief Accountant agreed to review the level of reserves.

**The following is a summary of the comments and discussion on the specific reserves listed in Appendix 2**

### **Mary Ellen Bequest – Oxley Training Centre**

The Chief Accountant advised that the trust conditions restrict how this fund can be used. The working group queried the position on the fund following the closure of Oxley Training Centre. The Chief Accountant advised these funds were being reviewed.

### **Education Penalty Notices Regulations**

No working group comments.

### **Victoria Square Sinking Fund**

No working group comments.

### **Magistrates Court Reserve**

The panel queried the Council liability for the building. The Chief Accountant advised the working group that the Council services are located in parts of the building. In addition, the Council have responsibility for the maintenance of some aspects of the whole building.

### **Private Sector Housing – Civil Penalties**

No working group comments.

### **Markets Reserve**

The working group queried if there was a programme of work to make use of the reserve. The Chief Accountant agreed to ask the service for an update on any plans to use the reserve in the near future.

### **Licensing Reserve**

The working group were advised that this reserve was made up of licencing income and was subject to licencing legislation.

### **Wholesale Market Sinking Fund**

The panel queried the future plans to use the reserve. The Chief Accountant agreed to ask the service for an update on any plans to use the reserve to fund any specific work in the near future.

### **Highways Management Reserve**

The Chief Accountant advised the working group that there were restrictions about how the reserve can be used and that there were plans to use the reserves to fund transport projects.

### **Funds and Bequests Reserve**

The working group asked for details on the trust conditions. The Chief Accountant explained that a review was being undertaken and would ask the service for an update on this position of these funds.

### **Revenue Grants Unapplied (IRFS) Reserve**

No working group comments.

### **Art Fund**

No working group comments.

### **Insurance Reserve**

The working group queried the process of reviewing the level of cover. The Chief Accountant advised the working group that the amount of cover is reviewed every three years.

### **Public Health**

No working group comments.

## **Community Safety**

The Chief Accountant advised the working group that there were no plans to use the reserve. The working group queried this and asked for further details to show that it is still appropriate to retain the reserve.

## **Building Control Service Improvements**

No working group comments

The working group were asked to consider what further information and support they would find helpful in being more effective in their scrutiny role. The following comments were made.

1. Further details about s106 payments, how funds awarded are monitored was suggested as future information item. There was concern that there is a lack of awareness money awarded in previous years which remains unspent. The Chief Accountant agreed to present an update on s106 schemes and expenditure to a future meeting of the working group.
2. An action log should be created to monitor the implementation of recommendations from the working group. The Chief Accountant suggested that a copy of reserves balance report could be shared with the working group. The previous report was presented to Cabinet Resources in October 2019.
3. The panel suggested a report on an evaluation of the impact of using £200,000 of Public Health budget be presented to the working group.

Resolved:

The Specific Reserves Working Group agreed the following recommendations:

1. The group comments on the appropriateness of the specific reserves held by the Council to be considered by Cabinet and changes made where appropriate.
2. The group support the proposal that any reserves no longer required for their original purpose should be transferred to the Council's Efficiency or Transformation Reserve.
3. Draft minutes to be presented to Our Council Scrutiny Panel meeting on 11 March 2020 for approval.
4. The panel to be updated at the meeting on 11 March 2020 on progress made in response to comments made by the group on appropriateness of the specific reserves held by the Council.

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