

Reserves Strategy

7 December 2022

Purpose

As part of the budget setting process, Scrutiny panel is asked to review the Reserves Strategy and the use of reserves

The Strategy will then be refreshed and presented to Cabinet as part of the budget and MTFS report.

The Reserves Strategy and reserves held by the Council are found in the appended report.

Introduction

Reserves are made up of resources which have been set aside by the Council in previous financial years.

They are an integral element of our budget setting process, medium term financial plan and financial management.

On 1 March 2023, Council approved the Reserves Strategy

The council holds earmarked reserves and general fund reserves

Reserves Strategy

The Council holds earmarked reserves which are held for:

- Managing risk
- Investment reserves
- Smoothing reserves
- Restricted Reserves - including reserves held for schools

Reserves Strategy

The table below summaries the position on reserves. A full list of reserves is appended to the Report

Earmarked Reserve	Balance as at 1 April 2023 £000	Approved Commitments £000	Forecast balance as at 31 March 2024 £000
Managing Risk	(16,445)	3,877	(12,568)
Investment	(19,994)	11,183	(8,811)
Smoothing	(12,634)	11,535	(1,099)
Total usable earmarked reserves	(49,073)	26,595	(22,478)
Restricted Reserves	(22,751)	9,613	(13,138)
Schools restricted reserves	(15,154)	655	(14,499)

General Fund Balance Reserve

The General Fund Balance Reserve acts as a corporate contingency to cushion the impact of unexpected events and emergencies.

No statutory minimum for the level of General Fund Balance – but widely accepted that a minimum of 5% of the net budget is best practice. The 2023-2024 net budget is £306.4 million, and the General Fund Balance Reserve currently stands at **£15.3 million**.

In recommending the level of General Fund, the Section 151 Officer will consider:

- The overall financial position of the council
- The council's financial management arrangements and track record
- The level of risk and uncertainty facing the council
- The level of the risk management reserves
- The level of specific contingencies within the annual budget to manage in year pressures.

Questions for Scrutiny

Scrutiny Panel are asked to:

- Provide views and observations on the Council's Reserves Strategy
- Provide views and observations of the use of reserves held by the Council

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