

Cherwell District Council
Budget Planning Committee

19 January 2016

Review of Reserves

Report of Director of Resources

This report is public

Purpose of report

The purpose of this report is for the Committee to consider the earmarked reserves held by the Council.

1.0 Recommendations

The meeting is recommended:

- 1.1 To consider the information set out in Appendices A-C in relation to earmarked reserves.

2.0 Introduction

- 2.1 The Budget Planning Committee has an item on its work programme to consider a review of reserves.
- 2.2 Detailed information was circulated to Committee members prior to Christmas and this report contains initial findings and recommendations in relation to the reserves held by the Council.

3.0 Background

- 3.1 The draft review of reserves has been completed.

The process so far has included:

- Discussions between finance staff and budget holders
- Initial discussions with Cllr Wood, Cllr Atack and Cllr Randall to make them aware of the reserves and take them through the approach
- Individual discussions between the Director of Resources or Head of Finance and Procurement and the relevant head of service.
- Consideration by the Joint Management Team
- Consideration of initial findings by Cllr Wood, Cllr Atack and Cllr Randall.

- 3.2 There were in excess of 100 individual earmarked reserves set up for an array of reasons and ranging in value from £547.00 to £3.4m.
- 3.3 Following discussion with the relevant Head of Service each reserve has been scrutinised and either remains at the same level, has been wholly or partially transferred to another earmarked reserve or has been wholly or partially put into general fund balances.
- 3.4 There were a number of reserves which were duplications and these have been amalgamated.
- 3.5 All estimated balances of less than £20,000 have been 'swept up' and will be held in one central pot which is available for call down when required. This earmarked reserve will be controlled by the Head of Finance and Procurement.
- 3.6 It is recommended that in future earmarked reserves are not set up for less than £20,000 as it is felt that pressures lower than this amount could be dealt with using in-year budgets. If funding is required and there is no surplus in-year funding available then it will have to come from general fund balances which is the beneficiary of this approach. However, that would need an executive decision to release.
- 3.7 Appendix A – Shows the detailed transfers that have taken place
Appendix B – Shows the reserves left after the review with the estimated balances included
Appendix C – Shows the same information but orders it in magnitude – highest earmarked reserves first.
- 3.8 The balances can only be estimated balances as there will be transfers to and from some of the reserves before the end of the year.
- 3.9 Some descriptions of reserves will be changed to make them more recognisable or understandable.
- 3.10 The review of reserves has achieved the following:
- Transferred £2.462m back into General Fund Balances making General Fund Balances £4.188m or 27.5% of the 2015-16 net revenue budget.
 - Number of reserves now stands at 45 and the values (excluding S106 reserves which are still held separately) range from £20,497 to £3.4m (excluding General Fund balances)
 - Amalgamated duplicate reserves
 - Gathered up all reserves below £20,000 into one centrally held reserve which will be monitored annually and reduced if calls are not made on the remaining funds.
- 3.11 The level of reserves held by the Council is healthy with:
£4.2m being held in General Fund balances
£13.1m being held in earmarked reserves
Total earmarked reserves held are therefore £17.3m

4.0 Conclusion and Reasons for Recommendations

- 4.1 The Committee is requested to consider the draft review of reserves as set out in Appendices A-C.

5.0 Consultation

- 5.1 The findings of this review have been discussed and supported by the Joint Management Team.
- 5.2 The findings of this review have been discussed with Cllr Wood, Cllr Atack and Cllr Randall.

6.0 Alternative Options and Reasons for Rejection

- 6.1 Members could decide not to consider the Review of Reserves report but it is good financial management to review earmarked reserves from time to time.

7.0 Implications

Financial and Resource Implications

- 7.1 There are no direct financial implications stemming from this report.

Comments checked by:

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Legal Implications

- 8.2 There are no legal implications arising directly from this report. The legal implications of any method of funding can be assessed when the final proposals are made.

Comments checked by:

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Wards Affected

None affected directly

Links to Corporate Plan and Policy Framework

Corporate priorities of preserving what's special and protecting our quality of life.

Lead Councillor

Councillor Ken Atack – Lead member for Financial Management

Document Information

Appendix No	Title
1	Transfers and adjustments from reserves
2	Revised reserves
3	Revised reserves – in order of magnitude
Background Papers	
None	
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