

EXECUTIVE COMMITTEE

26th June 2012

FINANCIAL RESERVES STATEMENT – 2011/12

Relevant Portfolio Holder	Councillor Phil Mould, Portfolio Holder for Corporate Management
Portfolio Holder Consulted	✓
Relevant Head of Service	Teresa Kristunas, Head of Finance & Resources
Wards Affected	All Wards
Ward Councillor Consulted	N/A
Non-Key Decision	

1. SUMMARY OF PROPOSALS

To advise Members on the earmarked reserves for the year ending 2011/12 and to seek members approval for the movements in reserves.

2. RECOMMENDATIONS

The Executive Committee is requested to **RECOMMEND** that

- 1) the movement in reserves as detailed in Appendix 1 to the report be approved;
- 2) additional General Fund Reserves of £490K be approved;
- 3) the use of General Fund Reserves of £498K be approved;
- 4) additional HRA Reserves of £10K be approved; and

the Executive Committee is requested to resolve that;

- 5) Heads of Service be requested to undertake a review of the earmarked reserves within their service areas and provide a report, including a justification for the maintenance of these reserves, for submission to the Committee alongside the budget monitoring report for the second quarter of the 2012/13 financial year.

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3. KEY ISSUES

Financial Implications

- 3.1 The accounts for 2011/12 are in the process of being prepared and as part of the closedown process a review of reserves and provisions has been undertaken.
- 3.2 In discussion with Heads of Service and in considering the future plans of the Authority, a number of new reserves have been proposed, together with the release of funds currently set aside.
- 3.3 The new reserves that are proposed are included at Appendix 1.
- 3.4 If approval is granted to the proposed reserves as identified above, the revised position for General Fund will be £2.6Million to fund future plans of the Authority. The full schedule including the new reserves is attached at Appendix 1.
- 3.5 The level of reserves is significant and therefore it is proposed that officers review individual balances and report the justification of the continuation of the reserve.

Legal Implications

- 3.5 Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 3.6 Section 25 of the Local Government Act 2003 places a specific personal duty on the Chief Financial Officer to report on the adequacy of reserves and the robustness of the budget.

Service/Operational Implications

- 3.7 The Council currently sets aside specific amounts as reserves for future policy purposes or to cover contingencies. In addition the Council has specific provisions for liabilities or losses that result from past events.

Customer / Equalities and Diversity Implications

- 3.8 The adequate provision of reserves will ensure the Council has appropriate funds in place to meet future demands of its customers.

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4. RISK MANAGEMENT

The closedown of the accounts and the relevant accounting treatment of provisions and reserves is contained within the Financial Services Risk Register and monitored on a quarterly basis

5. APPENDICES

Appendix 1 – Statement of Reserves 2011/12

6. BACKGROUND PAPERS

Final Accounts working papers 2011/12

AUTHOR OF REPORT

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