

<b>AUDIT COMMITTEE</b>	<b>AGENDA ITEM No. 7</b>
<b>12 SEPTEMBER 2022</b>	<b>PUBLIC REPORT</b>

Report of:	Cecilie Booth, Corporate Director of Resources and s.151 Officer	
Cabinet Member(s) responsible:	Councillor Andy Coles, Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Emma Riding, Budget Planning and Reporting Manager	Tel. 07790944655

<b>RESERVES STRATEGY &amp; POLICY</b>
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<b>R E C O M M E N D A T I O N S</b>	
<b>FROM</b> : Cecilie Booth, Corporate Director of Resources and s.151 Officer	<b>Deadline date</b> : N / A
It is recommended that Audit Committee:	
1. Consider and notes the Councils Reserves Strategy and Policy provided in Appendix A to this report	

**1. ORIGIN OF REPORT**

1.1 This report is submitted to Audit Committee to provide an overview of the Councils Reserves Strategy and Policy

**2. PURPOSE AND REASON FOR REPORT**

2.1 The report is for the Audit Committee to consider under its Terms of Reference (agreed at Full Council) at 2.2.2.14

- To review any issue referred to it by the Chief Executive or a Director, or any Council body.

2.2 The purpose of this report is to provide an overview to members of the Councils Reserves Strategy and Policy

**3. TIMESCALE**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet	-
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**4. BACKGROUND**

4.1 The Local Government Finance Act requires the Council to consider the level of reserves when setting a budget requirement., with the Section 25 of the Local Government Act 2003 requiring

the Chief Financial Officer (Section 151 Officer) to report formally on the adequacy of proposed reserves when setting a budget requirement. This is completed at the Council through the Robustness Statement. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting.

CIPFA issued [Local Authority Accounting Panel \(LAAP\) Bulletin No.99](#), Guidance Note on Local Authority Reserves and Balances in July 2014. Compliance with the guidance is recommended in CIPFA’s Statement on the Role of the Chief Financial Officer in Local Government.

In response to the above requirements, the reserves strategy and policy outlined in Appendix A sets-out the Council’s approach for compliance with the statutory regime and relevant non-statutory guidance for the Council’s cash backed usable reserves.

The following table summarises the usable reserves which includes the general fund balance and earmarked reserves:

As per June 2022 Budgetary Control Report	Bal at 31 <sup>st</sup> March 22	Est bal at 31 March 23
	£000	£000
General Fund	7,300	7,300
Usable Reserves (Innovation and Departmental)	30,004	22,595
Budget and Inflation Risk Reserves	6,693	6,693
Local Tax Income Risk Reserve	12,307	7,636
Ring-Fenced Reserves	4,183	3,899
<b>Total Earmarked and General Fund Balance</b>	<b>60,488</b>	<b>48,124</b>

The Strategy has regard for the recommendation of The Chartered Institute of Public Finance and Accountancy (CIPFA), that the following factors should be taken into account when considering the level of reserves and balances:

1. Assumptions regarding inflation and interest rates
2. Estimates of the level and timing of capital receipts
3. The capacity to manage in-year demand led pressures
4. Ability to activate contingency plans if planned savings cannot be delivered
5. Risks inherent in any new partnerships
6. Financial standing of the authority (level of borrowing, debt outstanding etc.)
7. The authority’s record of budget management and ability to manage in year budget pressures
8. Virement and year-end procedures in relation to under and overspends
9. The general financial climate
10. The adequacy of insurance arrangements

With the strategy including planned steps on how the Council intends to ensure its reserves balances are resilient and sufficient enough to mitigate the Councils financial position against emerging risks.

As noted in the first paragraph the adequacy of reserves levels are reported within the robustness statement as part of budget setting report, at the same time the Reserves Strategy and Policy will undergo an annual review.

## 5. CONSULTATION

5.1 None required at this stage.

## 6. ANTICIPATED OUTCOMES OR IMPACT

6.1 That the Audit Committee is informed of the Council Approach to budget setting.

**7. REASON FOR THE RECOMMENDATION**

7.1 None required- item for information.

**8. ALTERNATIVE OPTIONS CONSIDERED**

8.1 None required- item for information.

**9. IMPLICATIONS**

**9.1 Financial Implications**

No Financial Implications as a result of this report- item for information.

**9.2 Legal implications**

No legal implications as a result of this report- item for information.

**10. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

None

**11. APPENDICES**

Appendix A: Reserves- Strategy and Policy

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