

# Appendix 4

## Reserves

### Management of Council Reserves

1. The Council's Reserves Strategy states that the Council will maintain reserves to protect against risk and support investment.
2. The opening balance at 1<sup>st</sup> April 2020 in the Council's General Reserves was £10.3m as published in the Council's Statement of Accounts for 2019/20.
3. At 31<sup>st</sup> March 2021, the General Reserve minimum level has increased to £11.5m to further protect against potential risks, particularly those arising from the COVID-19 pandemic.
4. The Council also maintains Earmarked Revenue Reserves for specific purposes. At 31<sup>st</sup> March 2021 balances on these reserves stood at £91.4m, excluding balances held by Schools.
5. This valuation includes the appropriation of £30.1m to the Collection Fund reserve, funded from S31 grant. The increase is as a result of a timing difference, with the grant received in 2020/21 to fund the deficit that will be released in 2021/22.
6. Following a change in accounting treatment of the DSG Revenue Reserve, this balance has been removed from Earmarked Reserves and instead will be treated as an Unusable Reserve.
7. At the end of 2018/19, a central contingency referred to as the MTFS (Medium Term Financial Strategy) Reserve was created to support in-year pressures against the revenue budget. Use of this Earmarked Reserve has been subject to approval of robust business cases.
8. **Table 1** shows the total reserves at 31<sup>st</sup> March 2021. Overall the Council remains in a strong financial position given the major challenges across the public sector.

**Table 1 – Reserves Position**

	£m
General Reserve	11.5
Earmarked Reserves (excluding Schools)	91.4
<b>Total Reserves Balance at 31<sup>st</sup> March 2021</b>	<b>102.9</b>

9. Further details of individual reserves are provided in Table 2.

**Table 2 – Earmarked Reserves (excluding Schools)**

<b>Earmarked Reserves</b>	<b>Balance at 31 March 2020 £000</b>	<b>Transfers Out 2020/21 £000</b>	<b>Transfers In 2020/21 £000</b>	<b>Balance at 31 March 2021 £000</b>
<b>People:</b>				
Childrens Directorate	0	0	(1,020)	(1,020)
Adults Directorate	0	0	(500)	(500)
PFI Equalisation - Extra Care Housing	(2,504)	0	(114)	(2,618)
Public Health	(978)	0	(1,140)	(2,118)
DOL's Assessments	0	0	(600)	(600)
Other Useable Reserves (<£500k in value)	(265)	195	(141)	(211)
<b>People Total:</b>	<b>(3,747)</b>	<b>195</b>	<b>(3,515)</b>	<b>(7,067)</b>
<b>Place:</b>				
Place Directorate	0	0	(1,254)	(1,254)
Investment (Sustainability) & Place restructure	(682)	0	0	(682)
Trees / Structures Risk Management	0	123	(750)	(627)
Strategic Planning	(638)	0	0	(638)
Legal Proceedings	(72)	72	(560)	(560)
Investment Portfolio	(558)	558	0	0
Other Useable Reserves (<£500k in value)	(1,618)	197	(1)	(1,422)
<b>Place Total:</b>	<b>(3,568)</b>	<b>950</b>	<b>(2,565)</b>	<b>(5,183)</b>
<b>Corporate:</b>				
Corporate Directorate	0	0	(1,341)	(1,341)
Collection Fund Management	(6,828)	2,639	(8,510)	(12,699)
Collection Fund - Covid-19 Grant	0	0	(30,134)	(30,134)
Financing Reserve	(9,080)	1,946	(3,748)	(10,882)
Brighter Future Transformation Programme	(910)	60	(1,200)	(2,050)
Insurance Reserve - Cheshire County Fund	(114)	250	(86)	50
Insurance Reserve - Cheshire East Fund	(3,775)	1,456	(2,614)	(4,933)
Pay Structure (M Grade Review)	0	0	(550)	(550)
Other Useable Reserves (<£500k in value)	(617)	531	(224)	(310)
<b>Corporate Total:</b>	<b>(21,324)</b>	<b>6,882</b>	<b>(48,407)</b>	<b>(62,849)</b>
<b>Central:</b>				
MTFS Reserve	(3,439)	846	(5,490)	(8,083)
Revenue Grants Transferred to Earmarked Reserves	(3,262)	808	(648)	(3,102)
Revenue Grants - COVID-19 Emergency Funding	(8,098)	8,098	(5,153)	(5,153)
<b>Central Total:</b>	<b>(14,799)</b>	<b>9,752</b>	<b>(11,291)</b>	<b>(16,338)</b>
<b>Total Earmarked Reserves (excluding schools)</b>	<b>(43,438)</b>	<b>17,779</b>	<b>(65,778)</b>	<b>(91,437)</b>