

Appendix 5

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 April 2021 in the Council's General Reserves was £11.5m as published in the Council's Statement of Accounts for 2020/21.
3. At 31 March 2022, the General Reserve minimum level has increased to £12.6m due to the outturn underspend giving some protection against potential risks.
4. In February 2022 the forecast overspend for 2021/22 was £2.3m and this was to be funded from the MTFFS earmarked reserve. The positive improvements in the final quarter of the year means this transaction is no longer required and it is proposed this funding is instead transferred to the General Reserve in 2022/23. This recognises emerging risks such as inflation and particularly the DSG deficit, which it was highlighted in the MTFFS as having no alternative funding.
5. The Council also maintains Earmarked Revenue Reserves for specific purposes. At 31 March 2022 balances on these reserves stood at £80.9m, excluding balances held by Schools.
6. This valuation includes the appropriation of £12.4m to the Collection Fund Reserve, funded from S31 grant. The increase is as a result of a timing difference, with the grant received in 2021/22 to fund the deficit that will be released in 2022/23.
7. At the end of 2018/19, a central contingency referred to as the MTFFS (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. At 31 March 2022 the balance on this reserves stood at £10.1m.
8. **Table 1** shows the total reserves at 31 March 2022 prior to the proposed change between the MTFFS reserve and General Fund reserve. Overall the Council remains in a strong financial position given the major challenges across the public sector.

Table 1 – Reserves Position

	£m
General Reserve	12.6
Earmarked Reserves (excluding Schools)	80.9
Total Reserves Balance at 31 March 2022	93.5

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

Table 2 – Earmarked Reserves (excluding Schools)

Earmarked Reserves	Balance at 31 March 2021 £000	Transfers Out 2021/22 £000	Transfers in 2021/22 £000	Balance at 31 March 2022 £000
Children and Families Committee				
Childrens Directorate	-500	32	-1,079	-1,547
Domestic Abuse Partnership	-79	0	-33	-112
Children and Families Committee Total:	-579	32	-1,112	-1,659
Adults and Health Committee				
Adults Directorate	-1,020	0	0	-1,020
Public Health	-2,118	0	-1,102	-3,220
PFI Equalisation - Extra Care Housing	-2,618	312	-409	-2,715
DOL's Assessments	-600	203	0	-397
NHB Community Grants Staffing	-132	0	0	-132
Adults and Health Committee Total:	-6,488	515	-1,511	-7,484
Economy and Growth Committee				
Place Directorate	-1,254	625	-1,055	-1,684
Investment (Sustainability)	-682	2	0	-680
Legal Proceedings	-560	275	0	-285
Investment Portfolio	0	0	-155	-155
Tatton Park Trading Reserve	0	0	-111	-111
Other Useable Reserves (<£200k in value)	-153	54	0	-99
Economy and Growth Committee Total:	-2,649	956	-1,321	-3,014
Environment and Communities Committee				
Strategic Planning	-638	70	0	-568
Trees / Structures Risk Management	-627	425	0	-202
Other Useable Reserves (<£200k in value)	-54	3	0	-51
Environment and Communities Committee Total:	-1,319	498	0	-821
Highways and Transport Committee				
HS2	-303	0	-682	-985
Flood Recovery Works	-430	30	0	-400
Well Managed Highway Infrastructure Delay	-200	0	-30	-230
Other Useable Reserves (<£200k in value)	-282	0	0	-282
Highways and Transport Committee Total:	-1,215	30	-712	-1,897

Earmarked Reserves	Balance at 31 March 2021 £000	Transfers Out 2021/22 £000	Transfers in 2021/22 £000	Balance at 31 March 2022 £000
Corporate Policy Committee				
Corporate Directorate	-1,341	54	-581	-1,868
Collection Fund Management	-12,699	6,317	-8,634	-15,016
Collection Fund - Covid-19 Grant	-30,134	30,134	-12,408	-12,408
Financing Reserve	-10,882	2,134	-782	-9,530
Insurance Reserve - Cheshire East Fund	-4,933	2,132	-2,363	-5,164
Insurance Reserve - Cheshire County Fund	50	317	-497	-130
Brighter Future Transformation Programme	-2,050	270	0	-1,780
Pay Structure (M Grade Review)	-550	0	-34	-584
Elections General	-251	0	-226	-477
HR (CARE4CE Review, Culture Change, Pay realignment, Learning Mgt System)	-59	0	0	-59
MTFS Reserve	-8,083	392	-2,377	-10,068
Revenue Grants	-3,102	759	-637	-2,980
Revenue Grants - Covid-19	-5,153	0	-836	-5,989
Corporate Policy Committee Total:	-79,187	42,509	-29,375	-66,053
Reserves Total	(91,437)	44,540	(34,031)	(80,928)