

Appendix 6 Reserves

Management of Council Reserves

1. The Council's Reserves Strategy 2016-19 states that the Council will maintain reserves to protect against risk and support investment. The Strategy forecast that the risk assessed level of reserves is currently £11.8m.
2. The opening balance at 1st April 2016 in the Council's General Reserves was £13.0m as published in the Council's Audited Statement of Accounts for 2015/16.
3. At the February 2016 meeting, Council approved the use of £1.0m of general reserves in 2016/17, to be transferred to earmarked reserves to meet additional costs associated with the Council's planning functions.
4. **Table 1** shows how the overall impact of service budgets, central budgets and Council decisions impacts on the forecast closing balance of general reserves.
5. The balance of £10.3m reflects the outturn position and risks associated with budget achievement in 2016/17. This brings the reserves to below the level planned in the 2016-19 Reserves Strategy. However, overall the Council remains in a strong financial position given the major challenges across the public sector.
6. The Council also maintains Earmarked Revenue reserves for specific purposes. At 31st March 2016 balances on these reserves stood at £53.3m, excluding balances held by Schools. Contributions of £2.5m to the Transitional Funding reserve, and £451,000 to the Collection Fund Management reserve, and a contribution of £140,000 from the Investment Sustainability reserve were approved as part of the 2016/17 budget.
7. Together with approved transfer of £1.0m from general reserves into earmarked reserves for planning costs, these items brought the earmarked reserves balance available in 2016/17 to £57.1m.
8. A full list of earmarked reserves at 1st April 2016 and movement in 2016/17 is contained in **Table 2**.

Table 1 – Change in Reserves Position

	£m
Opening Balance at 1 st April 2016	13.0
Impact on Balances at Quarter 4	(2.7)
Forecast Closing Balance at March 2017	10.3

Table 2 - Earmarked Reserves

Name of Reserve	Opening Balance 1 st April 2016 £000	Movement in 2016/17 £000	Actual Balance 31 st March 2017 £000	Notes
People				
Adults, Public Health and Communities				
PFI Equalisation - Extra Care Housing	1,879	181	2,060	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Individual Commissioning - Provider Investment & Fees	450	-	450	Linked to the S256 contribution towards backdated fees, to be used for provider training.
NHS Section 256	3,391	(3,391)	-	To support adult social care which also has a health benefit, as agreed with Eastern Cheshire and South Cheshire Clinical Commissioning Groups and governed by Cheshire East Health and Wellbeing Board.
Public Health	1,942	(1,406)	536	Ring-fenced underspend to be invested in areas to improve performance against key targets. Including the creation of an innovation fund to support partners to deliver initiatives that tackle key health issues.
Communities Investment	586	(3)	583	Amalgamation of promoting local delivery; grant support; new initiatives and additional funding from outturn to support community investment.
Trading Standards and Regulations	-	75	75	Ongoing Trading Standards prosecution case on product safety
Air Quality	-	80	80	Provide funding for a temporary Air Quality Officer post for two years.
FPN Enforcement (Kingdom)	-	59	59	Surplus FPN receipts to be ring-fenced to provide a community fund to address environmental issues .
Children's Services				
Children's Reserve	377	(377)	-	To support implementation of the Children's Social Care bill.
Domestic Abuse Partnership	-	165	165	Previously accounted for as a provision.
Early Intervention and Prevention Investment	-	984	984	To continue the planned use of the Early Intervention short term funding allocation agreed for two years from 2016/17.
Parenting Journey	-	60	60	The Parenting Journey is in conjunction with Wirral Community Trust Health Visiting Service to integrate Health Visiting, Early Years and Early Help assessments.

Name of Reserve	Opening Balance 1 st April 2016 £000	Movement in 2016/17 £000	Actual Balance 31 st March 2017 £000	Notes
Place				
Planning and Sustainable Development				
Strategic Planning	358	(322)	36	To meet potential costs within the Planning Service and Investment Service Structure.
Infrastructure and Highways				
Parking - Pay and Display Machines	-	100	100	Purchase of Pay and Display Machines.
Highways Procurement	-	276	276	To finance the development of the next Highway Service Contract.
Homelessness & Housing Options	-	200	200	To prevent homelessness and mitigate against the risk of increased temporary accommodation costs.
Winter Weather	360	(130)	230	To provide for future adverse winter weather expenditure.
Growth and Regeneration				
Royal Arcade Crewe	500	-	500	To provide for future costs relating to the Royal Arcade including repairs and maintenance.
Legal Proceedings on land and property matters	-	150	150	To enable legal proceedings on land and property matters.
Skills & Growth	-	446	446	To achieve skills and employment priorities and outcomes.
Rural and Green Structure				
Tatton Park	202	(122)	80	Ring-fenced surplus on Tatton Park trading account.

Name of Reserve	Opening Balance 1 st April 2016 £000	Movement in 2016/17 £000	Actual Balance 31 st March 2017 £000	Notes
Corporate				
Legal Services				
Insurance (Cheshire East & Cheshire County Funds)	4,581	(542)	4,039	To settle insurance claims and manage excess costs.
Democratic Services				
Elections	12	111	123	To provide funds for Election costs every 4 years.
Customer Operations				
Emergency Assistance	569	(569)	-	Carry forward of underspend on previous years' schemes to provide for future hardship payments.
Finance and Performance				
Investment (Sustainability)	2,744	(700)	2,044	To support investment that can increase longer term financial independence and stability of the Council.
Collection Fund Management	8,570	2,767	11,337	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Financing Reserve	11,540	(790)	10,750	To provide for financing of capital schemes, other projects and initiatives.
Enabling Transformation	3,345	(1,203)	2,142	Funding for costs associated with service transformation; particularly in relation to staffing related expenditure.
Transitional Funding	-	1,343	1,343	To provide financial support to services or projects during a period of transition to a lower overall cost base.

Name of Reserve	Opening Balance 1 st April 2016 £000	Movement in 2016/17 £000	Actual Balance 31 st March 2017 £000	Notes
Cross Service				
Trading Reserve	1,179	120	1,299	The Authority's share of ASDVs net surplus to be spent in furtherance of the ASDV's objectives.
Service Manager carry forward	3,186	(169)	3,017	Allocations for Cost of Investment or grant funded expenditure.
Revenue Grants - Dedicated Schools Grant	5,158	(1,794)	3,364	Unspent specific use grant carried forward into 2017/18.
Revenue Grants - Other	2,404	(20)	2,384	Unspent specific use grant carried forward into 2017/18.
TOTAL	53,333	(4,421)	48,912	

Notes:

1. Figures exclude Schools balances.

2. Movements in 2016/17 include the following budgeted and approved additions and reductions to earmarked reserves approved by Council

	£000	
Planning costs and Investment Service structure	1,000	
Transitional Funding	2,500	
Collection Fund Management	451	
Investment Sustainability	(140)	
	<u>3,811</u>	* amount included in opening balance