

BROMSGROVE DISTRICT COUNCIL

CABINET

22nd JUNE 2011

FINANCIAL RESERVES STATEMENT – 2010/11

Relevant Portfolio Holder	Roger Hollingsworth
Relevant Head of Service	Jayne Pickering
Key Decision / Non-Key Decision	

1. SUMMARY OF PROPOSALS

- 1.1 To advise members on the earmarked reserves for the year ending 2010/11 and to seek members approval on the creation of new reserves where required to support future plans of the Authority.

2. RECOMMENDATIONS

2.1 That Cabinet recommend to Council:

- 2.1.1 approval of the establishment of the new reserves of £474k as detailed at Appendix 1.**
- 2.1.2 approval of the release of reserves as included in Appendix 2 of £419k which reflects the approval required for January- March 2011.**
- 2.1.3 approval of the addition to existing reserves of £289k as included in Appendix 2. This reflects the approval required for January- March 2011.**

3. BACKGROUND

- 3.1 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.
- 3.2 In June 2009 Council approved a policy to ensure relevant approval was in place to create and release reserves to support and enhance the delivery of the priorities of the Council.
- 3.3 Within the integrated finance and performance report for the period April – December 2010 approval was received to release a number of funds against existing reserves together with additions to others currently in place.

4. KEY ISSUES

- 4.1 The accounts for 2010/11 are in the process of being prepared and as part of the closedown process a review of reserves and provisions has been undertaken.
- 4.2 A number of reserves have been utilised during January – March 2011 together with additional funds made available to existing reserves. The net position on the current reserves is shown in Appendix 2.
- 4.3 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.
- 4.3 The new reserves that are proposed are included at Appendix 1
- 4.4 If approval is granted to the proposed reserves as identified above the revised position will be £1.781m to fund future plans of the Authority. The full schedule including the new reserves is attached at Appendix 2.

5. FINANCIAL IMPLICATIONS

- 5.1 The reserves will be included in the Statement of Accounts and will be subject to Audit by the Audit Commission.

6. LEGAL IMPLICATIONS

- 6.1 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.
- 6.2 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.

7. POLICY IMPLICATIONS

- 7.1 The approval of reserves complies with policy established in June 2009.

8. COUNCIL OBJECTIVES

- 8.1 Approval of this policy contributes to the Council's objective of improvement to ensure the Council is following best practice in its financial practices.

9. RISK MANAGEMENT INCLUDING HEALTH & SAFETY CONSIDERATIONS

- 9.1 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

10. CUSTOMER IMPLICATIONS

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

11. EQUALITIES AND DIVERSITY IMPLICATIONS

- 11.1 None as a direct result of this report.

12. VALUE FOR MONEY IMPLICATIONS, PROCUREMENT AND ASSET MANAGEMENT

- 12.1 The implementation of policy will ensure the Council sets aside sufficient funds to cover future costs. In addition any expenditure on the services funded by reserves are subject to the Councils procurement and Value for Money considerations.

13. CLIMATE CHANGE, CARBON IMPLICATIONS AND BIODIVERSITY

- 13.1 None as a direct result of this report.

14. HUMAN RESOURCES IMPLICATIONS

- 14.1 None as a direct result of this report.

15. GOVERNANCE/PERFORMANCE MANAGEMENT IMPLICATIONS

- 15.1 The setting aside of reserves will ensure that the Council has appropriate funds in place to meet future plans and improve performance.

16. COMMUNITY SAFETY IMPLICATIONS INCLUDING SECTION 17 OF CRIME AND DISORDER ACT 1998

- 16.1 None as a direct result of this report.

17. HEALTH INEQUALITIES IMPLICATIONS

17.1 None as a direct result of this report.

18. LESSONS LEARNT

18.1 The establishment of policy and the reporting to members of the approval and release of reserves is considered to be good practice in financial management and was recommended by the Audit Commission.

19. COMMUNITY AND STAKEHOLDER ENGAGEMENT

19.1 None as a direct result of this report.

20. OTHERS CONSULTED ON THE REPORT

Portfolio Holder	Yes
Chief Executive	Yes
Executive Director (S151 Officer)	Yes
Executive Director – Leisure, Cultural, Environmental and Community Services	Yes
Executive Director – Planning & Regeneration, Regulatory and Housing Services	Yes
Director of Policy, Performance and Partnerships	Yes
Head of Service	Yes
Head of Resources	Yes
Head of Legal, Equalities & Democratic Services	Yes
Corporate Procurement Team	No

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21. WARDS AFFECTED

None

22. APPENDICES

Appendix 1 – Statement of new Reserves 2010/11

Appendix 2 – Full schedule of reserves 2010/11

23. BACKGROUND PAPERS

Final Accounts working papers 2010/11

AUTHOR OF REPORT

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