

**CABINET**

**6<sup>th</sup> JUNE 2012**

**FINANCIAL RESERVES STATEMENT – 2011/12**

Relevant Portfolio Holder	Roger Hollingsworth
Portfolio Holder Consulted	√
Relevant Head of Service	Teresa Kristunas
Wards Affected	All Wards
Ward Councillor Consulted	
Key Decision / Non-Key Decision	

**1. SUMMARY OF PROPOSALS**

- 1.1 To advise members on the earmarked reserves and capital carry forward requests for the year ending 2011/12 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:
- 2.2 approval of the establishment of the new reserves of £582k as detailed at Appendix 1.
- 2.3 approval of the release of reserves as included in Appendix 1 of £612k which reflects the approval required for January- March 2012.
- 2.3 approval of the addition to existing reserves of £497k as included in Appendix 1. This reflects the approval required for January- March 2012.
- 2.4 approval of capital budgets to be carried forward of £821K to be utilised during 2012/13. Details included in Appendix 2

**3. KEY ISSUES**

**Financial Implications**

- 3.1 The accounts for 2011/12 are in the process of being prepared and as part of the closedown process a review of reserves and provisions has been undertaken.
- 3.2 A number of reserves have been utilised during January – March 2012 together with additional funds made available to existing reserves. The net position on the current reserves is shown in Appendix 1.

- 3.3 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.
- 3.4 The new reserves that are proposed are included at Appendix 1.
- 3.5 If approval is granted to the proposed reserves as identified above, the revised position will be £2.085m to fund future plans of the Authority. The full schedule including the new reserves is attached at Appendix 1.
- 3.6 A number of capital schemes which were due to be completed in 2011/12 are requested to be carried forward to allow the works to be completed during 2012/13, these are detailed in Appendix.

**Legal Implications**

- 3.7 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.
- 3.8 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.

**Service/Operational Implications**

- 3.9 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.
- 3.10 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.

**Customer / Equalities and Diversity Implications**

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

**4. RISK MANAGEMENT**

**CABINET**

**6<sup>th</sup> JUNE 2012**

- 4.1 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

**5. APPENDICES**

Appendix 1 – Statement of new Reserves 2011/12  
Appendix 2 – Capital Carry Forward Requests

**6. BACKGROUND PAPERS**

Final Accounts working papers 2011/12

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