

BROMSGROVE DISTRICT COUNCIL

CABINET

29TH APRIL 2009

POLICY ON EARMARKED RESERVES AND PROVISIONS

Responsible Portfolio Holder	Councillor Denaro
Responsible Head of Service	Head of Financial Services – Jayne Pickering
Non-Key Decision	

1. SUMMARY

1.1 To present members with a policy on reserves and provisions to be implemented as part of the final accounts 2008/09 process.

2. RECOMMENDATION

2.1 That the policy on earmarked reserves and provisions as shown at **Appendix A** is approved and adopted.

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 At present the Council does not have a formal policy in place to establish, review and monitor these provisions and reserves. It is recognised as best practice in accordance with CIPFA and the Audit Commission that such a policy exists.

3.3 The following provisions and reserves were available at 31st March 2008. These are being reviewed and amended as part of the current closedown process and will be formally reported to members within the Statement of Accounts in June 2009.

Provisions @ 31/3/08

	Balance at 31 March 2007	Written Off	Contribution to(-)/from provision	Balance at 31 March 2008
	£000	£000	£000	£000
<u>Provision for Bad and Doubtful Debts</u>				
• Council Tax payers	-612	35	-89	-666
• Business Rate payers	-1,070	158	21	-891
• Housing Benefit Overpayments	-463	26	92	-345
• Other	-31	0	-15	-46
<u>Other Provisions</u>				
Provision for Legal Cases	0	0	-130	-130
Provision for restructure	0	0	-502	-502
Total Other Provisions	0	0	-632	-632

Reserves @ 31/3/08

Earmarked Reserve	Balance 1 April 2007	Net Movement in Year	Balance 31 March 2008	Purpose
	£000	£000	£000	
Building Control Partnership	9	-3	6	Funds associated with partnership arrangements on Building Control
Planning Delivery Grant	249	148	397	Accumulation of unused Planning Delivery Grant
Replacement Reserve	429	107	536	Sums set aside to fund future replacement of vehicles and ICT equipment – to be utilised to fund capital expenditure in 2010/11
Litigation Reserve	0	140	140	To fund potential litigation cases against the Council

Leisure Reserve	61	-18	43	Unspent government grant to be used for leisure programmes
Total	748	374	1,122	

4. FINANCIAL IMPLICATIONS

4.1 Reserves and provisions will be funded from the Revenue Account and presented in the Statement of Accounts and included on the quarterly integrated finance and performance reports.

5. LEGAL IMPLICATIONS

5.1 No implications

6. COUNCIL OBJECTIVES

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

7. RISK MANAGEMENT

7.1 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.

8. CUSTOMER IMPLICATIONS

8.1 None

9. EQUALITIES AND DIVERSITY IMPLICATIONS

9.1 None

10. VALUE FOR MONEY IMPLICATIONS

10.1 The implementation of policy will ensure the Council sets aside sufficient funds to cover future costs.

11. OTHER IMPLICATIONS

Procurement Issues - None
Personnel Implications - None
Governance/Performance Management - None

Community Safety including Section 17 of Crime and Disorder Act 1998 - None
Policy - None
Environmental - None

12. OTHERS CONSULTED ON THE REPORT

Please include the following table and indicate 'Yes' or 'No' as appropriate. Delete the words in italics.

Portfolio Holder	Yes
Chief Executive	Yes
Executive Director (Partnerships and Projects)	No
Executive Director (Services)	No
Assistant Chief Executive	No
Head of Financial Services	Yes
Head of Legal, Equalities & Democratic Services	No
Head of Organisational Development & HR	No
Corporate Procurement Team	None

13. WARDS AFFECTED

All Wards

14. APPENDICES

Appendix A Provisions and Reserves Policy

15. BACKGROUND PAPERS

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