

PRIORITY RESERVES
REPORT OF THE DEPUTY CHIEF EXECUTIVE (CORPORATE
DIRECTION)



Hinckley & Bosworth
Borough Council

A Borough to be proud of

WARDS AFFECTED: ALL WARDS

1. **PURPOSE OF REPORT**

- 1.1 Following a report taken to the Scrutiny Commission in October 2013, it was agreed that a list of “priority” earmarked reserves should be identified and endorsed by the Commission. Following approval, any revenue savings identified in year will be transferred to these reserves to plan for future spends in the identified areas.
- 1.2 The proposals detailed in this report were reviewed by Executive at a briefing meeting held on 7th November. Following endorsement of these reserves, the agreed list will be presented to Council for formal approval on 3rd December, along with a request for delegated authority to the Deputy Chief Executive (Corporate Direction) and the Executive Member for Finance, ICT & Asset Management to approve transfers to and from these accounts in year.
- 1.3 It is important that earmarked reserves are appropriately and adequately earmarked for future spends and that the Council reviews its reserves on an regular basis to ensure the financial resilience of the Authority.

2. **RECOMMENDATION**

2.1 That Scrutiny endorse the following recommendations that will be made to Council:

- That Council approves the proposed list of “priority” earmarked reserves detailed in section 3.6
- That Council approve delegated authority to the Deputy Chief Executive (Corporate Direction) in conjunction with the Executive Member for Finance, ICT & Asset Management to approve transfers of revenue under spends to these priority earmarked reserves during the financial year, with regular up date reports to Scrutiny Commission and the Executive.
- That Council note that transfers from reserves to fund expenditure will continue to be made in line with the limits set out in the financial procedure roles.
- That Council note that a full review of the Council’s ear marked reserves and balances will continue to be brought to Council on annual basis as part of the outturn reports

3. **BACKGROUND TO THE REPORT**

- 3.1 As at 31st March 2013, the Council held £5.413million in General Fund and £3.251million in Housing Revenue Account reserves.
- 3.2 Currently, an annual review is performed on the level of reserves as part of the outturn process. The outcomes of this review are reported to Council to obtain approval of:
 - Release of reserves no longer required;
 - Creation of new reserves to fund future spend/pressures; and
 - Transfer of “excess” balances (i.e. those over the recommended minimum balance requirements) to reserves

- 3.3 Throughout the financial year, any requests to transfer money to reserves are subject to Council decision as per the Constitution. Any transfer from reserves to fund spend will be approved in line with the limits set out in the financial procedure rules.
- 3.4 Due to the Council's robust budget setting and monitoring procedures, savings are often identified throughout the year as part of periodic budget monitoring processes. In addition, unbudgeted income can be received (e.g. for large planning applications or due to un-forecast increase in activity). In the current climate and given the Council's sufficient balances, the Deputy Chief Executive (Corporate Direction), as the Council's section 151 officer, will generally recommend that such funds should be transferred to earmarked reserves to fund future spend in specific areas.
- 3.5 In order to ensure efficiency around this decision making process and to guarantee that funds are earmarked to meet financial needs on a timely basis, it is recommended that Council approve delegated authority to the Deputy Chief Executive (Corporate Direction) in conjunction with the Executive Member for Finance, ICT & Asset Management to approve transfers to earmarked reserves during the financial year.
- 3.6 On the request of the Scrutiny Commission a number of "priority" earmarked reserves have been identified for consideration. These reserves have been put forward on the basis of the Council's ongoing strategic priorities and financial risk profile.
- Enforcement reserve – Currently enforcement budgets are held for small amounts within individual cost centres. These are frequently under spent though occasionally large calls are made to carry out significant enforcement work. It is therefore proposed to remove individual enforcement budgets and create a corporate reserve that can be called upon should significant cases arise. An amount of up to £100,000 will be set aside for this purpose.
 - Local Plan Reserve- Following the changes announced by Government in relation to the Council's Local Plan requirements, further funding will be required to fund production of the required documents in the medium term. The Council's current Local Plan Reserve will be depleted by the 2014/2015 and therefore it is recommended that further contributions are made to fund these requirements going forward
 - Waste Management Reserve- Further investment is required in the waste management service going forward, particularly to fund increase requirements in service delivery created by new housing developments in the Borough.
 - City Deal Reserves- The Council will be required to make contributions towards the City Deal initiative The plans for these "Deals" are currently being drawn up and therefore it is proposed that a reserve is created to fund potential contributions going forward. An initial reserve of £50,000 is recommended and will be reviewed upon clarification on the City Deal proposals
 - Leisure Centre Reserve- It is proposed that any available savings continue to be transferred to the Leisure Centre reserve to fund the capital cost of this scheme and reduce the need for borrowing. This fund will also be used to cover any time lag in receipt of funds from the sale of the Bus Station site
 - Appeals Reserve – In order to ensure that funding is available for any large appeals that are approved by Planning Committee, an appeals reserve is recommended for approval.
- 3.7 Transfers from reserves to fund expenditure will continue to be made in line with the limits set out in the financial procedure rules and the annual reserves review will continue to be brought to full Council for approval.

4. FINANCIAL IMPLICATIONS [KP]

Contained within body of the report

5. LEGAL IMPLICATIONS [AB]

It is the responsibility of the S151 Officer under S26 and S27 of the Local Government Act 2003 to advise the Authority annually on the appropriate amount of reserves and to make recommendations on the Authority's strategy with regard to reserves

This proposal requires an amendment to the Financial Procedure Rules and as such requires 2/3rds majority at Council in favour of the recommendations.

6. CORPORATE PLAN IMPLICATIONS

The Council's governance arrangements are robust

7. CONSULTATION

Members of the Executive and Strategic Leadership Board have been consolidated in the contents of this report.

8. RISK IMPLICATIONS

It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report / decisions were identified from this assessment:

Management of significant (Net Red) Risks		
Risk Description	Mitigating actions	Owner
None		

9. KNOWING YOUR COMMUNITY – EQUALITY AND RURAL IMPLICATIONS

There are none.

10. CORPORATE IMPLICATIONS

By submitting this report, the report author has taken the following into account:

- Community Safety implications
- Environmental implications
- ICT implications
- Asset Management implications
- Human Resources implications
- Planning Implications
- Voluntary Sector

Background Papers: Statement of Accounts

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