

## **Appendix G – Reserves**

As at the 1.4.2010 the Council's General Fund (i.e. reserves that can be used against any activity) stood at £7.1m. This includes £0.6m for the risk fund as per the below.

As at month 9, the Council is forecasting an underspend against its revised budget of £0.4m. This will increase the level of general reserve if the underspend is at exactly this level by the end of the financial year.

As part of the proposals for the 2011-12 budget the Council is utilising £0.52m of the general reserve.

All these adjustments are included below:

As at 1.4.2010	Amount / £m
General Fund	6.52
Risk Fund	0.6
General Reserves as at 1.4.2010	7.12
Month 9 forecast position	0.39
Utilisation of general reserves for the 2011-12 budget	(0.52)
Anticipated general reserves as at 1.4.2011	6.99

### **Purpose of the General Fund**

The purpose of the general fund to act as a fund to be used in emergencies due to an outturn overspend and to protect council taxpayers from any steep rises in future Council Tax if the Council overspends against its budget.

The Council section 151 officer (the Head of Finance) recommends that the general reserve totals, as a minimum, 5% of the Council's net revenue expenditure plus £1m. As at the 1.4.2011, this would be a minimum reserve of £6.6m.

### **Risk Fund**

Within the general reserve of £7.1m, the Council has a risk fund of £0.6m. This reserve is set against specific risks for 2011-12, some of which are detailed below:

Service	Risk item	Potential liability / £m
Adult Social Care	Six further delayed discharges	0.15
Adult Social Care	Legal cases	0.27
Adult Social Care	Further numbers of 'capital	n/a

Children's service	depleters' in the ASC service. Further increases in child protection cases – requirement to increase establishment (two social worker posts)	0.08
Planning & Countryside	Additional pressure on Development control due to increased applications	0.02
<b>TOTAL</b>		<b>0.52</b>

If the risks above occur, then this will deplete the risk fund, assuming that every other Council budget breaks even.

If further risks emerge, and the Council overspends, then there will be a corresponding reduction to the Council's general fund. The Council faces a variety of other risk detailed in appendix H, the s151 officer statements.

### **Other reserves**

The Council has a variety of other reserves which are earmarked for specific purposes. The significant items are highlighted below

#### **Economic Downturn Provision: Funding of the 2011-12 savings proposals**

The Council has set aside £2m in the specific earmarked reserves to fund the savings proposals for the 2011-12 and 2012-13 budget proposals, as well as any excess exit costs from the impact of the emergency budget announced in June 2010.

At present, there is well in excess of £4m worth of staff related savings proposals in these two financial years. There is clearly going to be a significant exit cost relating to staff to ensure that the Council manages to achieve its savings proposals.

It is anticipated that this reserve will mitigate, as much as possible, the impact of any savings related costs to the Council over the short to medium term and so protect the Council's levels of general reserve to at least the minimum amount recommended by the s151 officer.

#### **Waste Management Reserve**

A fund helped to meet the revenue and capital costs associated with the Council's PFI arrangement for the provision of waste collection and disposal services. As at 31.3.2010 this stood at £2.4m.

#### **Long term commitments**

Funding specifically set aside for capital financing purposes; either funding for future capital schemes or financing costs for future principal payments on maturity loans.

A full list of the Council's reserves are disclosed in the Council's financial statements:

<http://www.westberks.gov.uk/CHttpHandler.ashx?id=25965&p=0>