



---

**To**            **Scrutiny Board 1**

**Date**        **6<sup>th</sup> February 2019**

---

**Subject**    **Reserve Balances**

---

1. The Scrutiny Board 1 work programme includes an item to review the position in relation to Council reserve balances. Information has been provided at Appendix 1 which shows balances for each individual reserve area over a three year period. These are listed in order of the size of balance in April 2018 (largest first). In addition a brief description has been provided for each balance.
2. The Council's total level of non-schools revenue reserves stood at **£66.8m** at 31<sup>st</sup> March 2018 and capital reserves were **£31.2m**. The Council is also required to account for **£24.6m** of reserve balances that belong to the city's schools or are funded from Dedicated Schools Grant and are therefore ring-fenced for schools usage.
3. There are several reserve balances that warrant initial coverage here due to their value.
  - In recent years the Council has implemented programmes of Early Retirement and Voluntary Redundancy to deliver the staffing savings required to balance the budget. A report to Cabinet in November 2015 identified funding for this purpose to cover future years including £12.5m of reserves. Of this total **£8.3m** remains uncommitted.
  - A further **£10.9m** of reserves are held to manage the cash-flow requirements of the financial models for the Council's 3 Private Finance Initiative schemes. These reserves will be used (and the balance will fluctuate) over the 25 year plus lifetimes of the schemes. As part of 2016/17 Budget Setting a decision was taken to utilise £1m per annum for the next ten or so years before then repaying these amounts over the remainder of the schemes' lifetimes.
  - Capital receipts (proceeds from the sale of capital assets) have been generated in recent years and these amounted to **£24.0m** at the end of 2017/18. These receipts have been programmed to fund a number of developments over the coming period including the Council's investment in the Friargate Joint Venture, the planned purchase of Binley Court and the loan arrangements in relation to Coombe Abbey Park Limited.
  - Capital Grant resources of **£7.2m** have been carried forward as reserve balances. These represent income received ahead of the need to spend them. However, the

resources will be required to fund the Council's existing expenditure plans and therefore these resources are committed.

Paul Jennings

Finance Manager Corporate Finance