



To: Finance and Corporate Services Scrutiny Board (1)
2020

Date: 15th September 2021

Subject: Reserve Balances

1 Purpose of the Note

- 1.1 The Scrutiny Board 1 work programme include an item to review the position in relation to the Council reserve balances. Information has been provided in an Appendix to this report which shows balances for each individual reserve areas over a three-year period. These are listed in the size of the balance in April 2021 (largest first) within categories. In addition, a brief description has been provided for each balance.

2 Recommendations

Members of Scrutiny Board are recommended to:

- 2.1 Note the contents of the presentation and the detailed reserves listing.
- 2.2 Identify any recommendations for the Cabinet Member (Strategic Finance and Resources)

3 Information/Background

- 3.1 The Council's total level of non-schools revenue reserves stood at £170.4m at 31st March 2021 and capital reserve were £26.5m. The Council is also required to account for £27.4m 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.

- 3.2 There are several reserve balances that warrant initial coverage due to their value.

- Reserve to fund Early Retirement and Voluntary redundancy costs resulting from programmes to deliver the staffing savings required to balance the budget. This stands at £9.3m currently.

- A further £11.2m of reserve are held to manage the cashflow 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 years 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 £24.7m at the end of 2020/21. These receipts have been programmed to fund several developments over the coming period include the Council's investment in the Friargate Joint Venture, and the capital investment for the City of Culture programme.

- There is a reserve to manage Business Rates volatility under the existing Business Rates Retention which is in place currently.

- 1.1.1 It should be noted that the Council's reserve balances include an extra-ordinary balance of £48m at the end of 2020/21. Government Covid Business Rates reliefs announced in

2020/21 had the effect of reducing the amount of Business Rates payable in-year causing a deficit within the Business Rates Collection Fund. Accounting rules mean that the corresponding grant (from Government) cannot be applied to the Collection Fund until 2021/22 and must be carried forward within General Fund reserves. This treatment will be common to all billing authorities across England. To ensure like for like comparisons this balance is treated as an extra-ordinary item here.

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