Coventry City Council

# Briefing note

**To: Finance and Corporate Services Scrutiny Board**

**Date: 9th September 2026**

**Subject: Reserves Balances 1st April 2026**

## 1 Purpose of the Note

1.1 The Finance and Corporate Services Scrutiny Board (1) work programme includes an item to review the position in relation to the Council reserve balances. Appendix 1 sets out reserve balances held on 1st April 2026 and is consistent with closing balances reported in the Revenue and Capital Outturn Report 2025/26. A brief description has been provided for each balance.

## 2 Recommendations

2.1 The Finance and Corporate Services Scrutiny Board (1) is recommended to:

1. Consider the contents of the briefing note, and the detailed reserves listing in Appendix 1 and Appendix 2.
2. Identify any recommendations for the Cabinet Member for Strategic Finance and Resources.

## 3 Information and Background

3.1 A significant proportion of the Council's reserves are ring-fenced, committed to specific purposes, held on behalf of schools, or restricted for capital expenditure and are therefore not available to support general budget pressures

3.2 At 1st April 2026, total Council revenue reserves were £145m and capital reserves were £79m. The Council is also required to account for £38m of balances that belong to the city's schools or are funded from Dedicated Schools Grant and are therefore ring-fenced for schools' usage. The total of all these reserves was £262m.

3.3 Appendix 1 shows all of the reserve balances as at 1st April 2025 and provides a narrative to the purpose and intended uses of these earmarked reserves.

3.4 There are several reserve balances that warrant specific mention due to their value.

- The **Adult Social Care** reserve represents the largest area of balances at £22m. These balances largely comprise ring-fenced health grant resources rolled forward through the Better Care Fund and Mental Health pooled budget arrangements. These resources are managed through the Adult Joint Commissioning Group.

- The **Financial Risk Contingency** was initially set aside during 2023/24 through the application of capital receipts under approved accounting flexibilities to enable some protection from future budget pressures. We have increased the balance of this by adding underspend from 2024-25 and 2025-26 outturn positions to ensure the Council has greater resilience against financial shocks. The balance of this reserve currently stands at £17m.

- The £12.2m **Commercial, Reset & Innovation** reserve is the combination of 3 reserves which were previously approved regarding Funding for the Future. These were Reset & Recovery (£5.4m), Innovation & Development (£4.3m) and Commercial Developments (£2.5m) and are specifically available for business case-based investment that supports future financial resilience, including internal transformation and strategic infrastructure where quantifiable financial benefits can be demonstrated.

- There is a reserve to manage **Business Rates** volatility under the existing Business Rates Retention scheme. This currently stands at £12m. Significant appeals and changes arising from the Government's business rates reset arrangements continue to justify maintaining a substantial reserve balance.

- **Early retirement and Voluntary Redundancy:** This is to fund Early Retirement and Voluntary redundancy costs resulting from programmes to deliver any staffing savings required to balance the budget. The most recent contribution was agreed as part of the 2018/19 Outturn report to Cabinet, with the balance at the April 2026 at £8m. The current financial climate supports the requirement for such reserves.

- **Management of Capital** resources is earmarked to support the approved Corporate Capital Programme and transformation, including project such as Very Light Rail and Woodlands School.

- **Public Health** Reserves, currently sitting at just over £5m are made up of a number of ringfenced government grants for delivery of Public Health functions.

- A further £4m 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 years plus lifetimes of the schemes. As part of 2016/17 Budget Setting a decision was taken to utilise £1m per annum for approximately ten years before repaying these amounts over the remaining life of the schemes.

3.5 In addition to these there are a number of service directorate and corporate earmarked reserves shown as 'other' in the reserve tables, these are primarily linked to grant schemes, smoothing reserves and technical items. A full breakdown alongside descriptions of all Other Directorate reserves above £100k have been provided in Appendix 2.

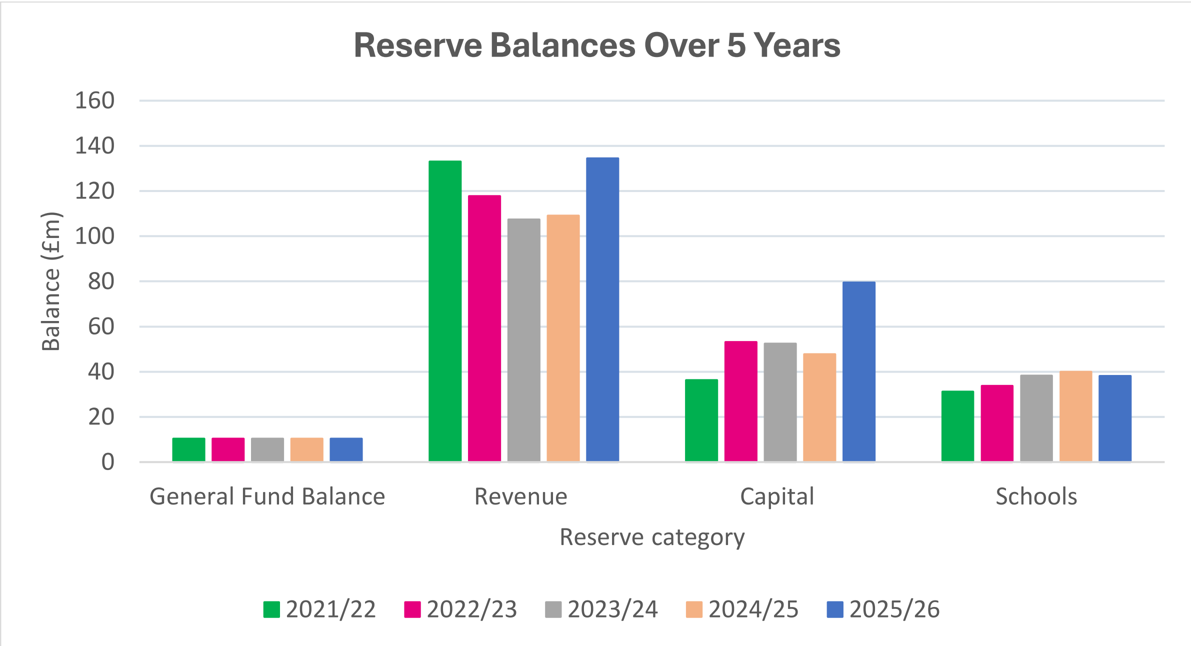
3.6 Capital Reserves relate to balances generated from capital receipts and capital grants to fund future capital projects. The balances can only be used on capital expenditure and reflect the decisions made as part of the Council's Corporate Capital Programme.

3.7 The Section 151 Officer must provide an assessment of the adequacy of reserves to support the Council's financial resilience, manage key risks and meet potential future liabilities. This assurance forms an important element of the budget proposals presented to Members each year.

## 4 Historic Reserve Balances

4.1 The chart below shows the balance of the key reserve categories over the last five financial years.

4.2 The General fund has remained stable. The Council were able to utilise other earmarked reserves to support the adverse outturn positions in earlier years while retaining the general Fund balance.




Appendices:
Appendix 1: Reserves descriptions and opening balance 2026/27
Appendix 2: Analysis of reserves categorised as 'Other Directorate' within the 2025/26 Outturn Report

**Tina Pinks**

**Corporate Finance Manager**