

REVENUE RESERVES 1st April 2017

The total General Fund Revenue Reserve balances at 1st April 2017 were £57.070m. This excludes Housing Revenue Account Reserves and School Balances, both of which are ring-fenced reserves not available for General Fund expenditure.

The General Fund Reserves balances are analysed as follows:

General Reserve £11.269m – working balance maintained to safeguard the Council against unforeseen events and potential financial risks beyond those for which specific reserves and provisions have been created.

Ring-Fenced: Revenue Grants £9.546m – represents revenue grants to be used to meet future spending plans appropriate to the terms and conditions of the grant.

Earmarked: Transformation £2.733m – to meet additional costs and/or liabilities in order to help bring about the Council's vision to be a modern, efficient council.

Earmarked: Furnished Homes £3.050m – committed to support the Revenue Budget and to meet capital financing costs in future years.

Earmarked: Insurance £0.350m –to cover claims incurred but not yet reported to the Council and not taken account of in the Insurance Provision.

Earmarked: Business Rates £4m – to mitigate residual risks relating to valuation appeals which have been lodged by businesses with the Valuation Office Agency but not yet assessed by the VOA.

Earmarked: Pensions £6m – to support current and future pension costs arising from actuarial valuation of the South Yorkshire Pension Fund including any impact of the EU referendum outcome on returns available through financial markets affecting the overall Scheme funding into the future

Earmarked: Private Finance Initiatives (Schools, Leisure and Waste) £14.163m – used to effectively manage the income, expenditure and grant profiles relevant to the schemes over the life of the contracts in line with the agreed finance and accounting models.

Earmarked: Services £5.959m earmarked to support the Revenue Budget on service specific items:

- Children & Young People Services - £3.290m
- Regeneration & Environment - £2.659m
- Adults, Communities & Health - £0.010m

In approving the Revenue Budget for 2017/18, Council agreed that an additional £10.467m of these reserves would be used to support the budget in 2017/18 beyond those previously planned.

This decision followed a review of all General Fund reserves and consideration given to use of reserves during 2017/18 to provide time for further action to be taken to deliver the substantial further savings required across 2018/19 and the medium term.

The proposed budget and MTFS for future years also included planned replenishment of these reserves over the medium term in order to secure the Council's ongoing financial stability and to provide the capacity for future budget planning choices or investment decisions.

The reserve balances of £57.070m is £2.753m more than had been anticipated at the time of setting the 2017/18 budget due to the 2016/17 financial outturn being more favourable than had been anticipated. Therefore the 2018/19 Budget does not include a replenishment of reserves in this year only resulting in savings that are £3m less than they otherwise would have been.

If the drawn down of reserves at the end of 2017/18 is as was planned when the Budget was set there will be approximately £42m remaining in General Fund Reserves including the minimum balance of £11m. This Budget identifies the potential requirement to use £6m of these reserves to manage budget risk in relation to social care demand in 2018/19 but also recognises the significant overall budget risk in relation to demand led services.

Given this risk, all remaining General Fund reserves are to be frozen pending a full review and report back to Cabinet once the financial outturn for 2017/18 is known and there has been a full assessment of options to address pressures. Exceptions to this are only allowable by virtue of there being a formal partnership agreement already in place and with the approval of the S151 Officer.