



SCRUTINY: FINANCE REVIEW GROUP

AGENDA ITEM 7

DATE OF MEETING: 22nd January 2013
REPORT AUTHOR: Head of Finance
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SUBJECT: Reserves

PURPOSE

1. To review the minimum level of reserves.

RECOMMENDATION(S)

2. Finance Review Group is recommended to consider the draft minimum reserve level as set out in Appendix A.

BACKGROUND

3. The Local Government Act 2003 requires the Chief Finance Officer's views on the necessary level of reserves to be reported to full Council as part of the budget process. The Chartered Institute of Public Finance and Accountancy (CIPFA) have added to this by recommending:

- A review of the level of earmarked reserves as part of budget preparation, together with estimates of the use of reserves in the forthcoming year;
- A statement from the chief financial officer 'on the adequacy of the general reserves and provisions in respect of the forthcoming year and the authority's medium term financial strategy'.
- A protocol for the management, control, and use of reserves.

REPORT

4. The draft report on the minimum level of reserves is attached as Appendix A. The budget risk management strategy is an integral part of this as it informs the assessment of the minimum reserve level. The protocol for the management, control and use of reserves was reported earlier in the year to the Review Group.

PROPOSAL/OPTION

5. That the Group give their views on setting the minimum reserve level.

LEGAL IMPLICATIONS

6. Reporting on the minimum level of reserves is a statutory part of the budget process.

FINANCIAL IMPLICATIONS

7. The consideration of the minimum level of reserves is an important part of budget setting.

APPENDIX

Appendix A - Draft Budget Risk Management Strategy and Minimum Reserve Level

LIST OF BACKGROUND PAPERS **LOCAL GOVERNMENT ACT 1972, SECTION 100D**

None