

## **SLOUGH BOROUGH COUNCIL**

**REPORT TO:** Cabinet **DATE:** 12 March 2012

**CONTACT OFFICER:** Julie Evans, Strategic Director of Resources and Regeneration  
**(For all enquiries)** (01753) 875300

**WARD(S):** All

**PORTFOLIO:** Leader of the Council and Commissioner for Finance and Strategy, Cllr Rob Anderson

### **PART I** **KEY DECISION**

#### **REVIEW OF RESERVES AND GENERAL FUND BALANCES**

##### **1 Purpose of Report**

To present to the Cabinet the outcome of the Section 151 officer's review of Reserves and General Fund Balances following the adoption of the Medium Term Financial Strategy on the 21<sup>st</sup> February 2012 and a review of committed expenditure for the year ended 31<sup>st</sup> March 2012 based on the known position as at the 31<sup>st</sup> January 2012.

##### **2 Recommendations/ Proposed Action**

The Cabinet is requested to resolve that:

- (a) The allocation of the initial £1.46m arising from 2011-12 planned savings programme as a contribution to General Fund Balances be agreed as a commitment to the long term financial sustainability of the council.
- (b) After the contribution to General Fund as detailed above, a further £685k arising from 2011-12 planned savings is allocated to earmarked reserves to fund the one off items approved by Council on the 22<sup>nd</sup> February be agreed.
- (c) Officers undertake a comprehensive review of provisions in the light of progress made during the year and provide recommendations for reallocation of any available resources arising as a result to the April Cabinet meeting.

##### **3 Supporting Information**

Members have adopted a rigorous approach to budget monitoring and early implementation of planned savings throughout the course of the year. The success in this area provides a one off opportunity to reallocate resources to priority areas.

In keeping with the medium term financial strategy and 12/13 budget agreed by Council on 22<sup>nd</sup> February, securing a greater level of safety net in the current economic climate is integral to our financial strategy. Adopting a risk based approach to increasing general fund balances in a planned way reflects best practice.

Where we identify a future requirement for a non recurring expenditure item, whilst there may remain some uncertainty around timing of expenditure, we can and should set aside funding to meet the obligation in the form of Earmarked reserves. Again, this reflects best practice.

Reviewing our provisions in the light of actual events is key and the resolution of the Councils Equal Pay Claims in the current year following the successful implementation of Job Evaluation in 2009 is a good example of the need to rebase our provisions on a timely basis to meet the ongoing needs of the organisation.

Resources identified as a result of the above exercise will be reported to the next cabinet meeting along with recommendations for allocating any further one off funding on an equitable basis to areas that most meet the needs of our local community.

#### 4 **Community Strategy Priorities**

Priorities:

- Economy and Skills
- Health and Wellbeing
- Regeneration and Environment
- Housing
- Safer Communities

Cross Cutting themes:

**Civic responsibility** - the part that residents can play in delivering the Strategy and in improving Slough for the benefit of everyone.

**Improving the image of the town** – The report will contribute to improve the image and promote the many benefits of living and working in Slough through supporting the future financial stability of the Council.

#### **Joint Strategic Needs Assessment (JSNA)**

This report is aimed to increase the financial sustainability of the authority and therefore provides safeguarding of future years' funding requirements for the creation and development of healthy and sustainable places and communities.

#### 5 **Other Implications**

##### (a) **Financial**

This report provides certainty over financial sustainability by asking Cabinet to approve a route of funding to increase the General Fund Balances and set aside adequate reserves to fund agreed one off investment in 2012-13. This report also provides transparency over how increases to General Fund Balances and earmarked reserves will be funded.

(b) Risk Management

<b>Risk</b>	<b>Mitigating action</b>	<b>Opportunities</b>
Legal	None	
Property	None	
Human Rights	None	
Health and Safety	None	
Employment Issues	None	
Equalities Issues	None	
Community Support	None	
Communications	None	
Community Safety	None	
Financial	See Section 5 above	
Timetable for delivery	See Section 6 below	
Project Capacity	See Section 6 below	
Other	None	

(c) Human Rights Act and Other Legal Implications

There are no human rights implications

(d) Equalities Impact Assessment

This report has been drafted in line with the Section 149 of the Equality Act 2010 public sector equality duty.

**6 Additional Information**

**6.1 General Fund Balance and Earmarked Reserves**

The table at 6.4 shows reserves approved by Council on the 22<sup>nd</sup> February. Cabinet are asked to note the approved increase of General Fund Balance from £6.384m to £7.500m and the increase in earmarked reserves of £685K to fund future commitments.

**6.2 Further Allocation**

In the event further savings are secured in the 2011-12 budget increasing the sum available to be reallocated during 2012-13 it will be presented to Cabinet on the 16<sup>th</sup> April for allocation to Community Schemes on the basis of priority.

### 6.3 Timetable

<b>Date</b>	<b>Action</b>
12 <sup>th</sup> March	Cabinet consider method for allocation of additional 2011-12 resources
12-31 <sup>st</sup> March	Review and modelling of current year expenditure and liabilities so that any additional resources for allocation or in year liabilities are identified.
1-16 <sup>th</sup> April	Resource for allocation assessed and additional investment items costed.
16 <sup>th</sup> April	Report taken to Cabinet for approval of additional investment items

## 6.4 General Fund Reserves table

<b>SLOUGH BOROUGH COUNCIL</b>						
<b>General Fund Reserves</b>						
					*Subject to review in Nov 2012	
	2011/12			2012/13	2013/14	2014/15
	Committee Approved	Jan 12 Position	Projected Position	Projected Position	Projected Position	Projected Position
	£'000	£'000	£'000	£'000	£'000	£'000
<b><u>General Fund Balance</u></b>						
Balance as at 1st April	5,388	6,384	7,500	8,000	8,000	8,000
Planned Contribution to/(from) Revenue Account						
<b>Balance as at 31st March</b>	<b>5,388</b>	<b>6,384</b>	<b>7,500</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>
<b><u>Earmarked Reserves</u></b>						
<b><u>Miscellaneous Reserves:</u></b>						
LABGI	0	192	192	0	0	0
Contingencies	1,000	730	1,000	750	500	500
Berkshire Liabilities	400	440	400	200	100	0
Future Debt & Cap reqmnts	3,096	4,016	3,497	3,000	1,500	1,500
Stat Prop Funct & Landlord duties	300	605	300	300	300	300
Financial System Upgrade	200	300	400	0	0	0
PFI Unitary	1,407	1,498	1,498	1,498	1,498	1,498
Harmonisation	250	400	50	0	0	0
LSP Management	0	16	16	0	0	0
Economic Risk and Transformation	500	2,699	3,000	3,000	2,000	1,000
Learning Disability Transfer	0	113	158	750	1,500	0
Organisational Change	0	750	1300	750	750	750
ECS Social Workers Laptop	0	30	30	0	0	0
Berkshire SRG	0	156	156	156	0	0
School Places	300	530	530	530	530	0
Looked After Children	0	646	0	0	0	0
Heathrow rail link reserve	0	30	105	105	105	105
Events	0	30	30	30	30	30
Community Cohesion	0	75	0	0	0	0
Safeguarding and Adoption	0	0	190	190	0	0
Alley gating reserve	0	0	90	60	30	0
Organic Income	0	0	35	0	0	0
Concessionary Fares	0	0	100	0	0	0
Waste Disposal	0	0	150	0	0	0

	2011/12			2012/13	2013/14	2014/15
	Committee Approved	Jan 12 Position	Projected Position	Projected Position	Projected Position	Projected Position
Information Governance	0	0	50	0	0	0
GIS	0	0	75	0	0	0
Increased collection	0	0	120	0	0	0
Traffic Signals energy	0	0	65	0	0	0
<b>Total Miscellaneous Reserves</b>	<b>7453</b>	<b>13256</b>	<b>13537</b>	<b>11319</b>	<b>8843</b>	<b>5683</b>
<b>Grants Reserves:</b>						
Community & Wellbeing	0	148	0	0	0	0
Ed & Ch Schools - Oracle	0	0	0	0	0	0
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Education & Children	0	314	0	0	0	0
Green & Built	0	360	0	0	0	0
Resources & Regeneration	0	285	0	0	0	0
Improvement and Development	0	34	0	0	0	0
<b>Total Grants Reserves</b>	<b>0</b>	<b>1,141</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Housing Benefits	0	394	394	394	394	394
Department Services	0	0	0	0	0	0
Capital Reserves	0	1,287	1,053	1,053	1,053	1,053
Insurance Reserves	375	516	750	750	750	750
<b>Total Earmarked Reserves</b>	<b>7828</b>	<b>16594</b>	<b>15734</b>	<b>13516</b>	<b>11040</b>	<b>7880</b>
Trading Accounts	85	0				
<b>Total General Fund Reserves</b>	<b>13301</b>	<b>22978</b>	<b>23234</b>	<b>21516</b>	<b>19040</b>	<b>15880</b>

## 7 Conclusion

Cabinet will recall the Council's firm commitment not only to increasing balances but also to investing in Community schemes which will benefit the taxpayer. This report sets out a method for identifying and applying any 2012 unallocated resources and ensuring financial sustainability.

## 8 Background Papers

'1' - Medium Term Financial Strategy

'2' - Performance and Finance Report to Cabinet for 12 March 2012