

Reserves Survey

Purpose of report

For information.

Summary

This report summarises a survey on reserves which has been sent to LGA member councils.

Recommendation

That members note that the reserves survey has now been forwarded to member councils.

Action

Officers to report the results of the survey to this Panel.

Contact officer: Mike Heiser

Position: Senior Adviser (Finance)

Phone no: 020 7664 3265

E-mail: mike.heiser@local.gov.uk

Reserves Survey

Background

1. The position on the level of local government reserves has been commented on by Ministers from the Department for Communities and Local Government (DCLG). In addition an Audit Commission report which was published in December 2012 considered both the level of reserves and wider issues.
2. In short, councils had around £16 billion in non-schools revenue reserves on 31 March 2012. £12 billion of this is earmarked.
3. Previous work from the LGA, and the Audit Commission, has identified that the many earmarked reserves are held for capital purposes. LGA press work last Autumn concentrated on how this is contributing to growth.
4. A report from the National Audit Office on the Financial Sustainability of Local Authorities is expected at the end of January 2013. Drafts seen by LGA officers suggest that this will include information on the use of and level of reserves in 2010/11 and 2011/12.

Survey

5. Councils report basic information on reserves, such as the split between non-earmarked and earmarked reserves to DCLG on both their budget (RA) and outturn (RO) expenditure returns. The level of schools reserves is also reported. However there is no systematic collection of further information, such as the purposes for which earmarked reserves are held.
6. The LGA has therefore circulated a survey to Directors of Finance / Treasurers in member councils, which is included as **Appendix A** to this report. This is aimed, in particular, at finding out:
 - 6.1. How much of authorities' revenue reserves are earmarked for growth purposes.
 - 6.2. How much of earmarked reserves could be reallocated to other purposes – and what the effect would be.
 - 6.3. What authorities predict their reserves will be at the end of the financial years 2012-13 and 2013-14.
 - 6.4. Information on any usable capital reserves.

Conclusion and next steps

7. Officers in the LGA's research section have been responsible for drafting the survey and will analyse the results. A report summarising early findings will be circulated to the Finance Panel once the survey is completed. The results will be used to inform

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LGA comment around the NAO report, 2013/14 budget setting and other relevant work, and potentially our submission to the 2015-16 Spending Review.

Financial Implications

8. This is core work for the LGA and will be contained within existing budgets.