

LGA survey of local authority reserves 2013

Dear Colleague,

In his Oral Statement on the local government finance settlement on December 19th, the Secretary of State for Communities and Local Government asserted that “councils are sitting on £16 billion of reserves”. With the Chancellor having indicated in the Autumn Statement on December 5th that detailed public spending plans for 2015-16 will be set out in a Spending Review to be called early in 2013, we believe that there is an urgent need to set the record straight on local authority reserves and their capacity to be used to plug future funding gaps.

We would therefore be very grateful for your help in building as complete an evidence base as possible to make our case by completing the attached survey by **22nd January**.

[link to survey to come]

We recognise that there are many demands on your time at the moment, so have tried to make this survey as easy to complete as possible. We apologise for the short timescale, but we believe that the sector needs to be in a position to feed in to the Government’s deliberations on the Spending Review as early as possible. Your response will be treated in confidence and no identifiable response will be published without prior permission. Please feel free to forward the survey to a colleague if you don't think you are the most appropriate person.

If you have any questions about the survey please contact stephen.richards@local.gov.uk.

Thank you in anticipation of your help.

Yours sincerely,

Carolyn Downs
Chief Executive
Local Government Association

Notes

The first three sections of the survey relate to revenue reserves only, and the last refers to capital reserves only.

School reserves are outside the scope of the survey.

Definitions of revenue reserves are taken from the 2012/13 RA return (as follows)

Total reserves

All revenue reserves of the authority. Include former special and capital funds; earmarked reserves; reserves Trading Accounts; Exclude schools’ reserves, pension fund reserves; HRA balances; provisions; amounts set aside to meet credit liabilities; unused capital receipts; Collection Fund balances (of billing authorities).

Earmarked reserves

Only amounts contributed from the GFRA. Exclude any unapplied capital receipts which may also be held in these funds, as well as amounts earmarked for future council tax reduction or budget support.

Unallocated reserves

Those revenue reserves which have not been earmarked. The working balances of the authority which are used to cover cash flow, and are available for emergencies only. Amounts 'earmarked' for future council tax reduction or budget support.

Authority details

[Authority and contact details pre-populated]

The base information on revenue reserves for this survey is from CLG's RO/RA returns:

Your authority's revenue reserves at 31st March 2012 (from 2011/12 RO)

Earmarked £___ thousands

Unallocated £___ thousands

Total £___ thousands

Your authority's estimated total revenue reserves at 31st March 2013 (from 2012/13 RA)

£ ___ thousands

[Above will be pre-populated]

REASONS FOR HOLDING REVENUE RESERVES

1. How much of your authority's revenue reserves at the end of the year (31st March 2012 RO) were earmarked for growth purposes, e.g. housing or infrastructure projects, business development?

Please exclude school reserves.

£_____ thousands

Don't know

2. Please provide brief details of any specific growth-related projects for which your authority is holding revenue reserves.

[open text]

3. How much of your authority's revenue reserves at the end of the year (31st March 2012 RO) were earmarked for capital purposes?

Please exclude school reserves.

£___ thousands

Don't know

4. How much, if any, of your authority's revenue reserves at the end of the year (31st March 2012) could potentially be used for other purposes, i.e. were not totally committed?

Please exclude school reserves. Enter '0' if none.

£_____ thousands

Don't know

[If Q4>0]

5. Please briefly describe any effect(s) on your authority of re-allocating the earmarked revenue reserves identified in the previous question for other purposes?

[open text]

2012/13 REVENUE RESERVES

6. What do you currently estimate the level of your authority's total revenue reserves will be at 31st March 2013?

Please exclude school reserves.

£_____ thousands

Don't know

[If Q6 different 2012/13 RA]

7. Please briefly explain why your current estimate differs from the 31st March 2013 figure given in the 2012/13 RA.

[open text]

[If Q6 different from 2011/12 RO]

8. Please indicate the reason(s) for the change in the level of your authority's revenue reserves between 31st March 2012 and 31st March 2013.

Tick all that apply.

Uncertainty about business rates

Uncertainty about council tax support

Uncertainty about welfare reform

New Homes Bonus funding

Community Infrastructure Levy funding

Income from other specific grants

Reaching savings targets ahead of schedule

Social care pressures

Other (please specify)

2013/14 REVENUE RESERVES

9. What do you anticipate the level of your authority's total revenue reserves will be at 31st March 2014 relative to your current estimate for 31st March 2013

[Q6]?

Please exclude school reserves.

Much higher

A little higher

Broadly unchanged

A little lower

Much lower

Don't know

[If Q9 higher or lower]

10. Please briefly explain why you anticipate your authority's total revenue reserves being higher/lower at 31st March 2014 than at 31st March 2013.

[open text]

CAPITAL RESERVES

11. What was the level of your authority's usable capital reserves at 31st March 2012?

Please exclude school reserves.

£_____ thousands

Don't know

12. What do you currently estimate the level of your authority's usable capital reserves will be at 31st March 2013?

Please exclude school reserves.

£_____ thousands

Don't know

13. Please add any other comments you have on the topics covered by this survey.

[open text]

Thank you for your help.