

## **Reserves Survey**

### **Purpose of report**

For information and discussion.

### **Summary**

This report summarises the results of a survey on reserves which was sent to LGA Member councils.

### **Recommendation**

That Members discuss the reserves survey findings and how the results should be released.

### **Action**

Officers to continue to report to the Finance Panel.

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## **Reserves Survey**

### **Background**

1. Members will recall that the LGA sent a survey on reserves to member authorities in January 2013. This follows comment recently, both from the Department for Communities and Local Government (DCLG) Ministers and in an Audit Commission report which was published in December 2012 and the National Audit Office (NAO) at the start of February 2013.
2. In short, councils had around £16bn in non-schools revenue reserves on 31<sup>st</sup> March 2012. £12bn 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.

### **Survey**

4. 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. However, there is no systematic collection of further information, such as the purposes for which earmarked reserves are held.
5. The LGA therefore circulated a survey to Directors of Finance / Treasurers in member councils. This was aimed, in particular, at finding out:
  - 5.1. How much of authorities' revenue reserves are earmarked for growth purposes.
  - 5.2. How much of these reserves could be reallocated to other purposes – and what the effect would be.
  - 5.3. What authorities predict their reserves will be at the end of the financial years 2012-13 and 2013-14.
  - 5.4. Information on any usable capital reserves.

### **Results**

6. A full written report will be tabled at the Finance Panel meeting which will include the survey results.

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**Conclusion and next steps**

7. LGA Chief Executive Carolyn Downs referred to the survey during her evidence to the Public Accounts Committee on 25 February. However, so far we have not published the results. There has been some interest in the survey from the local government press.
8. Members are invited to discuss the findings and how the results should be released, noting that they will fit into the LGA's on-going work on the Spending Round and financial sustainability.

**Financial Implications**

9. This is core work for the LGA and is contained within existing budgets.