

## Report to Cabinet



Date of Meeting	25 <sup>th</sup> February 2021
Portfolio	Cabinet Member for Corporate Delivery
Report Author	Julie Murphy
Public/Private Document	Public

### Local Government Act 2003

#### Executive Summary

1. It is a legal requirement under Section 25 of the Local Government Act 2003 for this report to be presented to Council for consideration immediately prior to setting the Budget and Council Tax. The recommendations aim to ensure that Council is aware of the opinion of the Chief Finance Officer regarding the robustness of the budget as proposed and the adequacy of general balances and reserves. This report will outline the robustness of the budget, the key risks and the level of reserves to support the Council's financial resilience.

#### Recommendation

2. It is recommended that:
  - 2.1 The content of the report be considered prior to the approval of the Revenue and Capital Budgets, and Members endorse the approach to General balances included in the report.
  - 2.2 Council approves that the General Fund Balances for 2021/22 be set at £17m.

#### Reason for Recommendation

3. In order to comply with the Local Government Act 2003 the Chief Finance Officer is required to provide Council with an opinion as to the robustness of the Budget being presented to Council and to ensure the adequacy of general balances and reserves. The Chief Finance Officer reports formally on the following issues:
  - a) An opinion as to the robustness of the estimates made and the tax setting calculations.
  - b) The adequacy of the proposed financial reserves.

- c) Consideration of the overall affordability of the capital programme when determining the prudential indicators.
- d) The production of longer-term revenue and capital plans.

The Council is required to take account of this report when determining its budget.

<b>Key Points for Consideration</b>
-------------------------------------

4. **Alternatives Considered**

4.1 The conclusions of the report are that the proposed budget is robust and that the proposed level of general balances and reserves are adequate. An option to reduce the level of balance/reserves is not recommended given the risk assessment outlined in this report.

4.2 **Robustness of Estimates**

4.2.1 **Estimate Procedures and Processes**

In giving a positive opinion on the robustness of the estimate process reliance is placed on the Council's overall arrangements for financial management detailed in Appendix 1. These include the Medium Term Financial Strategy, the Capital Investment and Disposal Strategy, the process for financial forecasts and developing medium term revenue and capital plans, the approach to financial risks and arrangements for in-year monitoring of budgets. Account is also taken of the assessment of the External Auditors as part of the annual audit opinion. I can confirm that in my view the Council has robust procedures in place.

4.2.2 **Determination of the level of resources available**

Revenue resources for 2021/22 are based on the Final Local Government Finance Settlement announced in February 2021. The 2021/22 settlement is a one-year settlement, ahead of an expected multi-year Spending Review in 2021.

It is difficult to forecast the longer-term impact on the Council's funding of the move to 75% Business Rates Retention and the impact of funding reforms due from 2022/23. The MTFs assumes that any impact of these reforms will be neutral, taking account of the potential level of funding for local government and the transitional arrangements expected to be put in place.

The capital budget is a five year programme. The Capital budget is funded from a number of sources: borrowing, capital receipts, revenue contribution to capital outlay and external funding/ contributions. Borrowing has an implication for the Council's Revenue budget as the Council has to make provision to repay the cost of borrowing. As the cost of the proposed Capital programme is greater than the capital receipts and external funding available, borrowing is required to fund the difference. The Capital Investment and Disposal Strategy has reference to longer term capital

investment discussed in 5 year blocks. As the years move forward and projects become confirmed, the actual costs will be included within the programme and their borrowing requirements will be aligned with the revenue spend projections and the Treasury Management Strategy.

The Chief Finance Officer will make use of the most cost effective sources of capital funding, before borrowing

Revenue and Capital budget plans are subject to an ongoing review to ensure that forecasts of resources remain robust and can support planned levels of expenditure.

The Council plans to increase Council Tax in 2021/22 by 4.99% , including an increase of 1.99% for the General Purposes and 3% Adult Social Care Precept. For future years a 1.99% increase in General Council Tax, with no further Adult Social Care Precept has been assumed for planning purposes only.

This is in line with the Medium Term Financial Strategy and excludes precepts from the Greater Manchester Mayoral precepts for Police and Crime Commissioner and General Purposes (including Fire Services).

#### 4.2.3 **Affordability of Spending Plans and the implications for Council Tax Increases**

There are a number of factors that need to be taken into account in considering the affordability of the Council's spending plans:

- a) The level of Council Tax increase should be acceptable locally and nationally. Central Government sets Council Tax referendum limits each year. The 2021/22 referendum limit for General Council Tax is 1.99%.

The Government announced in the Local Government Finance Settlement that it would enable councils to raise a 3% Adult Social Care Precept in 2021/22.

- b) The level of Council Tax for 2022/23 and 2023/24 will need to be reviewed in line with Government referendum principles before any final decision is made as part of the 2022/23 and 2023/24 budget setting process. If the Government were minded to increase the referendum limit by 1% above the current limits in 2022/23 this would generate a further £0.9m for the Council.
- c) The Council has significant financial pressures in future years from the continued reduction in Government funding and increases in both the costs of and demand for services.
- d) It is important that the level of savings is achievable and that the proposals put forward will deliver savings to support the Council's spending plans. The 2021/22 funding gap has been managed

through budget realignment, review of corporate budgets, saving proposals and use of one off resources from Central Government.

- e) To manage financial risk and ensure budgets are robust at service level all directors have received early notification of their proposed budget allocation. The notification sets out the level of base budget, based on their 2020/21 revised budget plus allocations for inflation in line with budget policy, growth, and reductions for saving proposals. Directors have been asked to review the budget provision and formally sign off the budgets for 2021/22. All Directors have signed off their budgets. It is noted that the sign-off forms are at a point in time, and are subject to decisions by Council that may impact on a services spending power together with caveats around technical accounting entries which will not impact upon service spending power.
- f) The affordability of the budget has to take account of financial risks and the actions that can be taken to mitigate that risk. There are a number of risks in the 2021/22 to 2023/24 budgets which are set out below.

### 4.3 **Key Budget Risks**

No budget is without risks, particularly given that it is a forecast of spending for a period which ends over 12 months after its approval. Throughout the budget process, financial risks are identified and actions developed to manage those risks. In-year budget monitoring is underpinned by an analysis of risk. When setting the budget, the total level of risks and potential financial exposure are assessed and taken into account when setting a prudent level of balances. Appendix 2 sets out the risk assessment for the 2021/22 budget.

The key risks provided for in General Fund Balances are:

#### 4.3.1 **Business Rates**

##### **Impact of the Valuation Appeals**

There has been uncertainty as to projecting business rates for future years as appeals against the valuations are treated as part of the normal volatility of the rating list and will therefore impact on local authority budgets. Most disputes between businesses and the Valuation Office (VOA) are dealt with through a check, challenge and appeal process, resulting in changes appearing on the billing list making the forecast of business rates income more volatile.

There is a risk to the Council that the number of appeals upheld will impact on the Business Rates generated by the Council and under 100% retention this risk will be borne by the Council, impacting on future years levels of resources. There are also a number of national litigations in progress which

could impact on future years' Business Rates if judged in favour of businesses.

#### **4.3.2 Business Rates Projections**

The Business Rates resources included in the budget are based on current levels of properties, known trends in relation to empty properties and changes both up and down during the year for property rateable values. These have been reviewed in the light of the pandemic. There is a risk to the Council as any changes to the rateable value of a business property affects the income collected for current and future years.

Other factors contributing to the risks are :

- Business Rate growth assumed in may not materialise.
- The actual levels of Business Rates income collected throughout the year may have significant variations, particularly following the pandemic, and will have a direct impact on the Council's resources.
- There may be significant volatility in the amount of resources available from one year to the next due to the uncertainty around collection and appeals.

#### **4.3.3 Council Tax**

Following the pandemic the estimated level of Council Tax income has been reviewed. Nevertheless there remains a risk that the ongoing impact of the pandemic will affect the achievement of Council Tax income, due to the potential impact of:

- Council Tax collection rates.
- The take up of the Local Council Tax Support Scheme.
- The projected number of new properties to be built in the borough.

#### **4.3.4 Local Government Funding Reforms**

The Local Government Finance Settlement 2021/22 is a one-year settlement, ahead of an expected multi-year Spending Review in 2021.

There were multiple reforms scheduled for 2021/22 that have a significant impact on local authority funding, including the Fair Funding Review, the Business Rates baseline reset and the move to 75% Business Rate Retention. These reforms have been delayed and are now due to be introduced in 2022/23, although they may yet be further delayed due to the pandemic.

The Medium Term Financial Strategy assumes that any impact of these reforms will be neutral, taking account of the potential level of funding for local government and the transitional arrangements expected to be put in place.

#### **4.3.5 Demand for Services/Budget Pressures**

The Council's Place Plan highlights that residents are living longer but compared to the rest of England and Wales we live shorter and less healthy lives. In some parts of our borough there is a 10 year<sup>1</sup> difference in life expectancy when comparing our most deprived areas to our more affluent. A key pressure on services is the increasing demand for adult social care and health services for the most vulnerable and deprived residents. Improvements in delivery of these services are a priority for the integration of social care and health services through the Pooled Fund. It is, however, unclear whether resources allocated to our Council will be sufficient to cover additional burdens and pressures in future years.

Children's Services are facing financial pressures, primarily due to an increase in both staffing requirements and external placements, arising from increased numbers of Cared for Children. This is consistent with a national trend. Due to the increased demand for placements nationally the market is volatile and prices are continually increasing.

#### **4.3.6 Ongoing Covid pressures**

The pandemic has placed additional pressures on Council services. Although the government has provided additional funding to offset many of these pressures in the short-term, the ongoing impact of the pandemic and the continuation of government funding in the medium-term are uncertain. Due to this uncertainty, the levels of reserves have been reviewed and reserves have been repurposed/established for the potential long-term financial impact of Covid should these pressure arise over and above those assumptions within the MTFS.

#### **4.3.7 Pension Guarantees**

The Council guarantees the pension contributions to the Greater Manchester Pension Fund for a number of organisations where services have been transferred from the Council to an external party. The Council works very closely with these organisations to ensure the risk to the Council of having to pay these pension contributions is minimised.

#### **4.3.8 Litigation Claims**

As Local Authorities funding is cut and service provision is therefore reduced there is an increased risk to the Council of Litigation.

#### **4.3.9 Loans to third parties**

---

<sup>1</sup> Place Plan (for the Borough) 2016-21

The Council has made a number of loans to third parties. There is a risk to the repayment of these loans if the third parties were to be in financial difficulty due to the ongoing economic impact of the pandemic

#### **4.3.10 Commercial Activity/Treasury Management**

The Council receives income from its commercial investment portfolio. Commercial property income is subject to market forces and therefore there is a risk that this income could decrease, particularly following the pandemic. The Council maintains a reserve in order to mitigate future reductions in income, and also manages its investment activities in accordance with robust performance and risk procedures as detailed in the Capital Investment and Disposal Strategy.

Treasury Management income and the costs of borrowing places a level of risk and uncertainty on the overall budget that supports cash flow activities. Additional work has been undertaken during budget setting to review the assumptions contained within treasury management forecasts. These will however be subject to changes within the wider money markets and the commercial climate that influences the rates available to the council for borrowing and investment.

Uncertainties impact of Brexit and the pandemic will continue to contribute to the possibility of sharp changes in market sentiment and increased volatility. The Credit Ratings of the banks Rochdale Council invests in are reviewed on a weekly basis with our External Consultants. There is an inherent risk around Treasury Management activity, the mitigation against this is covered in the Treasury Management Strategy.

#### **4.3.11 Saving Proposals**

The savings programme includes a number of saving proposals where implementation maybe delayed or the proposal may not be achieved.

### **4.4 Advice on the level of general balances**

General balances are held as a contingency against risks not provided for in the Council's financial plans or other reserves and provisions. The level of balances, reserves and provisions are assessed annually to ensure they are adequate and take account of known financial risks. This is achieved by considering the 'potential exposure' from the risk. Account is also taken of the likelihood of this exposure happening. An amount is also included for specific contingencies and emergencies. This is not a precise science and local circumstances, the strength of financial reporting arrangements, and the Council's track record in financial management will also be a key influence on the actual potential of any risk materialising.

Appendix 2 sets out the Council's general financial risks in 2021/22 with a potential exposure liability where appropriate. The net value of the potential exposure is £17m.

Based on the risk assessment, the Council's general balances are sufficient to meet potential risks, but there is no spare capacity in the required level of balances. If all the potential risks were to materialise it would have a significant impact on the level of general balances available during 2021/22 and later years. Should any of these risks materialise Council will be kept informed of the implications.

#### **4.5 Advice on the level of earmarked reserves**

As part of the work undertaken to address the budget gap a review of provisions, reserves, grants and balances has been undertaken during the course of the budget setting process.

The pandemic has resulted in pressure on the Council's levels of income, in particular income from Business Rates, Council Tax and Manchester Airport. The Council has developed a strategy to utilise its reserves in order to balance the budget. The reserves strategy includes a repayment plan to recover the level of the reserves, to ensure that reserves are available to meet their original purpose and the authority remains a going concern.

All remaining reserves are currently either appropriate for the purpose they were set up for and at the level required, or processes are in place to monitor levels and action plans are in place to address any specific issues. We will continue to review and challenge reserves as part of the on-going budget process.

An analysis of the earmarked reserves held by the Council is provided in Appendix 3.

#### **4.6 Prudential Code**

The Prudential Code requires the Chief Finance Officer to ensure that all matters required by the Code are taken into account in determining the budget and are reported to Budget Council. In summary the objectives of the code are to:

- Demonstrate the affordability of capital expenditure plans.
- Ensure prudent external borrowing levels.
- Verify that treasury management decisions are taken in accordance with good professional practice.
- Underpin the accountability and transparency of an authority's capital investment planning processes.
- Support effective option appraisal, asset management planning and capital strategies.

These objectives are to be demonstrated by the following indicators which are set out in the code:

- Ratio of Financing Costs to Net Revenue Stream.
- Impact of Capital Investment Decisions on Council Tax
- Levels of Capital Expenditure.
- Level of Capital Financing Requirement.
- Limits on Gross External Debt.

- Limits on Interest Rate exposures.
- Limits on Maturity Structure of Fixed Rate Borrowing.
- Limits on investments for a year and beyond.

The indicators and limits calculated under the Code are detailed in the Treasury Management borrowing and investment strategies for 2021/22, and will be considered by Cabinet on 25<sup>th</sup> February 2021. The Code gives no suggestions as to their appropriate level; these have to be set by the authority itself based on individual circumstances.

The conclusions of the borrowing and investment strategies and the indicators set as part of that strategy are that capital expenditure plans are resourced and levels of borrowing are prudent in relation to the Council's income and assets. Treasury management practice is audited regularly and has received a level one audit opinion since 2006/07. This provides assurance that the principles of the code and best professional practice are being applied in relation to operational processes and procedures for borrowing and investment.

#### **4.7 Conclusion**

Based on the assessment included in this report I have concluded that the budgets as proposed and the associated systems and processes are sound and the level of general balances/ reserves are adequate.

Based on the Cabinet's recommended budget it is my view that the estimates proposed and the tax setting calculations are robust, that reserves are adequate and the provisional capital programme is affordable. All budget amendments submitted will need to be reviewed to ensure they do not alter this view

<b>Costs and Budget Summary</b>
---------------------------------

5. See the main body of the report.

<b>Risk and Policy Implications</b>
-------------------------------------

6. See the main body of the report.

<b>Consultation</b>
---------------------

7. Not appropriate. It is the statutory responsibility of the Chief Finance Officer to advise Council on the adequacy of reserves and robustness of the budget.

<b>Background Papers</b>	<b>Place of Inspection</b>
--------------------------	----------------------------

8. Not applicable	
-------------------	--

<b>For Further Information Contact:</b>	Julie Murphy, 5174 julie.murphy2@rochdale.gov.uk
---	---

## ROBUSTNESS OF THE ESTIMATES MADE FOR THE PURPOSES OF THE BUDGET

### 1. Introduction

Part 2 of the Local Government Act 2003 introduces a requirement for the Chief Finance Officer to report upon the robustness of the estimates made for the purposes of the budget and tax setting calculations and the adequacy of the proposed financial reserves.

### 2. Budget Strategy

The Council's overall framework for its medium term budget is contained in the Medium Term Financial Strategy. The strategy is subject to six monthly review. The strategy provides for a Council wide involvement in supporting an integrated approach to the preparation of soundly based capital and revenue plans and associated strategies for managing risk and internal control.

The strategy ensures effective finance management and governance.

### 3. Budget & Tax Setting Process

The annual budget preparation and tax setting process involves the development of robust medium-term revenue forecasts and capital plans in the context of the budget strategy and in the light of judgements made regarding the need to restrict the increase in Council Tax levels.

Budget guidelines and a timetable to govern the process were prepared in consultation with services prior to approval by Cabinet in July 2020. They address issues such as service levels and improvement, pay and price inflation, fees and charges, external funding and consultation.

During the budget process consultation has taken place with stakeholders and the public, the outcome of which were reported to Cabinet on 25<sup>th</sup> February 2021. Issues relating to the budget and tax setting have been subject to scrutiny at meetings of the Corporate Overview and Scrutiny Committee during the year.

The Council Tax Base 2021/22 as approved by Council on 16<sup>th</sup> December 2020, as well as the draft Business Rates Base 2021/22. Council 16<sup>th</sup> December 2020 approved that the Chief Finance Officer, in consultation with the Cabinet Member for Finance, to be authorised to conclude and agree the final Business Rates base.

After taking account of feedback during the budget process, Cabinet on 25<sup>th</sup> February 2021 may approve the Budget and Council Tax for consideration by full Council on 3<sup>rd</sup> March 2021.

#### **4. Capital Programme**

Affordability of capital expenditure plans is important in determining the overall robustness of the budget and adequacy of reserves to deal with potential variations. Wider Leadership Team, Strategic Asset Management (SAM) Group, and Operational Asset Management (OAM) Group oversee the preparation of the draft capital budget including prioritisation of capital schemes and correct phasing of spend. The Capital Programme was then released for consultation after Cabinet approval in September. The revenue costs of the proposed capital programme are also considered and provided for in the revenue budget. Cabinet on 25<sup>th</sup> February 2021 may recommend an overall Capital Budget.

#### **5. In-year Financial Monitoring Process**

A report providing an update on the corporate financial position is submitted to the Leadership Team and Cabinet each cycle. The Chief Finance Officer meets with the Portfolio Holder for Finance and the Opposition Portfolio Holder. Cabinet reports are subsequently considered by the Corporate Overview and Scrutiny Committee. Budget pressures and savings measures are kept under review, and Directors projecting an overspend can be asked to report to the next meeting on how their budgets will be brought back in line. In-year monitoring has identified both actual and potential budget problems and appropriate corrective action has been considered. Financial performance indicators report on spend against budget and achievement of approved savings.

#### **6. Financial Risks in the Budget**

The Budget provides General Balances of £17m to mitigate the key financial risks detailed in Appendix 2.

#### **7. Reserves**

The determination of an appropriate level of reserves and a systematic approach to keep this under review and linked to monitoring arrangements is considered as a separate issue in this report.

#### **8. Role of Chief Finance Officer**

The Chief Finance Officer has statutory responsibilities for financial management issues and exercises these through the Council's management structure and by maintaining sound and effective arrangements for internal audit and risk management.

#### **9. Integrated Health & Social Care – Integrated Commissioning Board**

From 2018/19 the authority has moved to a formal integrated commissioning approach with the Clinical Commissioning Group to deliver integrated health and social care through a Pooled Fund. The pooled budget brings together resources from a range of organisations including the Clinical Commissioning

Group, the Local Authority, Better Care Funds and GM level resources to invest in transformation of service delivery, (known as Transformation Funding).

As part of the integration the Council has established joint Senior Manager arrangements with Heywood Middleton and Rochdale Clinical Commissioning Group (HMRCCG) to administrate and manage the pooled budget created to deliver health and care integration in Rochdale. The Section 151 officer has delegated responsibility for the management of the pooled budget to the Chief Finance officer of the Clinical Commissioning Group to operate as one resource for the delivery of health and care. The pooled fund is administered through the Integrated Commissioning Board which is a joint committee of Rochdale Council and HMRCCG. Financial reporting and monitoring of the delivery of the Pooled Fund savings proposals will be provided to the Integrated Commissioning Board (ICB).

## **10. External Audit Annual Audit Opinion**

External Audit undertakes an annual assessment of the Council and delivers an audit opinion within the annual audit letter to the Audit and Governance Committee. The annual audit letter will be presented to a future meeting of the Audit and Governance Committee.

## APPENDIX 2

### Risk Assessment for Level of General Fund Balance

	Level of Risk	Key Risks	Details	Total Budget Assessed for Risk	Comments	Potential Exposure
				£'m		£'m
1	High	Business Rates and Council Tax income	Local Authorities receive the majority of their funding from Business Rates and Council Tax. The amount the Council receives from these sources of funding is based on the taxbase, but in-year collection rates can vary	155.9	The Council has a risk of non-achievement of Business Rates and Council Tax Income. This may be due to people not paying, businesses leaving the borough or the assumptions contained with the estimates for growth in the taxbases not materialising.	3.1
2	High	Budget Pressures/ Demand for services	The demand for Local Authority Services may increase, which would impact on the cost of providing these services. The MTFS includes assumptions around the budget pressures faced by services, in particular in relation to Children's Services and Adult Care, but the budget pressures may exceed these assumptions	16.7	The risk to the Council is that services cannot manage any unforeseen increase demand for services	4.2
3	High	Ongoing Covid pressures	The ongoing impact of the pandemic may create further budget pressures for the Council	3.3	The risk to the Council is that ongoing pressures resulting from the pandemic are not funded by the government	1.9
5	Medium	Pension Fund Guarantee	The Council guarantees to the Greater Manchester Pension Fund the pension contributions of a number of organisations where previous employees of the Council have tuded over. There is a risk to the Council if these organisations default on their contributions.	12.0	The Council currently guarantees 31 organisations	1.2
6	Medium	Litigation Claims	As the Council reduces the level of funding available for the future provision of services there is an increased risk of litigation.	12.0	The Council mitigates against the risk of litigation through robust risk assessment procedures and insurance	1.2
	Medium	Loans to third parties	The Council has made a number of loans to third parties. There is a risk to the repayment of these loans if the third parties were to be in financial difficulty due to the ongoing economic impact of the pandemic	12.0	The Council mitigates against the risk of litigation through robust risk assessment procedures	3.6
8	Medium	Commercial Activity	The MTFS includes income that the Council receives from its commercial investment property portfolio.	3.3	Commercial income is subject to market forces and therefore there is a risk that this income could decrease. The Council maintains a reserve in order to mitigate future reductions in income, and also manages its investment activities in accordance with robust performance and risk procedures as detailed in the Capital Investment and Disposal Strategy.	1.7
10	Medium	Saving Proposals	The savings programme includes a number of saving proposals where implementation maybe delayed or the proposal may not be achieved	1.3	The achievement of the savings proposals is monitored throughout thee year as part of the budget monitoring process	0.1
<b>Total</b>				<b>216.5</b>	<b>Net Potential Exposure</b>	<b>17.0</b>

## APPENDIX 3

Earmarked reserves are amounts set aside to provide for specific areas. The following table lists the various earmarked reserves, the purposes for which they are held and provides advice on the appropriate levels.

Purpose of Reserve	Estimated Balances 1st April 2021 £m	Planned (Additions) / Withdrawals £m	Estimated Balances 31st March 2022 £m
<b>Equalisation Reserve</b> - The reserve has been established to assist the Authority in managing its budget requirement for future years by identifying one off funds that become available to resource invest to save initiatives and the implementation of complex savings proposals and the costs of implementing those proposals.	(33.8)	0.2	(33.6)
<b>Budget Carry Forward Reserve</b> - The reserve represents balances to be carried forward from one financial year to the next.	(41.7)	41.7	0.0
<b>PFI</b> - The reserve is the cumulative amount of unapplied funding received to date which will be utilised to finance the councils PFI over the whole life of the project. There is also an amount set aside to guard against uncertainties in future Retail Price Index increases, interest rate fluctuations and back-dated contractor claims in relation to the Schools PFI Scheme.	(24.8)	0.1	(24.7)
<b>Schools Reserve &amp; DSG</b> - In accordance with the Education Reform Act, 1988 Local Management of Schools provides for the carry forward of individual school surpluses/deficits. Schools are discouraged from going into unmanaged deficits or building up excessive surpluses the level of this reserve is determined at school level. These balances must be kept available to schools and cannot be used by the Authority for other purposes.	(9.5)	0.0	(9.5)
<b>Other Reserves</b> - Various reserves set aside for specific purposes, to enable the Council to meet legislative or contractual liabilities.	(51.5)	27.0	(24.5)
<b>Insurance Reserve</b> - This reserve has been established in order to finance costs (e.g. claims and premium payments) associated with Public Liability.	(17.6)	0.1	(17.5)
<b>VAT Shelter</b> - This reserve has been created to fund future commitments for the Homelessness Contract and Funding Strategy.	(0.4)	0.4	0.0
<b>Transformation Reserve</b> – The reserve has been set up to assist the Council in identifying and developing innovative proposals to reduce Council expenditure and/or increase potential income streams by investing in any proposal where one off funding is required on an invest to save basis.	(3.8)	0.3	(3.5)
<b>Total</b>	<b>(183.1)</b>	<b>69.8</b>	<b>(113.3)</b>

\* The estimated balances on the Schools Reserve cannot be used by the Authority for other purposes.