

Report to Council



Date of Meeting	22 nd February 2023
Portfolio	Cabinet Member for Finance and Corporate
Report Author	Julie Murphy
Public/Private Document	Public

Budget 2023/24 – 2025/26 - Local Government Act 2003 Requirements

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.

Recommendations

- 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 2023/24 be set at £15m, noting that the reduction of £2m be made available to offer targeted support.

Reason for Recommendations

- 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:

- An opinion as to the robustness of the estimates made and the tax setting calculations
- The adequacy of the proposed financial reserves.
- Consideration of the overall affordability of the capital programme when determining the prudential indicators.
- The production of longer-term revenue and capital plans.

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

Key Points for Consideration

4.1 Robustness of Estimates

4.1.1 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. The balanced budget proposed for 2023/24 included the use of £2.586m of one off reserves as a short term measure, whilst longer term solutions are sought to manage ongoing budget pressures.

4.1.2 Determination of the level of resources available

Revenue resources for 2023/24 are based on the Provisional Local Government Finance Settlement announced in December 2022. The 2023/24 settlement is a two-year settlement, but Council level allocations have only been confirmed for 2023/24. The Government policy statement has confirmed a further increase in the level of Social Care Funding to be allocated in 2024/25, and a continuation of the increased Council Tax referendum limits for a further year.

It is difficult to forecast the longer-term impact on the Council's resources of possible funding reforms due from 2025/26, including the Fair Funding review and the Business Rates reset. 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. For 2023/24, £4m of one off reserves are being used to support the Capital Programme, reducing the long term revenue costs of borrowing, with earmarked reserves identified to support future increases in borrowing requirements. 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.

A piece of work has been undertaken to establish the maximum borrowing limit as a % of Resources. This will be used as a tool for future planning of Capital Spend. The limit, which caps borrowing costs at 12.5% of Net Service Expenditure, is considered to be prudent and provides sufficient headroom to allow for a reasonable level of increase to the existing capital programme.

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 2023/24 and 2024/25 by 4.99%, including an increase of 2.99% for the General Purposes and 2% Adult Social Care Precept. For 2025/26 a 1.99% increase in General Council Tax has been assumed for planning purposes.

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

4.1.3 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 2023/24 and 2024/25 referendum limit for General Council Tax is 2.99%.

The Government announced in the Local Government Finance Settlement that it would enable councils to raise a 2% Adult Social Care Precept in 2023/24 and 2024/25.

- b) The level of Council Tax for 2025/26 will need to be reviewed in line with Government referendum principles before any final decision is made as part of the 2024/25 and 2025/26 budget setting process. If the Government were minded to increase the referendum limit by 1% above the current limits in 2025/26 this would generate a further £1.1m for the Council.
- c) The Council has significant financial pressures in future years from the overall reduction in Government funding since 2010. Increased demand on services especially in Adults and Children's Social Care, alongside the cost of living crisis and resultant inflationary pressures, means costs are increasing at a higher rate than the funding.
- d) It is important that the level of savings built into the budget are achievable and that the budget challenge proposals and transformation plans are delivered to support the Council's spending plans. The 2023/24 funding gap has been managed through budget realignment, increased resources, budget challenge efficiencies, planned transformation savings, and the use of one off £2.568m reserves whilst longer term solutions are developed.
- e) To manage financial risk and ensure budgets are robust at service level all directors have received early notification of their proposed budget allocation. There has been a refresh of the Children Services Financial Strategy ensuring the service has significant resources to deliver an effective service in these challenging times. In addition there has been a detailed review of Adult Social Care budgets recognising some underlying pressures, demand increases and the requirements of the new funding streams.
- f) The budget notification to Directors sets out the level of budget, based on their 2022/23 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 2023/24. 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.
- g) 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 2023/24 to 2025/26 budgets which are set out below.

4.2 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 2023/24 budget.

The key risks provided for in General Fund Balances are:

4.2.1 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.

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, the 2022/23 revaluation and changes both up and down during the year for property rateable values. The revaluation has increased forecast Business Rates Income by £4m, with a corresponding reduction in the Top up grant. 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 include:

- Business Rate growth assumed may not materialise.
- The actual levels of Business Rates income collected throughout the year may have significant variations, 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.
- The £4m increase in rates income increases the potential exposure to the Council.

4.2.2 Council Tax

The estimated level of Council Tax income has been reviewed and there is a risk that the ongoing impact of the cost of living crisis on residents 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.

4.2.3 Local Government Funding Reforms

The Local Government Finance Settlement 2023/24 is a two-year settlement, ahead of a review of funding arrangements, expected in 2025/26.

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.

4.2.4 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 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 delivery. However, increased demand and the cost of living crisis is placing a significant pressure on Adult Social Care budgets. The Fair Cost of Care reforms planned for 2023/24 have been delayed by two years and the funding originally intended for this has been reallocated to dealing with the current Adult Social Care pressures.

Children's Services are also 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.

Pressures within other services due to the rise in inflation on contracts and staffing budgets has also caused additional pressures on budgets.

Assumptions have been made in the budget around the long term impact of the increase in costs and will be reviewed in line with the budget process.

4.2.5 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.

4.2.6 Litigation Claims

Local Authorities are complex organisations covering a wide range of services, so there is always a risk of litigation claims that may be upheld. As Local Authorities funding is cut and service provision is therefore reduced there is an increased risk to the Council of Litigation.

4.2.7 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.

4.2.8 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 including inflationary pressures in the economy and potential issues around labour supply and supply chains 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 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 2023/24 with a potential exposure liability where appropriate. The net value of the potential exposure is £15m. This represents a reduction of £2m compared to existing General Fund balances, which is primarily due to the risk value previously included for Covid being removed, as the ongoing pressures have been reflected in the Council's budget from 2023/24.

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 2023/24 and later years. Should any of these risks materialise Council will be kept informed of the implications.

4.4 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.

This has resulted in a number of reserves being re-purposed for the following purposes:-

- To establish a Targeted Support Reserve, to offer support to the Borough's most vulnerable residents across the MTFs,
- To establish a Capital Projects Reserve to support future capital scheme requirements, reducing the borrowing needs in alignment with internal borrowing limits.

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.

4.5 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 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 2023/24, and will be considered by Cabinet on 14th February 2023 along with the Capital Asset and Disposal strategy. The Code gives no suggestions as to the appropriate level of indicators and limits; 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.

4.6 CIPFA's Financial Management Code

CIPFA introduced the Financial Management Code in order to support good practice in financial management and to assist Local Authorities in demonstrating their financial sustainability.

The Code is based upon a series of principles which are supported by specific standards of practice which CIPFA consider necessary for a strong foundation. The foundation being the ability to, financially manage the short, medium, and long-term finances of a Local Authority, manage financial resilience to meet foreseen demands on services and financially manage unexpected shocks in their financial circumstances.

Mazars the external Auditors for Rochdale Council reported there were not any significant weakness in Rochdale's arrangements in relation to financial sustainability. This provides further assurance around the robustness of the budget and the adequacy of general balances and reserves.

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.

4.8 Alternatives Considered

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.

Costs and Budget Summary

- 5** The financial implications are considered in the main body of the report. The budget for 2023/24 is balanced and work will be undertaken in future years to ensure a balanced budget is set in line with legal requirements.

Risk and Policy Implications

- 6** The risks and policies are discussed in the main body of the report with the aim to ensure that Council is aware of the opinion of the Chief Finance Officer regarding the robustness of the budget and the adequacy of general balances and reserves.

Consultation

- 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.

Background Papers	Place of Inspection
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**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 2022. 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 will be reported to Cabinet on 14th February 2023. 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 2023/24 was approved by Council on 15th December 2022, as well as the draft Business Rates Base 2023/24. Council on 15th December 2022 approved that the Chief Finance Officer, in consultation with the Cabinet Member for Finance and Corporate, to be authorised to conclude and agree the final Business Rates base.

After taking account of feedback during the budget process, Cabinet on 14th February 2023 may approve the Budget and Council Tax for consideration by full Council on 22nd February 2023.

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 November. The revenue costs of the proposed capital programme are also considered and provided for in the revenue budget. Cabinet on 14th February 2023 may recommend an overall Capital Budget.

5. In-year Financial Monitoring Process

A quarterly report providing an update on the corporate financial position is submitted to the Leadership Team and Cabinet. The Chief Finance Officer meets with the Portfolio Holder for Finance and Corporate 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.

6. Financial Risks in the Budget

The Budget provides General Balances of £15m 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

The Local Authority has operated a formal pooled budget arrangement with Heywood, Middleton and Rochdale Clinical Commissioning Group (HMRCCG) since 1st April 2018 for Health and Social Care, which became part of the Greater Manchester Integrated Care System on the 1st July 2022. The Pooled

Fund includes the Adult Social Care, Public Health, and elements of Children's Services.

It is proposed that the current risk sharing agreement continues in 2023/24, with each organisation being responsible for their own surpluses/deficits within the pooled fund for 2023/24.

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.

Risk Assessment for Level of General Fund Balance

Appendix 2

	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 tax-base, but in-year collection rates can vary	177.7	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 tax-bases not materialising.	3.6
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	16.0	The risk to the Council is that services cannot manage any unforeseen increase demand for services.	4.3
3	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.	10.0	The Council currently guarantees 31 organisations.	1.0
4	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.	7.0	The Council mitigates against the risk of litigation through robust risk assessment procedures and insurance.	0.9

	Level of Risk	Key Risks	Details	Total Budget Assessed for Risk	Comments	Potential Exposure
5	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	34.5	The Council mitigates against the risk of litigation through robust risk assessment procedures.	3.5
6	Medium	Commercial Activity	The MTFS includes income that the Council receives from its commercial investment property portfolio.	3.4	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
		Total		248.6	Net Potential Exposure	15.0

REVIEW OF EARMARKED RESERVES

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 Balance 1st April 2023 £m	Planned (Additions)/ Withdrawals £m	Estimated Balance 31st March 2024 £m
Equalisation Reserve - 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 smoothing of budget gaps whilst these proposals are delivered.	(18.8)	2.6	(16.2)
Budget Carry Forward Reserve - The reserve represents balances to be carried forward from one financial year to the next.	(22.3)	7.9	(14.4)
Targeted Support Reserve - The reserve will be used to provide support relating to specific issues that arise which affect the borough's residents.	(12.0)	2.7	(9.3)
Capital Projects Reserve - The reserve will fund several Capital Programme schemes, to reduce the Council's borrowing costs.	(16.1)	10.0	(6.1)

<p>PFI - 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.</p>	(27.8)	0.3	(27.5)
<p>Schools Reserves - 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. (DSG deficit £4.4m as at 31/3/2022, included in Unusable Reserves)</p>	(9.3)	0.0	(9.3)
<p>Other Reserves - Various reserves set aside for specific purposes, to enable the Council to meet legislative or contractual liabilities.</p>	(15.0)	2.2	(12.8)
<p>Insurance Reserve - This reserve has been established in order to finance costs (e.g. claims and premium payments) associated with Public Liability.</p>	(23.4)	0	(23.4)
<p>Health & Social Care Reserve - This reserve holds available funding to contribute towards future year pressures relating to Health and Social Care.</p>	(8.2)	1	(7.2)
<p>Transformation Reserve – 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.</p>	(3.5)	0.7	(2.8)

Business Rates Growth Reserve - The reserve holds additional Business Rates income retained by the Council as part of the Greater Manchester 100% Business Rates Retention pilot, and is earmarked for town centre developments, and Business Rates related issues.	(16.0)	2.0	(14.0)
Rochdale Riverside Reserve – This reserve has been set up to mitigate commercial exposure to adverse future financial pressures.	(3.6)	0	(3.6)
Covid 19 - Following the Covid-19 outbreak the Government has provided emergency funding to support local authorities to manage pressures on Social Care and support vulnerable people, and help deal with pressures on other public services. The unutilised funding is held in this reserve to be used to mitigate the on-going financial impact of Covid-19.	(1.7)	1.7	0.0
Total	(177.7)	31.1	(146.6)

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