

Assessment of General Fund Reserves Requirement

Appendix 9

Assessment of General Fund Reserves Requirement	Minimum Level 2017/18 (£ million)	Maximum Level 2017/18 (£ million)	Minimum Level 2016/17 (£ million)	Maximum Level 2016/17 (£ million)	Principal Reasons for Requirement
The general financial climate to which the Council is subject	1.5	4.5	1.5	4.5	Sustained reductions funding forecast over the medium-term with the austerity agenda set to continue over this parliament
The overall financial standing of the authority	1.0	2.0	1.0	2.0	To manage adverse movement in the Council's financial standing
Estimates of level of locally raised income	2.0	3.0	2.0	4.0	The upper limit has been reduced for 2017/18 to reflect strong performance in local income collection
The treatment of planned efficiency savings / productivity gains	2.0	5.0	2.0	4.0	To manage risk around slippage of the Council's major savings programme, in response to funding reductions, the upper limit has been increased to reflect the profile of risk in 2017/18 savings proposals
The treatment of inflation and interest rates	1.0	1.5	1.0	1.0	Assumptions have been refreshed to reflect latest intelligence, and further provision included within this analysis
The financial risk inherent in major contract arrangements	1.5	3.5	1.5	3.0	To manage any impact of services arising from supplier risk, particularly in respect of Social Care provision
The treatment of demand led pressures	2.0	4.0	2.0	4.0	Increased demand for services from an aging and increasing population
The financial risks inherent in any major capital developments	1.0	3.5	1.0	3.5	Inherent risks due to significant level of investment required for school places
Estimates of the level and timing of capital receipts	1.0	2.0	1.0	2.0	Slippage on asset disposal programme could lead to increased borrowing
The availability of reserves and other funds to deal with major contingencies and pressures	2.0	3.0	2.0	3.0	Cover for unforeseen events over and above £500k budgeted provision for General Contingency
Unallocated GF Reserves	15.0	32.0	15.0	31.0	
Planned drawdown from balances 2017/18	14.5	14.5	14.0	14.0	To smooth the front-loading of funding reductions, a planned drawdown from reserves has been included in MTFF
Total GF Reserves	29.5	46.5	29.0	45.0	

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