

<b>SHADOW EXECUTIVE</b>
<b>20 JANUARY 2009</b>

<b>SUBJECT</b>	<b>RESERVES POLICY 2009-10</b>  (To agree an appropriate policy for the level of general fund reserve for 2009-10)
<b>REPORT OF</b>	<b>Director of Corporate Resources</b>
<i>Contact Officer:</i>	

**IMPLICATIONS**

<b>SUSTAINABILITY</b>	
<b>FINANCIAL</b>	Contained within report
<b>LEGAL</b>	The Local Government Act 2003 requires the Council's S151 Officer to comment upon the adequacy of the Councils Reserves
<b>PERSONNEL/EQUAL OPPORTUNITIES</b>	None
<b>COMMUNITY DEV/SAFETY</b>	None
<b>TRADE UNIONS</b>	None
<b>HUMAN RIGHTS</b>	None
<b>KEY ISSUE</b>	Yes
<b>BUDGET/POLICY FRAMEWORK</b>	Yes

<b>OTHER DOCUMENTS RELEVANT TO REPORT</b>

<b>RECOMMENDATION:</b>  <b>That the Executive approves the reserves policy set out for 2009/10.</b>
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<i>Reason for Recommendation:</i> <i>To agree an appropriate policy for the level of general fund reserves during 2009/10.</i>
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**Purpose**

1. This report sets out a risk-assessed view upon the level of general fund reserves considered adequate for Central Bedfordshire Council during 2009-10.

## **Background**

2. As Central Bedfordshire prepares for its very first budget, there is a requirement to assess the minimum prudent amount of General Fund reserve that the new Council should hold during 2009-10.
3. The very first year of the new Council will not be like any normal year and the usual conventions that apply in seeking to undertake this task simply do not exist. The new Council will be bringing together the reserves from 2 previous District Councils as well as a substantial proportion of the previous County Council reserves. The precise figures will not be known until the accounts of the 3 demising bodies have been closed, however, some reasonable assessment of the likely outcome can be considered now as part of this report.
4. In addition the new Council will need to deal with the ramifications of transitional cost payback that it is duty bound to achieve within a 5-year period. As part of the budget report, the medium term financial forecast will show how the Council might achieve this objective in that period which will lead to the *optimum* level of General Fund reserve being achieved. This report, however, is concerned solely with the minimum level of reserve deemed necessary during 2009-10.
5. This report, therefore, is merely a first step in the direction of attaining and subsequently maintaining an optimum level of general fund reserves. The actions that may need to be taken during 2009-10 to maintain a minimum acceptable level of General fund reserves will not be usual and will not currently be based upon perfect information but they will provide a foothold by which the levels for 2010-11 can be based and as the new Council eventually settles into a more normal budget and spend pattern a more accurate and effective assessment will evolve.
6. The detailed analysis is set out in the Appendices to this report.