


Agenda Item No:	6	
Committee:	Cabinet	
Date:	26 January 2026	
Report Title:	Creation of a Local Government Reorganisation Reserve	

## Cover sheet:

### 1 Purpose

- To seek Council approval to create a Local Government Reorganisation (LGR) reserve.

### 2 Key issues

- As part of the budget setting process reserves are reviewed to ensure their relevance, designation, rightful use and adequacy of financial cover.
- The LGR reserve is deemed necessary due to the process of Local Government Reorganisation and the amount of time and resource needed to support the effort needed in Cambridgeshire to develop the options submitted to government at the end of November 2025. This reserve would assist in helping the Council balance its revenue budget in whilst delivering the outcomes needed.
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### 3 Recommendations

It is proposed that Cabinet:

- recommend that Full Council approves the creation of LGR reserve for the reasons set out in this report.
- Delegate to the S151 Officer in consultation with the leader a full review of all reserves to present to Full Council as part of the budget setting process for 2026/27.

<b>Wards Affected</b>	All
<b>Portfolio Holder(s)</b>	Cllr Chris Boden, Leader and Portfolio Holder, Finance
<b>Report Originator(s)</b>	Peter Catchpole, Chief Finance Officer and Corporate Director Sian Warren, Chief Accountant
<b>Contact Officer(s)</b>	Peter Catchpole, Chief Finance Officer and Corporate Director Sian Warren, Chief Accountant Paul Medd, Chief Executive Carol Pilson, Corporate Director
<b>Background Paper(s)</b>	Draft Budget and Medium-Term Financial Strategy 2026/27 and 2027/28.

## **Report:**

### **1 Introduction**

- 1.1 The Council presents information regarding its reserve balances throughout the year. The budgeted use of reserves is presented as part of the annual budget-setting process and the year-end balance on reserves is presented as part of the Statement of Accounts.
- 1.2 The Chief Finance Officer is responsible for ensuring the level of reserves held by the Council is adequate. The Chartered Institute of Public Finance and Accountancy (CIPFA) regularly publish guidance to assist Chief Finance Officers in fulfilling this function. In their 2016 publication on the Role of the Chief Finance Officer in Local Government, CIPFA emphasise that the Chief Finance Officer must 'take into account future commitments, resources available and the desirable levels of reserves, to ensure that the authority's finances remain sustainable'.
- 1.3 Under the Council's constitution the Chief Finance Officer is responsible for ensuring that the purpose of each reserve, its usage and the basis of transactions is clearly identified. These cannot be varied without the consent of Cabinet. The constitution provides members of Corporate Management Team with the authority to fund expenditure charged to the revenue account from reserves subject to the ultimate approval of the Chief Finance Officer.

### **2 Creation of a Local Government Reorganisation Reserve**

- 2.1 Throughout the year officers review the Council's in-year financial performance to understand the reasons for any variances against budget. This review includes an evaluation of whether the use of reserves proposed at the start of the year remains appropriate.
- 2.2 At the end of year an assessment is undertaken to finalise which transfers to reserves are required. The use of reserves is monitored and discussed throughout the year in consultation with The Leader and Portfolio Holder for Finance to ensure that both earmarked and unearmarked reserves are correctly utilised, appropriately designated and adequate in terms of financial cover.
- 2.3 An ongoing review of reserves is constantly taking place to ensure that the correct designation and use of all reserves is appropriately undertaken.
- 2.4 It is recommended that the Investment Strategy reserve totalling £1.34m and the Solid Wall Remediation reserve totalling £100k be redesignated to create the LGR reserve of £1.44m.
- 2.5 Appendix A details the level of reserves in place and the proposed changes needed to create this new reserve.

**EARMARKED AND GENERAL RESERVES - Revised 2025/26 and Estimated 2026/27**
**APPENDIX A**

Reserve Name	Balance 01.04.25 £	Revenue Contributions to(+)/from(-) 2025/26 £	Capital Funding £	Revised Balance 31.03.26 £	Revenue Contributions to(+)/from(-) 2026/27 £	Capital Funding £	Estimated Balance 31.03.27 £	Comments / Conditions of Use
Travellers Sites	542,481	22,678		565,159	34,920		600,079	Can only be used for specific future maintenance liabilities.
CCTV - Plant & Equipment	61,128			61,128			61,128	Available for future CCTV maintenance & replacement liabilities.
Station Road, Whittlesey - Maintenance	16,000			16,000			16,000	Required for future road maintenance.
Management of Change	27,623	-14,400		13,223			13,223	Available for the effective management of any organisational changes required to meet the Council's future priorities.
Business Rates Equalisation Reserve	800,516			800,516			800,516	Available to assist the Council in smoothing out volatility in the business rates retention system.
Capital Contribution Reserve	116,117			116,117			116,117	Available to fund specific spending commitments in future years.
Port - Buoy Maintenance	145,798			145,798			145,798	Available for future buoy maintenance to service windfarms.
Repairs and Maintenance	808,706	-18,000		790,706			790,706	Available to provide funding for one-off schemes, not covered by the normal Repairs and Maintenance revenue budgets.
Heritage Lottery Fund (HLF) - Wisbech	49,235			49,235			49,235	To manage the Heritage Lottery Funded scheme in Wisbech.
Highways Street Lighting	82,523			82,523			82,523	Available to fund future repairs and maintenance relating to street lighting.
Solid Wall Remediation	100,000			100,000			100,000	Redesignate to create the LGR reserve.
Investment Strategy Reserve	1,340,168			1,340,168			1,340,168	Redesignate to create the LGR reserve.
Budget Equalisation Reserve	2,212,647			2,212,647			2,212,647	Year-end surpluses are transferred to this reserve. If a deficit is forecast this reserve can be used to offset the expected shortfall.
Planning Reserve	663,673	244,931		908,604			908,604	Available to fund additional planning costs not reflected in the annual budget, including the development of the Local Plan.
Elections Reserve	107,832	-34,110		73,722			73,722	Available to fund four-yearly District-wide elections. Transfers are made to this reserve each year to fund the cost of the next District-wide election.
Port - Pilots Staff Development Training	11,875			11,875			11,875	Available to fund the training of maritime pilots to fulfill the authority's statutory functions.
Cambridgeshire Horizons	1,802,544	-507,570		1,294,974			1,294,974	Available for the Council's future use in accordance with the conditions attached to the receipt.
Specific Government Grants (received in previous years)	2,297,132	-385,543	-200,000	1,711,589	51,190		1,762,779	Available to fund specific spending commitments in future years.
<b>TOTAL EARMARKED RESERVES</b>	<b>11,185,996</b>	<b>-692,014</b>	<b>-200,000</b>	<b>10,293,982</b>	<b>86,110</b>	<b>0</b>	<b>10,380,092</b>	
General Fund Balance	2,000,000			2,000,000			2,000,000	Unallocated general reserve required for various and unplanned for contingencies, to mitigate risks associated with future financial planning as well as for general day to day cash flow needs.
<b>TOTAL RESERVES</b>	<b>13,185,996</b>	<b>-692,014</b>	<b>-200,000</b>	<b>12,293,982</b>	<b>86,110</b>	<b>0</b>	<b>12,380,092</b>	

NB: In accordance with the Council's Financial Rules and Scheme of Financial Delegation ( Part 4, Rule 6 of the Constitution), paragraphs B57 - B60 delegates authority to the Chief Finance Officer to approve expenditure from these reserves in accordance with their approved use as detailed above.