



**Item No: 11**

**Meeting Date: Wednesday 19<sup>th</sup> March 2025**

**Glasgow City  
Integration Joint Board**

**Report By: Margaret Hogg, Interim Chief Officer, Finance and Resources**

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**Glasgow City Integration Joint Board Reserves Policy**

**Purpose of Report:**

The purpose of this report is to present an updated Reserves Policy for IJB approval.

**Background/Engagement:**

The IJB approved its Reserves Policy in December 2016. This was the first year of inception of the IJB and the policy, at that time, was developed to reflect anticipated requirements based on experiences in local government. A review of the policy has been undertaken and a revised policy has been developed which specifically meets the needs of the IJB and reflects on experiences since 2016.

**Governance Route:**

The matters contained within this paper have been previously considered by the following group(s) as part of its development.

- HSCP Senior Management Team
- Council Corporate Management Team
- Health Board Corporate Management Team
- Council Committee
- Update requested by IJB
- Other
- Not Applicable

**Recommendations:**

The Integration Joint Board is asked to:

- a) Note the contents of this report; and
- b) Approve the updated IJB Reserves Policy (Appendix 1).

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### Relevance to Integration Joint Board Strategic Plan:

This policy supports delivery of the Integration Joint Board Strategic Plan 2023-26.

### Implications for Health and Social Care Partnership:

<b>Reference to National Health &amp; Wellbeing Outcome(s):</b>	Not applicable at this time.
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<b>Personnel:</b>	Not applicable at this time.
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<b>Carers:</b>	Not applicable at this time.
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<b>Provider Organisations:</b>	Not applicable at this time.
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<b>Equalities:</b>	Not applicable at this time.
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<b>Fairer Scotland Compliance:</b>	Not applicable at this time.
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<b>Financial:</b>	<p>The Integration Joint Board is required to have its own reserves policy which sets out the framework under which reserves will be held. The purpose of this Reserves Policy is to:</p> <ul style="list-style-type: none"><li>• Outline the legislative and regulatory framework underpinning the creation, use or assessment of the adequacy of reserves.</li><li>• Explain the purpose of holding reserves.</li><li>• The role of the Chief Finance Officer with regards to reserves.</li><li>• Identify the principles to be employed by the IJB in assessing the adequacy of the IJB's reserves.</li><li>• Set out arrangements relating to the creation, amendment and use of reserves and balances.</li></ul>
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<b>Legal:</b>	<p>The IJB may only hold reserves for which there is a regulatory power to do so. In Scotland, the legislative framework which allows the IJB to hold reserves is as follows:</p> <p>General Reserves Powers: Section 93 of the Local Government (Scotland) Act 1973</p> <p>Repairs and Renewal Reserves Powers: Schedule 3 of the Local Government (Scotland) Act 1975</p> <p>There are other types of reserves which can be held; however, these are irrelevant for the IJB.</p>
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<b>Economic Impact:</b>	Not applicable at this time.
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<b>Sustainability:</b>	<p>It is important for the long-term financial stability and the sustainability of the IJB that sufficient general reserves (contingency) are held in reserve to manage unanticipated pressures from year to year. There is no guidance on the minimum level of reserves that should be held. In determining the level of reserves to be held, the Chief Finance Officer must take account of the strategic, operational, and financial risks facing the IJB over the medium term and the IJB's overall approach to risk management.</p> <p>In light of the size and scale of the IJB's responsibilities, over the medium term, it is considered that it would be an aspiration to achieve a level of general reserves (contingency) which represents approximately 2% of the net expenditure of the IJB. This will be in addition to any identified earmarked reserves which are excluded from this calculation. The % to be held will be dependent on the outturn and the ability at that time to transfer monies into a reserve for future use. This will be considered as part of the closure of the Annual Accounts.</p>
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<b>Sustainable Procurement and Article 19:</b>	Not applicable at this time.
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<b>Risk Implications:</b>	<p>It is important that sufficient usable funds are held in reserve to manage unanticipated pressures from year to year. Holding General Reserves significantly below the 2% target level represents a significant risk to the IJB. However, it is recognised that this will not always be possible to secure and is subject to the financial position of the IJB each year. The IJB will continue to work towards the target of 2% where this can be delivered within the financial position.</p>
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<b>Implications for Glasgow City Council:</b>	The Council is responsible for hosting the financial records of the IJB. Each year directions will be issued to support the closure of the annual accounts which will include transfer to and from reserves.
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<b>Implications for NHS Greater Glasgow &amp; Clyde:</b>	Not applicable at this time.
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Direction Required to Council, Health Board or Both	
<b>Direction to:</b>	
1. No Direction Required	<input checked="" type="checkbox"/>
2. Glasgow City Council	<input type="checkbox"/>
3. NHS Greater Glasgow & Clyde	<input type="checkbox"/>
4. Glasgow City Council and NHS Greater Glasgow & Clyde	<input type="checkbox"/>

### 1. Purpose

- 1.1. The purpose of this report is to present an updated Reserves Policy for IJB approval.

### 2. Background

- 2.1. The IJB approved its Reserves Policy in December 2016. This was the first year of inception of the IJB and the policy, at that time, was developed to reflect anticipated requirements based on experiences in local government. A review of the policy has been undertaken and a revised policy has been developed which specifically meets the needs of the IJB and reflects on experiences since 2016.

### 3. Revised Reserves Policy

- 3.1 The policy has been updated to reflect the following:
- Updated statutory/regulatory framework to reflect changes since 2016.
  - Expansion of the role of the Chief Officer, Finance and Resources to reflect the latest guidance including their responsibility to ensure reserves are maintained and used in line with the policy. It also recognises the role of the Chief Finance Officer in keeping the policy under review and making recommended changes to the IJB where relevant.
  - Expansion of the reporting framework section to reflect good practice which now includes reporting requirements throughout the year as part of budget monitoring and as part of the annual accounts process. This has been implemented in practice but to date had not been reflected in the policy.
  - Removal of references to reserve balances which are not relevant to the IJB including Repairs and Renewals and the Insurance Fund
  - Inclusion of the annual review of reserve balances. This has been implemented in practice but to date had not been reflected in the policy.

### 4. Recommendations

- 4.1 The Integration Joint Board is asked to:
- a) Note the contents of this report; and
  - b) Approve the updated IJB Reserves Policy (Appendix 1).

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Glasgow City IJB  
Reserves Policy  
November 2024

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## 1. Background

- 1.1 Glasgow City Integration Joint Board (IJB) is classified as a Section 106 body under the Local Government (Scotland) Act 1973 and as such, it can hold reserves which should be accounted for in the financial accounts and records of the IJB.
- 1.2 The IJB is governed by two publications which provide guidance to Chief Finance Officers and IJBs on the establishment and maintenance of reserves and balances.
  - [Bulletin 13 Local Authority Reserves and Balances \(2023\)](#), the Chartered Institute of Public Finance and Accountancy (CIPFA)
  - The [Statutory Basis for Accounting for and Disclosing Reserves in Scottish Local Government Bodies \(Revised 2021\)](#), Local Authority (Scotland) Accounts Advisory Committee

## 2 Purpose

- 2.1 The purpose of this Reserves Policy is to:
  - Outline the legislative and regulatory framework underpinning the creation, use or assessment of the adequacy of reserves.
  - Explain the purpose of holding reserves.
  - The role of the Chief Finance Officer with regards to reserves.
  - Identify the principles to be employed by the IJB in assessing the adequacy of the IJB's reserves.
  - Set out arrangements relating to the creation, amendment and use of reserves and balances.

## 3 Statutory/Regulatory Framework for Reserves

- 3.1 The IJB may only hold reserves for which there is a regulatory power to do so. In Scotland, the legislative framework which allows the IJB to hold reserves is as follows:

Usable Reserve  
General Reserves

Powers  
Section 93 of the Local Government  
(Scotland) Act 1973

Repairs and Renewal Reserves

Schedule 3 of the Local Government  
(Scotland) Act 1975

- 3.2 There are other types of reserves which can be held; however, these are irrelevant for the IJB.

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3.3 For each earmarked reserve the following should be applied and reported:

- the reason/purpose of the reserve.
- how and when the reserve can be used.
- a process and timescale for review of the reserve to ensure continuing relevance and adequacy.

## 4 Use of Reserves

4.1 For statutory purposes, there is a single revenue reserve, the General Fund Reserve. General Reserves are held for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves.
- A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves.
- A means of building up funds, often referred to as earmarked reserves to meet known or predicted requirements.

4.2 Local government bodies can choose to establish sub reserves. This policy recommends two types of sub reserves within the General Fund of the IJB:

**(i) General Reserve – Contingency**

This is a reserve which is not held to meet any specific liability and offer the IJB some flexibility to deal with unforeseen events or emergencies. The creation and use of contingency reserves will be a decision for the IJB.

**(ii) General Reserve – Earmarked**

This fund is used to earmark funds for the delivery of specific projects and can include the carry forward of in year funds into the following financial year, either in whole or in part, to allow for spend to be committed and managed in a way that represents best value for the IJB in its achievement of local and national outcomes. The creation and use of earmarked funds will be a decision for the IJB.

## 5 Role of Chief Finance Officer

5.1 Within the existing statutory and regulatory framework, it is the responsibility of Chief Finance Officers to advise local government bodies about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. Reserves should not be raised without a clear purpose.

5.2 Local government bodies should establish reserves and determine the level of those reserves based on the advice of their Chief Finance Officer. In doing so each local government body will be required to make their own judgements on such matters considering all the relevant local circumstances. The level set



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should be appropriate to the both the internal and external risks faced by the body as well as ensuring that levels are adequate and necessary.

- 5.3 The Chief Finance Officer is responsible for ensuring that Reserve Funds are maintained and used only as described in this policy. Upon approval of the use of the funds the Chief Finance Officer will maintain records of the use of the funds.
- 5.4 This policy will be reviewed by the Chief Finance Officer if requested by the IJB or more frequently if warranted by internal or external events or changes. Changes to the policy will be recommended by the Chief Finance Officer to the IJB.

## 6 Adequacy of Reserves

- 6.1 It is important for the long-term financial stability and the sustainability of the IJB that sufficient general reserves (contingency) are held in reserve to manage unanticipated pressures from year to year. There is no guidance on the minimum level of reserves that should be held. In determining the level of reserves to be held, the Chief Finance Officer must take account of the strategic, operational, and financial risks facing the IJB over the medium term and the IJB's overall approach to risk management.
- 6.2 The level and utilisation of reserves will be formally approved by the IJB based on the advice of the Chief Finance Officer. To enable the IJB to reach a decision, the Chief Finance Officer should clearly state the factors that influenced this advice.
- 6.3 In light of the size and scale of the IJB's responsibilities, over the medium term, it is considered that it would be an aspiration to achieve a level of general reserves (contingency) which represents approximately 2% of the net expenditure of the IJB. This will be in addition to any identified earmarked reserves which are excluded from this calculation. The % to be held will be dependent on the outturn and the ability at that time to transfer monies into a reserve for future use. This will be considered as part of the closure of the Annual Accounts.
- 6.4 The value of reserves will be reviewed annually as part of the IJB Budget and Annual Account processes; and depending on the financial environment at that time. The proposed 2% is an optimum level of reserves to be built up over time, recognising prudent financial planning and budgetary constraints.
- 6.5 The IJB will make decisions about how much funds should be earmarked and for what purpose as part of the Annual Account process each year.

## 7 Review of Balances

- 7.1 A full review of all reserve balances will be undertaken annually as part of the closure of the Annual Accounts with any proposed changes presented to the IJB for approval. This annual review is required to ensure that reserves are not built up unnecessarily and that the original requirement for the reserve remains as originally assessed or revised where circumstances have changed.

## 8 Reporting Framework

- 8.1 The Chief Finance Officer has a fiduciary duty to ensure proper stewardship of public funds.
- 8.2 As part of the budget setting report the Chief Finance Officer should state:
- The current value of the Reserve Funds, the movement proposed during the year and the estimated year-end balance and the extent that balances are being used to fund recurrent expenditure.
  - The adequacy of general reserves in light of the IJB's medium-term financial strategy and the overall financial environment.
- 8.3 As part of budget monitoring report, the Chief Finance Officer should:
- Provide an update in relation to the level of reserves which have been drawn to date to meet expenditure.
  - Provide an update on the forecasted level of reserves which are expected to be drawn down in the financial year to meet expenditure.
- 8.4 As part of the Annual Accounts process the Chief Finance Officer should:
- Provide an update on the current value of the Reserve Funds.
  - The adequacy of general reserves in light of the IJB's medium-term financial strategy and the overall financial environment including recommendation for changes.
  - A review of earmarked reserves and advice on appropriate levels and any changes proposed.