



**ANGUS HEALTH AND SOCIAL CARE**  
**INTEGRATION JOINT BOARD AUDIT COMMITTEE – 21 JUNE 2023**  
**UPDATE TO IJB RESERVES POLICY**  
**REPORT BY ALEXANDER BERRY, CHIEF FINANCE OFFICER**

**ABSTRACT**

To present a report setting out an update of the IJB's Reserves Policy for approval by the Audit Committee.

**1. RECOMMENDATIONS**

It is recommended that the Angus IJB Audit Committee:-

- (i) consider and approve the updated IJB Reserves Policy;
- (ii) notes that the reserves policy will be reviewed by December 2026.

**2. BACKGROUND**

2.1 At the April 2023 IJB meeting, the IJB agreed to devolve authority to the IJB's Audit Committee to review and approve updates to the IJB's Financial Regulations and the IJB's Reserves Policy. This approval was effective from April 2023 Audit Committee meeting thereby confirming that the update to the IJB's Financial Regulations agreed at the April 2023 Audit Committee has now been supported by the IJB.

The IJB's Reserves Policy was last reviewed in October 2019 in report 60/19. It is therefore timely for this document to be reviewed with some minor adjustments proposed.

2.2 Angus IJB operates under the same legal framework as a local authority in respect of accounts and audit in terms of Part VII of the Local Government (Scotland) Act 1973 and is permitted to hold reserves. The IJB's financial regulations (6.11) (April 2023) set out the requirement for a Reserves Policy. The current policy was last approved in October 2019.

2.2 Reserves require to be considered and managed to provide security against unexpected cost pressures and aid financial stability. To assist in this regard, The Chartered Institute of Public Finance and Accountancy (CIPFA) have issued guidance in the form of CIPFA Bulletin 13– Local Authority Reserves and Balances (Updated).

<https://www.cipfa.org/policy-and-guidance/cipfa-bulletins/cipfa-bulletin-13-local-authority-reserves-and-balances>

This guidance, published in March 2023, and superceding previous guidance, outlines the framework for reserves, the purpose of reserves and some key issues to be considered when determining the appropriate level of reserves.

2.3 The purpose of a reserve policy is to:

- outline the legislative and regulatory framework underpinning the creation, use or assessment of the adequacy of reserves;
- identify the principles to be employed by the IJB in assessing the adequacy of the IJB's reserves;

- indicate how frequently the adequacy of the IJB's balances and reserves will be reviewed; and
- set out arrangements relating to the creation, amendment and use of reserves and balances.

2.4 The IJB generally utilises its resources in line with the Strategic Commissioning Plan and associated Strategic Financial Plan. The IJB will be able to use its powers to hold reserves so that in some years it may plan for a contribution to build up reserve balances, or use a contribution from reserves in line with the reserve policy. The IJB may build up reserves year on year as a result of unanticipated underspends or the need to ring fence certain funding due to Scottish Government stipulations for specific multi-year commitments.

### 3. CURRENT POSITION

This review of the IJB's Reserves Policy has been developed by the Chief Finance Officer. It reflects previous decision by the IJB regarding the level of contingency reserves, updates to national guidance (as per above) and refreshes some of the expectations of the IJB (e.g. in terms of the use of certain categories of reserves in future). The main changes proposed compared to the 2019 Reserves Policy are as follows: -

The main revisions to this version of the financial regulation are as follows: -

- Updating of references to external guidance.
- Clarifying the expectation that the IJB will only hold a General Reserve.
- Updating for references to the 2022 Integration Scheme.
- Increasing the target level of contingency reserve to 3.0% as per IJB report in February 2023.

Generally it is important to keep the following issues in mind:-

- It is important for the long-term financial stability of both the IJB and the parent bodies that sufficient usable funds are held in reserve to manage unanticipated pressures from year to year.
- Reserve balances are not a sustainable approach for balancing the IJB budget and should be regarded as one-off funding only. The use of reserve balances will be dependent on the nature of the reserve.
- Similarly, it is also important that in year funding available and possibly ring-fenced (e.g. due to Scottish Government guidance) for specific projects and government priorities is able to be earmarked and carried forward into the following financial year, either in whole or in part, to allow for spend to be committed and managed in a way which represents best value for the IJB in its achievement of the national outcomes.
- The Reserves Policy and the proposed revisions to the Reserves Policy support the Financial Regulations which set out the financial governance framework that the IJB will operate within.
- It is important to note that IJB Partners may require the IJB to utilise reserves to ensure the required financial outcomes of the IJB in any given financial year.

The Directors of Finance of Angus Council and NHS Tayside have also been made aware of this review.

The proposed Reserves Policy is attached at appendix 1. The previous Reserves Policy with tracked changes is attached at appendix 2.

### 4. PROPOSALS

The Audit Committee are requested to consider the updated Reserves Policy then approve this update. Further, it is recommended that the Reserves Policy is reviewed by December 2026.

### 5. EQUALITY IMPACT ASSESSMENT

An Equality Impact Assessment is not required.

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List of Appendices:

Appendix 1 – Proposed Reserves Policy

Appendix 2 – Previous Reserves Policy (with tracked changes)