

APPENDIX B

Earmarked Reserves : Category 1 - Funding for planned expenditure on projects / programmes over the period of the current MTFS

Description and how reserve supports the authority's strategy to deliver good quality services	Balance at 31/3/2021	2021/22 Contributions / (Use)	2021/22 Transfer between reserves from / (to)	Forecast Balance at 31/3/2022
	£'000	£'000	£'000	£'000
<u>Earmarked Capital Reserves</u>				
Capital Investment Programme This reserve will be used to partly fund the Authority's approved Asset Management Plan (AMP) which is designed to address operational requirements covering water tenders (fire appliances) and other operational equipment and properties. This expenditure will ensure the Authority maintains its operational effectiveness and is able to respond to the significant risks within the Authority's area. Phasing of the use of this reserve may change to reflect the actual timing of capital projects. The majority of the transfer in 2021/22 into this reserve is funded by reducing the Budget Support Fund and further details are set out below. This strategy increases financial resilience as the financing model for the AMP begins to move from a Prudential Borrowing funded model, to a 'save to invest' model.	1,215	(1,337)	3,011	2,889
Total Earmarked Capital Reserves	1,215	(1,337)	3,011	2,889

Planned Use of Reserves				Balance Allocated to Manage Ongoing Risk
2022/23	2023/24	2024/25	2025/26	
£'000	£'000	£'000	£'000	£'000
(838)	(551)	(1,409)	(52)	39
(838)	(551)	(1,409)	(52)	39

Description and how reserve supports the authority's strategy to deliver good quality services	Balance at 31/3/2020	2021/22 Contributions / (Use)	Transfer between reserves from / (to)	Forecast Balance at 31/3/2021
	£'000	£'000		£'000
Earmarked Revenue Reserves				

Planned Use of Reserves				Balance Allocated to Manage Ongoing Risk £'000
2022/23	2023/24	2024/25	2025/26	
£'000	£'000	£'000	£'000	£'000

Budget Support Fund As detailed in the MTFS report the 2021 Spending Review provides the broad direction for public sector spending for the next three years and the provisional 2022/23 Local Government Finance Settlement provides an increase in Government funding. Whilst, the settlement is only for one year this announcement provides more certainty. Therefore, whilst the financial position will not become certain until we receive a mutli-year Government funding settlement we believe the level of financial risk and uncertainty has reduced. On this basis the level of the Budget Support Fund and risks to be managed from this reserve have been re-assessed and £2.830m can be released to support the AMP. The forecast use of this reserve to support the revenue budget over the period 2023/24 to 2025/26 reflects the worst case MTFS scenario. This strategy would provide a slightly longer lead time to address these annual deficits if they arise. It is recognised reserves are a finite resource and can only provide temporary support of services whilst a plan to deliver permanent savings is developed and then implemented before the end of 2025/26. This strategy would avoid deferring a budget deficit beyond the current MTFS period. The use of this reserve could increase and occur earlier if Revenue Support Grant is reduced from 2023/24, or to meet increased costs arising from remedies to addressed the McCloud Judgement. The forecast balance at the end of 2025/26 is earmarked to manage potential risks in relation to the mainstreaming of the Pension Grant to provide a longer lead time to manage this issue if it arises. If the Government provides a multi-year funding settlement for 2024/25 to 2025/26 this will enable the Authority to developed a detailed plan for using this reserve. Depending on the level of Government recurring funding this plan may enable more of this reserves to be released to either fund part of the Asset Management Plan, which will reduce borrowing, or for invest to save initiatives.	5,629	77	(2,830)	2,876	0	(484)	(492)	(491)	1,409
Budget Support Fund 2019/20 to 2022/23	5,629	77	(2,830)	2,876	0	(484)	(492)	(491)	1,409

				Forecast	Planned Use of Reserves		Balance
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Description and how reserve supports the authority's strategy to deliver good quality services	Balance at 31/3/2020	2021/22 Contributions / (Use)	Transfer between reserves from / (to)	Balance at 31/3/2021
	£'000	£'000		£'000
Collection Fund Deficit Reserve This reserve was established at the end of 2019/20 to manage the economic impact of Covid-19 on Council Tax and Business Rates income. These incomes will be lower than forecast prior to Covid and this will feed through as Collection Fund deficits and the reserve will avoid these deficits impacting on services.	533	(94)	0	439
Innovation Fund Is earmarked primarily to fund the installation of Fire alarms and this will have a positive impact on community safety.	453	0	0	453
Commissioned Services This reserve is earmarked to manage income volatility and to provide a longer lead time to manage temporary income reductions. The availability of this reserves avoids temporary income reductions having to be funded from the Authority's revenue budget in the year they arise. This therefore protects funding available for front line services. The reserve also enables the Authority to protect staffing resources allocated to undertake these initiatives until alternative external funding can be secured. No use is shown as the timing of potential income shortfalls is uncertain.	238	0	0	238
Total Earmarked Revenue Reserves	1,224	(94)	0	1,130
Total Earmarked Capital and Revenue Reserves	8,068	(1,354)	181	6,895

2022/23	2023/24	2024/25	2025/26	Allocated to Manage Ongoing Risk
£'000	£'000	£'000	£'000	£'000
(153)	(153)	(133)		0
0	0	0	0	453
0	0	0	0	238
(153)	(153)	(133)	0	691
(991)	(1,188)	(2,034)	(543)	2,139

Balance 31 March	5,904	4,716	2,682	2,139
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APPENDIX B

Earmarked Reserves : Category 2 - Funding for specific projects and programmes beyond the current planning period

Description and how reserve supports the authority's strategy to deliver good quality services	Balance at 31/3/2021 £'000	2021/22 Contributions / (Use) £'000	2021/22 Transfer between reserves - from / (to) £'000	Forecast Balance at 31/3/2022 £'000	Planned Contribution / (Use)				Balance Allocated to Manage Ongoing Risk £'000
					2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	
Capital Phasing Reserve This reserve will be used over a number of years to smooth the interest and loan repayment costs which are charged to the annual budget. The reserve recognises that the annual charges, which arise from the use of Prudential Borrowing to fund part of the approved Asset Management Plan, are uneven and therefore avoids temporary increases/decrease in the annual charge to the revenue budget, which would impact on resources available to fund services. This reserve achieves the same objectives as a PFI (Public Finance Initiative) Smoothing reserve operated by Fire and Rescue Authorities which implemented PFI schemes to address building condition issues. This reserves will be used on a phased basis and by 2029/30 the reserve will have been fully used.	1,026	(29)	0	997	(91)	(93)	(93)	(93)	627
Breathing Apparatus Is earmarked to meet the costs of Telemetry associated with the breathing apparatus in line with the replacement programme scheduled for 2023/24, as detailed in the Asset Management Plan.	125	0	0	125	0	(125)	0	0	0
Property reserve This is earmarked to fund revenue projects which were delayed from 2020/21 owing to Covid. As the actual cost were less forecast the uncommitted balance will be transferred to the Capital Investment Programme Reserve.	196	(39)	(142)	15	(15)	0	0	0	0
Grenfell Action Plan This reserves will support our implementation of the Grenfell Tower Inquiry recommendations and improve resilience to major incidents.	197	0	0	197	(197)	0	0	0	0
Covid Reserve This reserves supports our response to the Covid pandemic.	137	(137)	0	0	0	0	0	0	0
Ringfences Grants This reserve is earmarked for specific commitments in accordance with grant conditions.	96	54	(39)	111	(37)	(37)	(37)	0	0
Total	1,777	(151)	(181)	1,445	(340)	(255)	(130)	(93)	627
Balance 31 March					1,105	850	720	627	

Earmarked Reserves : Category 3 - General contingency or resources to meet other expenditure needs held in accordance with sound principles of good financial management

Description and how reserve supports the authority's strategy to deliver good quality services	Balance at 31/3/2021 £'000	2021/22 Contributions / (Use) £'000	2021/22 Transfer between reserves from / (to) £'000	Forecast Balance at 31/3/2022 £'000	Planned Use of Reserves				Balance Allocated to Manage Ongoing Risk £'000
					2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	
Insurance Fund This is earmarked to fund payments that fall within the Authority's insurance policy excesses. As the timing of insurance claims/settlements is unknown no usage is shown. The availability of this reserves avoids the cost of unbudgeted insurance claims having to be funded from the Authority's revenue budget in the year they arise and therefore protects funding available for front line services.	662	0	0	662	0	0	0	0	662
Total	662	0	0	662	0	0	0	0	662

Balance 31 March	662	662	662	662
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Summary of Earmarked Reserves

Category 1	8,068	(1,354)	181	6,895	(991)	(1,188)	(2,034)	(543)	2,139
Category 2	1,777	(151)	(181)	1,445	(340)	(255)	(130)	(93)	627
Category 3	662	0	0	662	0	0	0	0	662
Total Earmarked Reserves	10,507	(1,505)	0	9,002	(1,331)	(1,443)	(2,164)	(636)	3,428

Balance 31 March	7,671	6,228	4,064	3,428
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