

APPENDIX D

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 31/3/2024	2024/25 Contributions / (Use)	2024/25 Transfer between reserves from / (to)	Forecast Balance at 31/3/2025	Planned Use of Reserves					Balance Allocated to Manage Ongoing Risk
					2025/26	2026/27	2027/28	2028/29	2029/30	
	£'000	£'000	£'000	£'000	£'000	£'000	£'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. Annual phasing may change to reflect the actual timing of capital projects.	3,952	(1,883)	70	2,139	(1,487)	(539)	0	0	0	113
Asset Management Plan inflation risk reserve This reserve is earmarked to manage inflation risks in relation to the Asset Management Plan. Use of this reserve will be managed on an annual basis and details reported within future MTFS reports. The current forecast AMP inflation risk is £1.190m for the period 2024/25 to 2028/29. Funding of £1.024m has been identified within the MTFS, leaving a potential shortfall of £0.166m which is not forecast to arise until 2028/29. This majority of the shortfall can potentially be funded from the uncommitted Capital Investment Programme reserve.	409	491	0	900	(416)	(170)	(110)	(370)	0	(166)
Total Earmarked Capital Reserves	4,361	(1,392)	70	3,039	(1,903)	(709)	(110)	(370)	0	(53)

Description and how reserve supports the authority's strategy to deliver good quality services	Balance at 31/3/2024	2024/25 Contributions / (Use)	2024/25 Transfer between reserves from / (to)	Forecast Balance at 31/3/2025	Planned Use of Reserves					Balance Allocated to Manage Ongoing Risk
					2025/26	2026/27	2027/28	2028/29	2029/30	
	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Revenue Reserves										
Budget Support Fund As detailed in the MTFS report the 2025/26 Local Government Finance Settlement only covers one financial year. Funding for 2026/27 and future years will be determined by the next Spending Review. This position, alongside current inflation and uncertainty regarding 2025 national pay awards makes financial planning extremely challenging. This reserve helps manage these risks and uncertainties. The 2025/26 use of this reserve reflects the recommendations in the current MTFS report. This use may increase if 2025 pay awards exceed forecasts to provide a slightly longer lead time to implement permanent budget reductions. The forecast used to support the revenue budget over the period 2025/26 to 2026/27 reflects the worst case MTFS scenario (i.e. scenario 4). 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 2027/28. This strategy would avoid deferring a budget deficit beyond the current MTFS period. If the Government provides a multi-year funding settlement from 2026/27 this will enable the Authority to develop a detailed plan for using this reserve. Depending on the level of Government recurring funding this plan may enable this reserve to be released to either fund part of the Asset Management Plan, which will reduce borrowing, or for invest to save initiatives.	2,857	(9)	0	2,848	(376)	(897)	(402)	0	0	1,173
Budget Support Fund - Interest income This reserve has been established from temporary investment income and provides support of £0.250m per year towards the MTFS until 2027/28, a year longer than initially anticipated.	501	249		750	(250)	(250)	(250)	0	0	0
Budget Support Fund	3,358	240	0	3,598	(626)	(1,147)	(652)	0	0	1,173

Description and how reserve supports the authority's strategy to deliver good quality services	Balance at 31/3/2024	2024/25 Contributions / (Use)	2024/25 Transfer between reserves from / (to)	Forecast Balance at 31/3/2025
	£'000	£'000		£'000
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 reserve 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 future use is shown as the timing of potential income shortfalls is uncertain.	253	0	0	253
Total Earmarked Revenue Reserves	706	0	0	706
Total Earmarked Capital and Revenue Reserves	8,425	(1,152)	70	7,343

Planned Use of Reserves					Balance Allocated to Manage Ongoing Risk
2025/26	2026/27	2027/28	2028/29	2029/30	
£'000	£'000	£'000	£'000	£'000	£'000
(153)	(150)	(150)	0	0	0
0	0	0	0	0	253
(153)	(150)	(150)	0	0	253
(2,682)	(2,006)	(912)	(370)	0	1,373

Balance 31 March	4,661	2,655	1,743	1,373	1,373
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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 31/3/2024 £'000	2024/25 Contributions / (Use) £'000	2024/25 Transfer between reserves from / (to) £'000	Forecast Balance at 31/3/2025 £'000	Planned Contribution / (Use)					Balance Allocated to Manage Ongoing Risk £'000
					2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'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 reserve will be used on a phased basis and by 2033/34 the reserve will have been fully used.	1,643	995	0	2,638	26	(259)	(350)	(392)	(582)	1,081
Grenfell Action Plan This reserves will support our implementation of the Grenfell Tower Inquiry recommendations and improve resilience to major incidents.	113	(24)	0	89	(30)	(30)	(29)	0	0	0
Invest to Save Reserve This will support the Digital Transformation programme, Fire Hydrant maintenance and property issues etc.	848	-532	0	316	(251)	(62)	(3)	0	0	0

Description and how reserve supports the authority's strategy to deliver good quality services	Balance at 31/3/2024	2024/25 Contributions / (Use)	2024/25 Transfer between reserves from / (to)	Forecast Balance at 31/3/2025
	£'000	£'000	£'000	£'000
Ring-fenced Grants This reserve is earmarked for specific commitments in accordance with the Emergency Services Mobile Communications Project grant	390	0	(70)	320
Non-Statutory Community Projects This will support non-statutory projects relating to secured grant funding from the CFBCIC (Volunteers) and will be used to manage differences in the phasing of expenditure and funding. Use is estimated as timing is uncertain.	9	31	0	40
Total	3,003	470	(70)	3,403

Planned Contribution / (Use)					Balance
2025/26	2026/27	2027/28	2028/29	2029/30	Allocated to Manage Ongoing Risk
£'000	£'000	£'000	£'000	£'000	£'000
(100)	(100)	(80)	(40)	0	0
(10)	(10)	(10)	(10)	0	0
(365)	(461)	(472)	(442)	(582)	1,081

Balance 31 March	3,038	2,577	2,105	1,663	1,081
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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 31/3/2024	2024/25 Contributions / (Use)	2024/25 Transfer between reserves from / (to)	Forecast Balance at 31/3/2025	Planned Use of Reserves					Balance Allocated to Manage Ongoing Risk
	£'000	£'000	£'000	£'000	2025/26	2026/27	2027/28	2028/29	2029/30	£'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.	643	0	0	643	0	0	0	0	0	643
Total	643	0	0	643	0	0	0	0	0	643

Balance 31 March	643	643	643	643	643
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Summary of Earmarked Reserves

Category 1	8,425	(1,152)	70	7,343	(2,682)	(2,006)	(912)	(370)	0	1,373
Category 2	3,003	470	(70)	3,403	(365)	(461)	(472)	(442)	(582)	1,081
Category 3	643	0	0	643	0	0	0	0	0	643
Total Earmarked Reserves	12,071	(682)	0	11,389	(3,047)	(2,467)	(1,384)	(812)	(582)	3,097

Balance 31 March	8,342	5,875	4,491	3,679	3,097
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