

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 31/3/2023 £'000	2023/24 Contributions / (Use) £'000	2023/24 Transfer between reserves - from / (to) £'000	Forecast Balance at 31/3/2024 £'000	Planned Use of Reserves					Balance Allocated to Manage Ongoing Risk £'000
					2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'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.	3,706	(271)	0	3,435	(2,596)	0	(539)	0	0	300
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 £0.906m has been identified within the MTFS, leaving a potential shortfall of £0.284m which is not forecast to arise until 2028/29. This shortfall can potentially be funded from the uncommitted Capital	0	0	406	406	10	(50)	(170)	(110)	(370)	(284)
Total Earmarked Capital Reserves	3,706	(271)	406	3,841	(2,586)	(50)	(709)	(110)	(370)	16

Description and how reserve supports the authority's strategy to deliver good quality services	Balance at 31/3/2023	2023/24 Contributions / (Use)	2023/24 Transfer between reserves - from / (to)	Forecast Balance at 31/3/2024	Planned Use of Reserves					Balance Allocated to Manage Ongoing Risk
					2024/25	2025/26	2026/27	2027/28	2028/29	
	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Earmarked Revenue Reserves										
Budget Support Fund As detailed in the MTFS report the 2024/25 Local Government Finance Settlement only covers one financial year. Funding for 2025/26 and future years will be determined by the next Spending Review, which will be completed after the General Election. This position, alongside current inflation and uncertainty regarding 2024 national pay awards makes financial planning extremely challenging. This reserve helps manage these risks and uncertainties. The 2024/25 use of this reserve reflects the recommendations in the current MTFS report. This use may increase if 2024 pay awards exceed forecasts to provide a slightly longer lead time to implement permanent budget reductions. The forecast use to support the revenue budget over the period 2025/26 to 2026/27 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... The use of this reserve could increase if Revenue Support Grant reductions recommence from 2025/26, or to meet increased costs arising from remedies to address the McCloud Judgement if these are not funded from grants. The forecast balance at the end of 2026/27 is earmarked to manage these potential risks and uncertainty of one year Government grant settlements continuing. 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.	3,207	(350)	0	2,857	(190)	(965)	(757)	0	0	945
Budget Support Fund	3,207	(350)	0	2,857	(190)	(965)	(757)	0	0	945

				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 31/3/2023	2023/24 Contributions / (Use)	2023/24 Transfer between reserves - from / (to)	Balance at 31/3/2024	2024/25	2025/26	2026/27	2027/28	2028/29	Allocated to Manage Ongoing Risk
	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Collection Fund Deficit Reserve This reserve was established to manage the economic impact of Covid-19 on Council Tax and Business Rates income reductions which would feed through as Collection Fund deficits. The reserve avoided these deficits impacting on services. As detailed in the report this reserve can now be released and reallocated to fund AMP inflation risks.	599	(193)	(406)	0	0	0	0	0	0	0
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	(153)	(150)	(150)	0	0	0
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.	251	(40)	0	211	0	0	0	0	0	211
Total Earmarked Revenue Reserves	1,303	(233)	(406)	664	(153)	(150)	(150)	0	0	211
Total Earmarked Capital and Revenue Reserves	8,216	(854)	0	7,362	(2,929)	(1,165)	(1,616)	(110)	(370)	1,172

Balance 31 March	4,433	3,268	1,652	1,542	1,172
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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 31/3/2023 £'000	2023/24 Contributions / (Use) £'000	2023/24 Transfer between reserves from / (to) £'000	Forecast Balance at 31/3/2024 £'000	Planned Contribution / (Use)					Balance Allocated to Manage Ongoing Risk £'000
					2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'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 2029/30 the reserve will have been fully used.	1,408	236	0	1,644	117	(246)	(274)	(346)	0	895
Grenfell Action Plan This reserves will support our implementation of the Grenfell Tower Inquiry recommendations and improve resilience to major incidents.	156	(43)	0	113	(24)	(30)	(30)	(29)	0	0
Invest to Save Reserve This will support the Digital Transformation programme, Fire Hydrant maintenance and property issues	624	263	0	887	(634)	(188)	(65)	0	0	0
Ring-fenced Grants This reserve is earmarked for specific commitments in accordance with grant conditions.	60	0	0	60	(34)	(26)	0	0	0	0
Total	2,248	456	0	2,704	(575)	(490)	(369)	(375)	0	895
Balance 31 March					2,129	1,639	1,270	895	895	

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 31/3/2023	2023/24 Contributions / (Use)	2023/24 Transfer between reserves - from / (to)	Forecast Balance at 31/3/2024	Planned Use of Reserves					Balance Allocated to Manage Ongoing Risk
	£'000	£'000	£'000	£'000	2024/25	2025/26	2026/27	2027/28	2028/29	£'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	8,216	(854)	0	7,362	(2,929)	(1,165)	(1,616)	(110)	(370)	1,172
Category 2	2,248	456	0	2,704	(575)	(490)	(369)	(375)	0	895
Category 3	643	0	0	643	0	0	0	0	0	643
Total Earmarked Reserves	11,107	(398)	0	10,709	(3,504)	(1,655)	(1,985)	(485)	(370)	2,710

Balance 31 March	7,205	5,550	3,565	3,080	2,710
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