

**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  £'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	
<b><u>Earmarked Capital Reserves</u></b>									
<b>Capital Investment Programme</b> 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 is 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	(838)	(551)	(1,409)	(52)	<b>39</b>
<b>Total Earmarked Capital Reserves</b>	<b>1,215</b>	<b>(1,337)</b>	<b>3,011</b>	<b>2,889</b>	<b>(838)</b>	<b>(551)</b>	<b>(1,409)</b>	<b>(52)</b>	<b>39</b>

Description and how reserve supports the authority's strategy to deliver good quality services	Balance at 31/3/2020  £'000	2021/22 Contributions / (Use)  £'000	Transfer between reserves from / (to)	Forecast Balance at 31/3/2021  £'000	Planned Use of Reserves				Balance Allocated to Manage Ongoing Risk £'000
					2022/23  £'000	2023/24  £'000	2024/25  £'000	2025/26  £'000	
<b>Earmarked Revenue Reserves</b>									
<b>Budget Support Fund</b> 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 multi-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
<b>Budget Support Fund 2019/20 to 2022/23</b>	<b>5,629</b>	<b>77</b>	<b>(2,830)</b>	<b>2,876</b>	<b>0</b>	<b>(484)</b>	<b>(492)</b>	<b>(491)</b>	<b>1,409</b>

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
<b>Collection Fund Deficit Reserve</b> 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
<b>Innovation Fund</b> Is earmarked primarily to fund the installation of Fire alarms and this will have a positive impact on community safety.	453	0	0	453
<b>Commissioned Services</b> 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
<b>Total Earmarked Revenue Reserves</b>	<b>1,224</b>	<b>(94)</b>	<b>0</b>	<b>1,130</b>
<b>Total Earmarked Capital and Revenue Reserves</b>	<b>8,068</b>	<b>(1,354)</b>	<b>181</b>	<b>6,895</b>

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