APPPENDIX 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 31/3/2019	2019/20 Contributions / (Use)	Forecast Balance at 31/3/2020	Planned Use of Reserves				Balance Allocated to Manage Ongoing Risk
				2020/21	2021/22	2022/23	2023/24	
	£'000	£'000	£'000	£'000	£'000		£'000	£'000
Earmarked Capital Reserves								
Capital Investment Programme This reserve will be used to partly fund the Authority's approved Asset Management Plan which is designed to address operational requirements covering the Authority's buildings, including Fire Stations and the operational fire fighting and rescue vehicles. Expenditure on the Authority's buildings will ensure facilities meet operational requirements detailed in the Integrated Risk Management Plan, thereby ensuring the Authority has the buildings it needs to deliver good quality services to the public. This investment will remove back log maintenance requirements, which if not addressed would result in higher longer terms costs, which would not be an effective use of public resources. Expenditure on operational vehicles will ensure the Authority maintains its operational effectiveness and is able to respond to the significant risks within the Authority's area. Phasing for use of this reserves may change to reflect actual timing of capital projects. After reflecting approved capital expenditure priorities the uncommitted balance for this reserve is £334,000. This amount is earmarked to manage potential inflation / exchange rate risks in relation to the replacement of fire appliances over the period 2020/21 to 2025/26.	2,173	(1,639)	534	(200)	0	0	0	**334**
Capital Receipts Reserve This reserve is also earmarked to partly fund the Authority's approved Asset Management Plan.	271	(271)	0	0	0	0	0	**0**
Total Earmarked Capital Reserves	**2,444**	**(1,910)**	**534**	**(200)**	**0**		**0**	**334**

Description and how reserve supports the authority's strategy to deliver good quality services	Balance at 31/3/2019	2019/20 Contributions / (Use)	Forecast Balance at 31/3/2020	Planned Use of Reserves				Balance Allocated to Manage Ongoing Risk
				2020/21	2021/22	2022/23	2023/24	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget Support Fund 2019/20 to 2022/23 As detailed in section 6 of the MTFS report this reserve is earmarked to manage financial risks in 2021/22 and future years arising from a range of potential changes to future funding and the cost of providing services. If this reserve is used to defer further forecast budget cuts for 2021/22 and 2022/23 until 2023/24 this would commitment between **£2.283m** (based on 2021/22 and 2022/23 grant freezes and phased withdrawal of the pensions grant) and **£4.162m** (5% grant reductions in 2021/22 and 2022/23 and phased withdrawal of the pensions). These figures highlight the significant financial risks and uncertainties facing the Authority and how quickly this one off resource could be committed to temporarily support services whilst a plan to deliver permanent savings was developed and the implemented The MTFS report advises Members that using this one off funding would not provide a permanent solution to address recurring funding cuts, or recurring additional cost increases. However, the reserve would provide a slightly longer lead time to implement permanent budget cuts. The 2019/20 contribution of £337,000 consists of forecast managed revenue budget underspend of £450,000, less approved use of this reserve to support the 2019/20 budget of £113,000.	4,122	337	4,459	0	(808)	(1,475)	0	**2,176**
Budget Support Fund 2019/20 to 2022/23	**4,122**	**337**	**4,459**	**0**	**(808)**	**(1,475)**	**0**	**2,176**
<u>Earmarked Revenue Reserves</u>								
Innovation Fund Is earmarked primarily to fund the installation of Fire alarms and this will have a positive impact on community safety.	566	(113)	453	(113)	(113)	(113)	(114)	**0**

Description and how reserve supports the authority's strategy to deliver good quality services	Balance at 31/3/2019	2019/20 Contributions / (Use)	Forecast Balance at 31/3/2020	Planned Use of Reserves 2020/21	2021/22	2022/23	2023/24	Balance Allocated to Manage Ongoing Risk
	£'000	£'000	£'000	£'000	£'000		£'000	£'000
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.	200	0	200	0	0	0	0	**200**
Pension Reserve This reserve is earmarked to fund fixed annual contribution to the Teesside Pension Fund arising from the actuarial valuation of the Pension Fund covering the period 2017/18 to 2019/20. Funding these costs from this reserve avoided having to make additional budget reductions, as it is hoped that these additional contribution will not be required from 2020/21.	55	(55)	0	0	0	0	0	**0**
Property Reserve This reserve is earmarked to fund projects delayed from 2018/19 to 2019/20.	334	(334)	0	0	0	0	0	**0**
Levy Account Surplus This is the Authority's share of the one off Business Rates levy account funding distributed by the Government and is allocated to support the 2019/20 budget.	141	(141)	0	0	0	0	0	**0**
Total Earmarked Revenue Reserves	**1,296**	**(643)**	**653**	**(113)**	**(113)**	**(113)**	**(114)**	**200**
Total Earmarked Capital and Revenue Reserves	**7,862**	**(2,216)**	**5,646**	**(313)**	**(921)**	**(1,588)**	**(114)**	**2,710**
		Balance 31 March		**5,333**	**4,412**	**2,824**	**2,710**	