

APPENDIX C

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 31/3/2022 £'000	2022/23 Contributions / (Use) £'000	2022/23 Transfer between reserves from / (to) £'000	Forecast Balance at 31/3/2023 £'000	Planned Use of Reserves				Balance Allocated to Manage Ongoing Risk £'000
					2023/24 £'000	2024/25 £'000	2025/26 £'000	2026//27 £'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.	4,342	(1,219)	0	3,123	(693)	(1,409)	(51)	(539)	431
Total Earmarked Capital Reserves	4,342	(1,219)	0	3,123	(693)	(1,409)	(51)	(539)	431

Description and how reserve supports the authority's strategy to deliver good quality services	Balance at 31/3/2022 £'000	2022/23 Contributions / (Use) £'000	2022/23 Transfer between reserves from / (to)	Forecast Balance at 31/3/2023 £'000	Planned Use of Reserves				Balance Allocated to Manage Ongoing Risk £'000
					2023/24 £'000	2024/25 £'000	2025/26 £'000	2026//27 £'000	
Earmarked Revenue Reserves									
Budget Support Fund As detailed in the MTFS report the 2023/24 Local Government Finance Settlement only covers one financial year and whilst the supporting Policy Statement provides an indication of funding for 2024/25 the funding position beyond this is uncertain. The current inflation environment and uncertainty regarding national pay awards over the period of the MTFS makes financial planning extremely challenging. This is particularly the case when setting the 2023/24 budget as both the 2022 and 2023 pay awards for firefighters were outstanding when the budget was set. 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 national pay awards are higher than forecast, or Revenue Support Grant reductions recommence from 2025/26, or to meet increased costs arising from remedies to address the McCloud Judgement. The forecast balance at the end of 2025/26 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 2025/26 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.	2,920	0	0	2,920	(281)	(1,108)	(570)	0	961
Budget Support Fund	2,920	0	0	2,920	(281)	(1,108)	(570)	0	961

Description and how reserve supports the authority's strategy to deliver good quality services	Balance at 31/3/2022	2022/23 Contributions / (Use)	2022/23 Transfer between reserves from / (to)	Forecast Balance at 31/3/2023
	£'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 will avoid these deficits impacting on services. The balance on this reserve will be reviewed as part of the 2024/25 budget to determine if it would be prudent to retain this reserve for potential Collection Fund deficits arising from current challenging economic conditions.	828	(229)	0	599
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.	235	(25)	0	210
Total Earmarked Revenue Reserves	1,516	(254)	0	1,262
Total Earmarked Capital and Revenue Reserves	8,778	(1,473)	0	7,305

Planned Use of Reserves				Balance Allocated to Manage Ongoing Risk
2023/24	2024/25	2025/26	2026//27	
£'000	£'000	£'000	£'000	£'000
(231)	0	0		368
(153)	(150)	(150)	0	0
0	0	0	0	210
(384)	(150)	(150)	0	578
(1,358)	(2,667)	(771)	(539)	1,970

Balance 31 March	5,947	3,280	2,509	1,970
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APPENDIX C

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 31/3/2022 £'000	2022/23 Contributions / (Use) £'000	2022/23 Transfer between reserves from / (to) £'000	Forecast Balance at 31/3/2023 £'000	Planned Contribution / (Use)				Balance Allocated to Manage Ongoing Risk £'000
					2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'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.	1,155	221	0	1,376	235	(3)	(175)	(191)	1,242
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	(125)	0	0	0	0
Property reserve This is earmarked to fund revenue projects committed in-year where works are phased over two financial years.	15	129	0	144	129	0	0	0	273
Grenfell Action Plan This reserves will support our implementation of the Grenfell Tower Inquiry recommendations and improve resilience to major incidents.	197	(41)	0	156	(56)	(50)	(50)	0	0
Invest to Save Reserve This will support the Digital Transformation programme, Fire Hydrant maintenance and property issues	0	485	0	485	(243)	(242)			0
Ring-fenced Grants This reserve is earmarked for specific commitments in accordance with grant conditions.	71	(37)	0	34	(34)	0	0	0	0
Total	1,563	757	0	2,320	(94)	(295)	(225)	(191)	1,515
Balance 31 March					2,226	1,931	1,706	1,515	

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 31/3/2022 £'000	2022/23 Contributions / (Use) £'000	2022/23 Transfer between reserves from / (to) £'000	Forecast Balance at 31/3/2023 £'000	Planned Use of Reserves				Balance Allocated to Manage Ongoing Risk £'000
					2023/24 £'000	2024/25 £'000	2025/26 £'000	2026//27 £'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	(145)	0	517	0	0	0	0	517
Total	662	(145)	0	517	0	0	0	0	517

Balance 31 March	517	517	517	517
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Summary of Earmarked Reserves

Category 1	8,778	(1,473)	0	7,305	(1,358)	(2,667)	(771)	(539)	1,970
Category 2	1,563	757	0	2,320	(94)	(295)	(225)	(191)	1,515
Category 3	662	(145)	0	517	0	0	0	0	517
Total Earmarked Reserves	11,003	(861)	0	10,142	(1,452)	(2,962)	(996)	(730)	4,002

Balance 31 March	8,690	5,728	4,732	4,002
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