

### Statement of Reserves and Provisions

1. This appendix sets out details of the reserves and provisions held by the council. These balances have been subject to a detailed review as part of the budget process. **The items in bold show the changes that are being recommended.**
2. One of the requirements of the Financial Planning Strategy is to have flexible use of the Budget Stabilisation Reserve. The fund incorporates any annual under-spends and absorbs any annual over-spends. **It is recommended that any variance in the 2015/16 budget is put into this reserve or absorbed by this reserve.**
3. **It is recommended that a Switch and Save Reserve is established.** Income from the Switch and Save Scheme will be used to fund energy efficiency projects.
4. **It is recommended that a Business Rates Retention Reserve is established to manage the volatility in yearly cash flows in the Collection Fund caused by the complexities in the Business Rates Retention Scheme.**
5. The Community Infrastructure Levy (CIL) is a charge on some forms of new development that brings forward money to be spent on the infrastructure needed to support growth. Cabinet have agreed Governance arrangements and a CIL Spending Board has been established which will consider applications from local communities and infrastructure providers. **It is recommended that a Community Infrastructure Levy (CIL) Reserve is established to hold the funds that accumulate to be spent throughout the District.**
6. A Corporate Project Support Reserve is already in place to finance external expertise required for projects (e.g. the website). **It is recommended that £383,000 be transferred into the Corporate Project Support Reserve from the sources listed below to fund future project work including 'invest to save' initiatives.**
  - a. **First Time Sewerage Reserve £50,000.**
  - b. **Collection Fund Surplus £333,000.**
7. Following the senior management restructure **it is recommended that the Re-organisation Reserve is increased by £100,000.**
8. The pension fund position has been reviewed and **it is recommended that the Pension Fund Valuation reserve is reduced by £100,000.**

The table below sets out the reserves and provisions held at 1 April 2015

	01/04/15	Purpose (some further details are included in the Statement of Accounts 2014/15)
<b>Provisions</b>	<b>£000</b>	
Business Rates Appeals	1,804	The change to the Business Rates Retention scheme means that the Council has to provide for its share of the costs arising from successful appeals by business ratepayers.
Accumulated Absences	152	Absorbs the difference that would otherwise arise on the General Fund Balance from accruing for compensated absences (e.g. annual leave) earned but not taken in the year. Opposite entry in Unusable Reserves.
Municipal Mutual Insurance (MMI)	257	A solvent run-off of MMI is now unlikely which may result in Councils being liable to clawback of monies paid out.
Other	94	To cover potential restitutionary claims in respect of personal search fees of the land register.
Sub Total	<b>2,307</b>	
<b>Capital Receipts</b>		
Capital Receipts	<b>3,460</b>	Balance from previous asset sales and mortgage repayments. Can be used to fund future capital expenditure.
<b>Earmarked Reserves</b>		
Action and Development	395	To fund ad hoc and unplanned expenditure (including emergencies and flooding).
Asset Maintenance	1,000	To fund emergency works to assets.
Budget Stabilisation	6,704	To support decisions required to continue to produce a balanced budget in future years.
Capital Financing	184	Annual contributions from revenue to fund some capital projects.
Carry Forward Items	336	For specific items agreed by Cabinet, e.g. if a project has slipped between years.
Community and Business	383	External funding received for ongoing and future projects.
Corporate Project Support	200	To fund invest to save projects and external expertise required to investigate proposed projects.
District Elections	106	To finance District Council elections.
Financial Plan	4,160	Funds moved from the Asset Maintenance and Employer's Superannuation Reserves to support the 10-year budget.

First Time Sewerage	366	Transferred from a provision for potential liabilities relating to earlier sewerage installations.
Flood Support	144	To give grants to businesses that have suffered flooding and make claims under the Business Flood Support Scheme.
Health and Safety	100	To fund legal costs.
Homelessness Prevention	103	For preventing homelessness.
Housing Benefit Subsidy	664	Provides a cushion against large movements in reclaimable sums in any year.
Housing Surveys	105	To fund Housing Surveys at the time of need.
IT Asset Maintenance	244	To fund future IT asset maintenance costs.
Local Plan/LDF	634	To help support the Local Plan and Local Development Framework.
New Homes Bonus	379	Due to the uncertainty of future Government funding an element of NHB is being kept separate.
Pension Fund Valuation	640	To contribute towards downturns in future pension fund actuarial valuations.
Property Investment	3,731	To support the aims of the Property Investment Strategy agreed by Council.
Repayable Housing Grant Assistance	117	Part of the grant may be repayable when the conditions are no longer met e.g. house sold.
Re-organisation	465	To fund actions taken to achieve annual budget savings.
Vehicle Insurance	293	Own vehicle damage for the commercial vehicle fleet. Contributions are made from the trading accounts.
Vehicle Renewal	419	Vehicle replacement for the commercial vehicle fleet. Contributions are made from the revenue trading accounts each year
Others (under £100,000)	446	Includes Rent Deposit Guarantee, Local Strategic Partnership, Housing Benefit, Big Community Fund.
Sub Total	<b>22,318</b>	
General Fund	<b>1,500</b>	Acts as a working balance to meet unexpected issues during the year, for which a minimum of 10% of net service expenditure recommended. It also meets any planned deficits on the revenue account.
<b>TOTAL</b>	<b>29,585</b>	

**Definitions:**

**Provisions** - funds set aside for liabilities or losses which are known obligations, but are uncertain as to amounts or dates. Expenditure can be charged direct against the Provision without being reflected in the Revenue Account.

**Capital Receipts** - money received from the sale of assets (normally land and buildings) and the repayment of grants and advances (e.g. mortgage repayments). Such receipts can only be used to repay debt, or to finance capital investment.

**Earmarked Reserve** - amounts set aside for purposes falling outside the definition of Provisions. Expenditure should not be charged direct to reserves, but shown in the Revenue Account with the transfer to or from the reserve distinguished from service expenditure.

**Unallocated Reserve** - the General Fund balance. This amount is not set-aside for a specific purpose.