

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 2018/19 budget is put into this reserve or absorbed by this reserve.**
3. A Corporate Project Support Reserve is already in place to finance projects including 'invest to save' initiatives. **It is recommended that £141,000 be transferred into the Corporate Project Support Reserve** to help fund future project work. This will include the Customer Redesign project.
4. To fund this increase it is recommended that the following reserves are reduced:
5. **Reduce the First Time Sewerage Reserve by £60,000** as some liabilities have expired.
6. **Reduce other smaller reserves by £81,000** following a review of the ongoing requirements.
7. It is recommended that the following new reserves are set up:
8. Community Infrastructure Levy (CIL) Administration Reserve - 5% of the CIL charge can be retained by Planning Services to be spent on the administration of the levy. It is recommended that a reserve is established to hold the funds that accumulate to be spent in line with the CIL regulations.
9. Property Investment Strategy Maintenance Reserve - the cost of maintenance and void periods has been included when forecasting future income of the assets. It is recommended that a reserve is established to fund future maintenance requirements and any Property Investment Strategy net income above the current forecast of £545,000 in 2017/18 be put into this reserve.

The table below sets out the reserves and provisions held at 1 April 2017

	01/04/17	Purpose (some further details are included in the Statement of Accounts 2015/16)
Provisions	£000	
Business Rates Appeals	2,469	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)	256	A solvent run-off of MMI is now unlikely which may result in Councils being liable to clawback of monies paid out.
Sub Total	2,877	
Capital Receipts		
Capital Receipts	143	Balance from previous asset sales and mortgage repayments. Can be used to fund future capital expenditure.
Earmarked Reserves		
Action and Development	396	To fund ad hoc and unplanned expenditure (including emergencies and flooding).
Asset Maintenance	1,000	To fund emergency works to assets.
Budget Stabilisation	6,238	To support decisions required to continue to produce a balanced budget in future years.
Business Rates Retention	1,129	To manage the volatility in yearly cash flows in the Collection Fund caused by the complexities in the Business Rates Retention Scheme.
Capital Financing	413	Annual contributions from revenue to fund some capital projects.
Carry Forward Items	309	For specific items agreed by Cabinet, e.g. if a project has slipped between years.
Community and Business	350	External funding received for ongoing and future projects.
Corporate Project Support	650	To fund invest to save projects and external expertise required to investigate proposed projects.
Financial Plan	5,182	To support the 10-year budget and Property Investment Strategy.
First Time Sewerage	266	Potential liabilities relating to earlier sewerage installations.
Flood Support	144	To give grants to businesses that have suffered flooding and make claims under the

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		Business Flood Support Scheme.
Housing Benefit Subsidy	723	Provides a cushion against large movements in reclaimable sums in any year.
IT Asset Maintenance	488	To fund future IT asset maintenance costs.
Local Plan/LDF	607	To help support the Local Plan and Local Development Framework.
New Homes Bonus (NHB)	499	NHB is being kept separate and used to fund the Property Investment strategy.
Pension Fund Valuation	500	To contribute towards downturns in future pension fund actuarial valuations.
Property Investment Reserve	1,682	To support the aims of the Property Investment Strategy.
Re-organisation	423	To fund actions taken to achieve annual budget savings.
Vehicle Insurance	310	Own vehicle damage for the commercial vehicle fleet. Contributions are made from the trading accounts.
Vehicle Renewal	432	Vehicle replacement for the commercial vehicle fleet. Contributions are made from the revenue trading accounts each year
Others	673	Includes Rent Deposit Guarantee, Local Strategic Partnership, Big Community Fund etc.
Sub Total	22,414	
General Fund	1,500	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.
TOTAL	26,934	

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.