

### 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 would incorporate any annual under-spends and absorb any annual over-spends. **It is recommended that any favourable variance achieved in the 2013/14 budget is put into this reserve.**
3. A Corporate Project Support Reserve be established. As a number of projects are currently being investigated it is important that this is carried out thoroughly and in certain cases may require external expertise. **It is recommended that £200,000 be transferred into the Corporate Project Support Reserve.**
4. The First Time Sewerage Reserve exists in case the Council is asked to contribute to earlier sewerage installations. A number of these installations occurred over twelve years ago so the likelihood of part of this reserve being required is significantly reduced. **It is recommended that £200,000 be transferred from the First Time Sewerage Reserve.**
5. The annual contribution from revenue to the Capital Reserve is currently £298,000. The Government has increased their contribution to the total cost of Disabled Facilities Grants which results in a lower contribution being required from this Council of £100,000 per annum. Therefore the requirement to fund part of the capital programme from the Capital Reserve reduces by the same amount. **It is recommended that the annual contribution from revenue to the Capital Reserve be reduced by £100,000 to £198,000.**
6. The Housing Benefit Subsidy Reserve has grown over recent years due to the favourable method in calculating the Benefit Subsidy received from Government. **It is recommended that £46,000 per annum be transferred from the Housing Benefit Subsidy Reserve to offset the reduction in the Benefit Administration Grant (also see SCIA19).**
7. No movement on the General Fund Reserve is currently planned in 2014/15.
8. The following table set out the reserves and provisions held by the Council at 1<sup>st</sup> April 2013.

Appendix H

	01/04/13	Purpose (some further details are included in the Statement of Accounts 2012/13)
<b>Provisions</b>	<b>£000</b>	
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.
Municipal Mutual Insurance	305	A solvent run-off of MMI is now unlikely which may result in Councils being liable to clawback of monies paid out.
Other	34	To cover potential restitutionary claims in respect of personal search fees of the land register.
Sub Total	<b>491</b>	
<b>Capital Receipts</b>		
Capital Receipts	<b>1,693</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.
Big Community Fund	110	To fund local projects.
Budget Stabilisation	4,051	To support decisions required to continue to produce a balanced budget in future years.
Carry Forward Items	144	For specific items agreed by Cabinet, e.g. if a project has slipped between years.
Community Development	460	External funding received for ongoing and future projects.
Financial Plan	5,224	Funds moved from the Asset Maintenance and Employer's Superannuation Reserves to support the 10-year budget.
First Time Sewerage	915	Transferred from a provision for potential liabilities relating to earlier sewerage installations.
Homelessness Prevention	197	For preventing homelessness.
Housing Benefit Subsidy	1,021	Provides a cushion against large movements in reclaimable sums in any year.
IT Asset Maintenance	314	To fund future IT asset maintenance costs.
Local Plan/LDF	520	To help support the Local Plan and Local Development Framework.
New Homes Bonus	594	Due to the uncertainty of future Government funding an element of NHB is being kept separate.
Pension Fund Valuation	809	To contribute towards downturns in future next pension fund actuarial valuations.
Rent Deposit Guarantees	112	To support the homeless etc, by providing their initial deposit and guarantee for a property.
Re-organisation	386	To fund actions taken to achieve annual budget savings.
Vehicle Insurance	277	Own vehicle damage for the commercial vehicle fleet. Contributions are made from the trading accounts.
Vehicle Renewal	508	Vehicle replacement for the commercial vehicle fleet. Contributions are made from the revenue trading accounts each year
Others	593	Mainly reserves where contributions are made annually from revenue, to meet specific periodic costs - e.g. district elections, community safety audit, civic expenses transport.
Sub Total	<b>17,630</b>	
<b>General Fund</b>	<b>3,713</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>23,527</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. For each reserve the purpose, usage and basis of transactions should be clearly identified.

**Unallocated Reserve** – the General Fund balance. Amounts not set-aside for a specific purpose. The only transaction should be the surplus or deficit on the General Fund each year.