

## 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 2019/20 budget is put into this reserve or absorbed by this reserve.**
3. **Change the name of the First Time Sewerage Reserve to the Sewerage Reserve.** This can then be used to contribute to the costs of other sewerage systems as well as potential liabilities for earlier sewerage installations.
4. **Set up an Electoral Registration Reserve.** This would help to balance out the different annual demands in the electoral cycle.

The table below sets out the reserves and provisions held at 1 April 2018

	01/04/18	Purpose (some further details are included in the Statement of Accounts 2017/18)
<b>Provisions</b>	<b>£000</b>	
Business Rates Appeals	2,232	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.
Sub Total	<b>2,641</b>	
<b>Capital Receipts</b>		
Capital Receipts	49	Balance from previous asset sales and mortgage repayments. Can be used to fund future capital expenditure.
<b>Earmarked Reserves</b>		
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	5,610	To support decisions required to continue to produce a balanced budget in future years.
Business Rates Retention	809	To manage the volatility in yearly cash flows in the Collection Fund caused by the complexities in the Business Rates Retention Scheme.
Capital Financing	445	Annual contributions from revenue to fund some capital projects.
Carry Forward Items	508	For specific items agreed by Cabinet, e.g. if a project has slipped between years.
Community and Business	274	External funding received for ongoing and future projects.
Community Infrastructure Levy Administration	107	To be spent on the administration of the levy.
Corporate Project Support	713	To fund invest to save projects and external expertise required to investigate proposed projects.
Financial Plan	4,020	To support the 10-year budget and Property Investment Strategy.

First Time Sewerage	206	Potential liabilities relating to earlier sewerage installations.
Flood Support	144	To help provide assistance in the case of severe flooding.
Homelessness Prevention	231	To assist in the delivery of the Homelessness Reduction Act.
Housing Benefit Subsidy	611	Provides a cushion against large movements in reclaimable sums in any year.
IT Asset Maintenance	590	To fund future IT asset maintenance costs.
Local Plan/LDF	559	To help support the Local Plan and Local Development Framework.
New Homes Bonus (NHB)	469	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.
Re-organisation	423	To fund actions taken to achieve annual budget savings.
Vehicle Insurance	309	Own vehicle damage for the commercial vehicle fleet. Contributions are made from the trading accounts.
Vehicle Renewal	697	Vehicle replacement for the commercial vehicle fleet. Contributions are made from the revenue trading accounts each year
Others	563	Includes Rent Deposit Guarantee, Local Strategic Partnership, District Elections etc.
Sub Total	<b>19,184</b>	
<b>General Fund</b>	<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>23,374</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.