

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 2022/23 budget is put into this reserve or absorbed by this reserve.**
3. As explained in the separate ‘White Oak Leisure Centre: New Build and Operator Procurement - Progress Report’ **it is recommended to move £1.095m from the Budget Stabilisation Reserve to fund part of the additional costs of the new leisure centre.** The split of funding may change due to actual development costs, the cost of borrowing at the time loans are taken out and the amount of capital receipts received.
4. The table below sets out the reserves and provisions held as at 1 April 2021.

Appendix K

	Balance as at 01/04/21 £000	Purpose (some further details are included in the Statement of Accounts)
Provisions		
Business Rates Appeals	3,270	The Council has to provide for its share of the costs arising from successful appeals by business ratepayers.
Accumulated Absences	327	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	3,853	
Capital Receipts		
Capital Receipts	1,876	Balance from previous asset sales. Can be used to fund future capital expenditure.
Earmarked Reserves		
Action and Development	296	To fund ad hoc and unplanned expenditure (e.g. due to an emergency).
Asset Maintenance	500	To fund emergency works to assets.
Budget Stabilisation	9,820	To support decisions required to continue to produce a balanced budget in future years.
Business Rates Retention	8,071	To manage the volatility in yearly cash flows in the Collection Fund caused by the complexities in the Business Rates Retention Scheme.
Capital Financing	221	Annual contributions from revenue to fund some capital projects.
Carry Forward Items	1,218	For specific items agreed by Cabinet, e.g. if a project has slipped between years.
Community Infrastructure Levy Administration	185	To be spent on the administration of the levy.
Corporate Project Support	212	To fund investigation and development of corporate projects.
Development Services	113	To fund ongoing and future projects.
Financial Plan	2,653	To support the 10-year budget and Property Investment Strategy.

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	Balance as at 01/04/21 £000	Purpose (some further details are included in the Statement of Accounts)
Housing and Commercial Growth Fund	566	To fund projects as part of the West Kent Partnership within the district
Housing Benefit Subsidy	550	Provides a cushion against large movements in reclaimable sums in any year.
IT Asset Maintenance	779	To fund future IT asset maintenance costs.
Local Plan	318	To help support the Local Plan.
New Homes Bonus (NHB)	406	To support the 10-year budget including 'invest to save' initiatives and support for the Property Investment Strategy.
Pension Fund Valuation	441	To contribute towards downturns in future pension fund actuarial valuations.
People and Places	204	External funding received for ongoing and future projects.
Property Investment Strategy Maintenance	233	To fund future maintenance and void periods.
Vehicle Insurance	258	Own vehicle damage for the commercial vehicle fleet.
Vehicle Renewal	696	To fund future commercial vehicle replacements.
Others	648	Includes District Elections, Rent Deposit Guarantee, Local Strategic Partnership, Electoral Registration etc.
Sub Total	28,388	
General Fund	1,700	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	35,817	

Definitions:

Provisions - funds to provide for liabilities or losses which are known obligations but are uncertain as to amounts or dates.

Capital Receipts - money obtained on the sale of a capital asset (normally land and buildings). 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.