

Projected Earmarked Reserves and Balances

Earmarked revenue reserves balances

	Actual balance at 31 Mar 2014 £m	Actual balance at 31 Dec 2014 £m	Forecast 31 Mar 2015 £m	Proposed use to support 2015/16 budget £m	Forecast 1 Apr 2015 £m
Revolving Infrastructure & Investment Fund	20.2	20.2	20.8		20.8
Eco Park Sinking Fund	14.6	14.6	18.9		18.9
Investment Renewals Reserve	13.0	12.6	10.9		10.9
Insurance Reserve	8.8	9.7	9.7		9.7
General Capital Reserve	7.7	7.8	6.7		6.7
Budget Equalisation Reserve	33.6	3.2	7.2	-4.3	2.9
Street lighting PFI Reserve	6.2	5.8	5.8		5.8
Economic Downturn Reserve	6.0	4.2	4.2	4.6	8.8
Vehicle Replacement Reserve	5.4	6.1	2.9		2.9
Child Protection Reserve	3.1	1.9	1.9		1.9
Equipment Replacement Reserve	3.4	2.9	1.7		1.7
Business Rate Appeals Reserve	0.0	1.3	1.3		1.3
Pensions Stabilisation Reserve	0.0	1.1	1.1		1.1
Interest Rate Reserve	4.7	1.0	1.0		1.0
Financial Investment Reserve	1.6	0.6	0.6		0.6
Waste Site Contingency Reserve	0.3	0.0	0.0		0.0
Earmarked Reserves	128.6	93.0	94.7	0.3	95.0
General Fund Balance	21.3		21.3		21.3

Purpose of earmarked reserves

Revolving Infrastructure & Investment Fund is to provide the revenue costs of funding infrastructure and investment initiatives that will deliver savings and enhance income in the longer term. Currently, the council transfers net income generated by the portfolio to the reserve.

Eco Park Sinking Fund is to fund the future of the council's waste disposal project from surpluses in initial years.

Investment Renewals Reserve enables investments in service developments. to invest to make savings in the future. The reserve makes loans to services or invest to save projects, which may be repayable. The recovery of the loan is tailored to the requirements of each business case, which is subject to robust challenge before approval as part of the council's governance arrangements.

Insurance Reserve holds the balance resulting from a temporary surplus or deficit on the council's self insurance fund and is assessed by an actuary for the possible liabilities the council may face. It specifically holds £3.5m to cover potential losses from the financial failure of Municipal Mutual Insurance (MMI) in 1992 and also possible claims against the council. The company had limited funds to meet its liabilities, consequently, future claims against policy years covered by MMI may not be fully paid, so would be funded from this reserve. The balance on this reserve represents the latest assessed possible liability.

General Capital Reserve holds capital resources, other than capital receipts, available to fund future capital expenditure.

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Budget Equalisation Reserve supports future years' revenue budgets from unapplied income and budget carry forwards.

Street Light Private Finance Initiative (PFI) Reserve holds the balance of the street lighting PFI grant income over and above that used to finance the PFI to date. The balance will be used when future expenditure in year exceeds the grant income due in that same year.

Economic Downturn Reserve is to allay the risks of erosion in the council's tax base due to the impact of the localisation of council tax benefit and a down turn in the economy.

Vehicle Replacement Reserve enables the future cost of vehicle replacement to be spread over the life of existing assets through annual revenue contributions.

Child Protection Reserve provides funding for additional staffing costs as a result of the increase number of children subject to a child protection order. This reserve is to fund the costs until 2015/16, when the base budget will be increased to cover these costs.

Equipment Replacement Reserve enables services to set aside revenue budgets to meet future replacement costs of large items of equipment. Services make annual revenue contributions to the reserve and make withdrawals to fund purchases.

Business Rate Appeals Reserve mitigates against volatility in business rates income (driven by the volume and value of successful valuation appeals). The council bears 10% of any appeals losses (districts and boroughs 40% and central government 50%) and has set aside £1.25m against potential business rates valuation appeals in 2014/15.

Pensions Stabilisation Reserve enables the council to smooth its revenue contributions to the pension fund between years.

Interest Rate Reserve enables the council to fund its capital programme from borrowing in the event of an expected change in interest rates or other borrowing conditions.

Financial Investments Reserve was set up in 2008/09 to mitigate potential future losses due to the failure of banks and financial institutions the council had deposits with (specifically Icelandic banks). While the remaining outstanding balance in relation to Icelandic banks is expected to be repaid in full, it is exposed to foreign exchange risk and the Financial Investments Reserve retains a sum to mitigate against this.

Waste Sites Contingency Reserve is held to meet as yet unquantifiable liabilities on closed landfill sites arising from the Environmental Protection Act 1990.