

## Projected earmarked reserves and balances

	Opening balance at 1 Apr 2015 £m	Actual balance at 31 Dec 2015 £m	Forecast balance at 31 Mar 2016 £m	Approved use to support 2015/16 budget £m	Forecast balance at 1 Apr 2016 £m
Revolving Infrastructure & Investment Fund	20.6	20.6	20.6	-10.0	10.6
Budget Equalisation Reserve	16.6	5.0	7.8	-2.3	5.5
Eco Park Sinking Fund	16.0	16.0	11.8	-5.9	5.9
Insurance Reserve	10.6	10.9	10.9	-5.4	5.5
Investment Renewals Reserve	10.0	9.5	8.6		8.6
General Capital Reserve	7.9	7.9	4.6		4.6
Street lighting PFI Reserve	5.8	5.1	5.1		5.1
Vehicle Replacement Reserve	5.6	6.5	2.8		2.8
Economic Downturn Reserve	4.2	9.2	9.2		9.2
Public Health Reserve	2.5	3.3	2.1		2.1
Economic Prosperity Reserve	2.5	2.5	2.5		2.5
Equipment Replacement Reserve	1.9	3.1	1.5		1.5
Child Protection Reserve	1.9	1.1	1.1		1.1
Business Rate Appeals Reserve	1.3	1.3	1.3		1.3
Pension Stabilisation Reserve	1.1	1.1	1.1	-1.1	0.0
Interest Rate Reserve	1.0	1.0	1.0		1.0
<b>Earmarked Reserves</b>	<b>109.5</b>	<b>104.1</b>	<b>92.0</b>	<b>-24.7</b>	<b>67.3</b>
<b>General Fund Balance</b>	<b>21.3</b>	<b>21.3</b>	<b>21.3</b>	<b>0.0</b>	<b>21.3</b>

### 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.

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

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

**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

**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.

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

**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.

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

**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.

**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.

**Public Health Reserve** holds the carry forward of the unspent Public Health Grant from 2014/15 being used to fund activities in future years.

**Economic Prosperity Reserve** provides to fund projects that will increase economic development in the county.

**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 2016/17.

**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.