

Projected earmarked reserves and balances

	Opening balance at 1 Apr 17 £m	Forecast balance at 31 Mar 18 £m	Proposed use to support 2018/19 budget £m	Forecast balance at 1 Apr 18 £m
Revolving Infrastructure & Investment Fund	11.1	11.1		11.1
Budget Equalisation Reserve	12.5	11.1	-7.3	3.8
Eco Park Sinking Fund	4.4	4.4		4.4
Insurance Reserve	7.7	7.7		7.7
Investment Renewals Reserve	5.0	4.8		4.8
General Capital Reserve	5.3	4.4		4.4
Street lighting PFI Reserve	4.4	3.7		3.7
Economic Downturn Reserve	9.2	9.2	-9.2	0.0
Economic Prosperity Reserve	2.5	2.5	-2.5	0.0
Equipment Replacement Reserve	0.7	2.0		2.0
Business Rate Appeals Reserve	1.3	3.6	-3.6	0.0
Interest Rate Reserve	1.0	1.0	-1.0	0.0
Earmarked Reserves	65.1	65.5	-23.6	41.9
General Fund Balance	21.3	21.3	0.0	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. Historically, the council has transfers net income generated by the portfolio to the reserve. From 2018/19, assumptions about the levels of income available to support the council's budget have been included within the MTFP.

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.

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.

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).

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.