

# Uttlesford District Council

## Reserves Strategy

### 2019/20



Prepared by:  
Angela Knight  
Uttlesford District Council  
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## Background

1. Reserves are an essential part of good financial management. They help the Council to cope with unpredictable financial pressures and plan for future spending commitments. The level, purpose and planned use of reserves are important factors for the Council to consider in developing the Medium Term Financial Strategy (MTFS, Appendix C) and setting the annual budget.
2. In setting the budget, the Council decides what it will spend and how much income it needs from fees, charges and council tax to supplement government funding. The Council may choose to fund some of its spending from its reserves, or set aside some of its income to increase reserves for future spending.
3. Having the right level of reserves is important. If reserves are very low, there may be little resilience to financial shocks and sustained financial challenges.
4. There is no available guidance on the minimum level of reserves that should be maintained with the exception of the working balance. In 2003 CIPFA stated that each authority should determine what a prudent level of reserves is based upon their own circumstances, risks and uncertainties.
5. Councils are therefore free to determine the level of reserves they hold, although our External Auditors will include an opinion on what is a reasonable level as part of their Annual Audit Report. Members are responsible for ensuring that the Council's reserves are part of the MTFS and need to be appropriate for our circumstances. The Section 151 Officer has a duty to provide members with advice on the level of reserves.
6. Councils face significant financial challenges. The unprecedented reduction in government funding from 2010/11 to date and the inevitable continuation of that trend, a decline in other income, rising costs and growing demand for many services are all testing the Councils' financial management and resilience.
7. The introduction of local business rates retention and new arrangements for providing council tax support in 2013/14 have created additional risks to the Council's finances.
8. Current and future financial challenges pose significant and increasing risks for the Council. The Council can consider using reserves to balance competing pressures for example:
  - Offset funding reductions and protect services – although this can only be a short-term strategy as reserves are a one-off funding resource
  - Invest to save projects, making changes that reduce the cost of providing services in the longer-term
  - Increasing reserves to strengthen resilience against future, uncertain cost pressures.

## Reserves Strategy

9. The Reserves Strategy is integral to the MTFS and the annual budget setting process. Therefore the MTFS will include:
  - Information showing the current level of reserves
  - Consideration of the forward strategy for reserves needed to support the Council's MTFS
  - A summary of the financial risks facing the Council, how it will mitigate these risks, and the minimum and maximum level of residual risk for which the council may need to hold funds in its reserves
10. Reserves will be monitored throughout the year as part of the quarterly financial monitoring and the level of reserves reported as part of the year-end accounting processes.

### Why the Council holds reserves

11. We use different terms to refer to the reserves depending on why they are held. Terms we use in this report have the following meanings:
  - Working balances (unallocated reserves) to manage cash flows, funds to protect annual budgets against multiple, less predictable, costs and uncommitted accumulated surpluses
  - Ring Fenced Reserves – funds held for specific purposes which are subject to set criteria on how they are used
  - Usable earmarked reserves – funds we choose to set aside to meet known or predicted future spending or allocated by previous Council decisions
  - Other reserves the Council holds which are not available to fund their general spending: some reserves with statutory restrictions on how they can be spent, such as capital receipts or Housing Revenue Account reserves
12. Usable earmarked reserves include funds for contingent spending that is hard to predict (risk-based reserves) – for example, Transformation Reserve to cover the cost of implementing changes in working practices including new ways of working and the costs associated with a reduction in staffing levels.
13. Reserves are distinct from provisions. Provisions are funds set aside for probable future liabilities where the timing and amounts are uncertain.
14. The Council must spend some of its income on specific purposes, for example, some ring-fenced grants, or property developers' contributions for local environmental improvements. Spending ring-fenced income before the end of a financial year is not always possible or desirable. The Council will carry forward unspent ring-fenced income from one financial year to the next in its reserves.

## Delivering a balanced budget

15. The Council, in common with other organisations, needs financial reserves to help manage unforeseen circumstances and to smooth the impact of known spending requirements over time. The Council will use reserves for such purposes to enable it to manage variations between its planned and actual budgets that result from unpredictable spending and income. Reserves will also be used by the Council to plan its finances strategically to support activities over the medium and long term.
16. The Local Government Finance Act 1992 requires the Council to calculate its expected outgoings and income for the year – including any additions to or use of reserves. Where expected outgoings exceed expected income, the difference is the authority's council tax requirement for that year.
17. If unplanned costs are incurred during the year that are not funded externally – for example, by a grant from government or an insurance policy – or the Council experiences a shortfall in expected income, there are limited options to deliver to budget. Raising extra income or making in-year savings may have an unacceptable impact on service users. Therefore the Council may want to consider using reserves to balance spending and income.

### Reserves and the management of risks

18. With regard to the Council's financial stability reserves are used to manage risks. There are certain earmarked reserves that have been set aside for specific risks, for example: Business Rates Retention. These reserves and the potential pressures that need to be managed are reviewed as part of the budget setting process.
19. The Council also manages unforeseen financial shocks by maintaining a Working Balance for both the General Fund and the Housing Revenue Account. The Council's agreed policy is to maintain working balances in line with the following formula:

*Total gross service expenditure + total gross service income + capital financing costs + investment income + investment cost + recharge to/from HRA + HRA share of corporate costs) x 2%*

### Increasing Financial Risks

20. This strategy identifies the following issues, full details of the changes to the way Local Authorities are funded can be found in the MTFs:
  - Government is carrying out a consultation on the basis of the formula used for allocating Local Authority funding, 'Fair Funding Review', which will be introduced in 2020/21
  - The partial retention of locally collected business rates, currently 50% will be increased to 75% in 2020/21. The Council also has responsibility for the settlement of any outstanding Business Rates appeals
  - The New Homes Bonus scheme was amended in 2017/18 and this has had significant reductions in the level of grant received. The changes to the scheme were moving from a 6 year to 4 year scheme and the introduction of a deadweight factor of 0.4%. In 2020/21 the scheme in its current form will end, although it is expected that legacy payments will continue

- Welfare reforms including the benefits cap and the impact on Housing Benefit as part of the introduction of Universal Credit which could impact on rent collection and potentially increase the level of homeless people seeking accommodation in the district
21. In addition to the risks identified above, there are still the operational risks that are normally managed within the MTFS:
- Service budgetary control
  - Service spending pressures, e.g. unavoidable demand
  - Exceptional inflation beyond that provided for within the annual budget
22. The prospect of further changes to the way councils are funded beyond 2019/20 means that it is prudent to retain sufficient reserves so that any future spending reductions can be implemented in a planned and efficient programme of change.

## General Fund Reserves

23. The 2019/20 budget identifies a surplus of £2.200 million, this is due to a reduction in Business Rate appeals both actual and expected, this subsequently releases funds held in the provision. The surplus is recommended to be allocated to the following reserves:
- Funding Reserve - £1.059 million
  - EU Exit Reserve - £0.200 million
  - Business Rates Reserve £0.941million (this is the element related to prior years Business Rates surplus)
24. The forecast value of the General Fund Reserves as at 31 March 2019 is estimated at £12.984 million increasing by a net £2.022 to £15.006 million by 31 March 2020, this includes the above surplus as detailed in paragraph 23. The balances of the Usable and Ring-Fenced reserves are:
- i. Usable Reserves as at 31 March 2019 is estimated at £9.902 million increasing by a net £1.029 to £10.931 million by 31 March 2020.
  - ii. Ring-Fenced Reserves as at 31 March 2019 is estimated at £3.082 million increasing by a net £0.993 million to £4.075 million by 31 March 2020.
25. The following tables summarises the General Fund Reserves at the end of the last financial year and the forecast end position for 2019/20.

## General Fund Usable Reserves

2018/19						2019/20			
	01 April 2018				31 March 2019				31 March 2020
£'000		Transfer from General Fund	Transfer to General Fund	Transfer btw reserves	Est'd balance	Transfer from General Fund	Transfer to General Fund	Transfer btw reserves	Est'd balance
	Actuals								
<b>USABLE RESERVES</b>									
<b>Financial management Reserves</b>									
MTFS Reserve	1,000		(450)		550	450	(450)		550
Transformation Reserve	1,728		(80)	(550)	1,098				1,098
EU Exit Reserve					0	200			200
Funding Reserve					0	1,059			1,059
<b>Contingency Reserves</b>					0				0
Emergency Response	40				40				40
<b>Service Reserves</b>					0				0
Depot new site	4,383	350	(250)		4,483				4,483
Development Control	27				27				27
Development Projects		105			105				105
Economic Development	15				15				15
Elections	75	25			100	25	(80)		45
Health and Wellbeing	46		(5)		41				41
Homelessness	126		(8)		118		(20)		98
Housing Strategy	54				54				54
New Homes Bonus Ward Members	16				16		(16)		0
Planning	960		(889)	550	621		(309)		312
Neighbourhood Planning	93				93				93
Private Finance Initiative	180				180				180
Strategic Initiatives Fund	2,660		(500)		2,160				2,160
Waste Management	201				201	170			371
<b>TOTAL USABLE RESERVES</b>	<b>11,604</b>	<b>480</b>	<b>(2,182)</b>	<b>0</b>	<b>9,902</b>	<b>1,904</b>	<b>(875)</b>	<b>0</b>	<b>10,931</b>

## General Fund Ring Fenced Reserves

2018/19						2019/20			
	01 April 2018				31 March 2019				31 March 2020
£'000		Transfer from General Fund	Transfer to General Fund	Transfer btw reserves		Transfer from General Fund	Transfer to General Fund	Transfer btw reserves	
	Actuals				Est'd balance				Est'd balance
<b><u>RING-FENCED RESERVES</u></b>									
Working Balance	1,321		(41)		1,280	28			1,308
Capital Slippage	466		(299)		167				167
Pension Reserve					0				0
Business Rates Review	1,501	250	(384)		1,367	941			2,308
Licensing Reserve		217	(20)		197	57	(33)		221
DWP Reserve	71				71				71
<b>TOTAL RING-FENCED RESERVES</b>	<b>3,359</b>	<b>467</b>	<b>(744)</b>	<b>0</b>	<b>3,082</b>	<b>1,026</b>	<b>(33)</b>	<b>0</b>	<b>4,075</b>
<b>TOTAL RESERVES</b>	<b>14,963</b>	<b>947</b>	<b>(2,926)</b>	<b>0</b>	<b>12,984</b>	<b>2,930</b>	<b>(908)</b>	<b>0</b>	<b>15,006</b>

## Housing Revenue Account (HRA) Reserves

26. The forecast value of total HRA Reserves as at 31 March 2019 is estimated at £5.634 million decreasing by a net £3.174 to £2.460 million by 31 March 2020. The balances of the Usable and Ring-Fenced reserves are:

- i. Usable Reserves as at 31 March 2019 is estimated at £1.136 million decreasing by £0.508 to £0.628 million by 31 March 2020.
- ii. Ring-Fenced Reserves as at 31 March 2019 is estimated at £4.498 million decreasing by a net £2.666 million to £1.832 million by 31 March 2020.

27. The following tables summarises the HRA Reserves at the end of the last financial year and the forecast end position for 2019/20.

### HRA Usable Reserves

£'000	2018/19				2019/20			
	31 March 2018	Transfer from HRA	Transfer to HRA	Transfer btw Reserve	31 March 2019	Transfer from HRA	Transfer to HRA	Transfer btw Reserve
	Actual Balance				Est'd Balance			
<b>USABLE RESERVES</b>								
<b>Revenue Reserves</b>								
Revenue Projects	180				180			180
Transformation Reserve	60				60			60
<b>Capital Reserves</b>								
Capital Projects	0	228	0		228		(153)	75
Potential Projects	849		(494)		355		(355)	0
Sheltered Housing Projects	0				0			0
HRA Slippage Reserve	3,764	131	(3,582)		313		0	313
<b>TOTAL USABLE RESERVES</b>	<b>4,853</b>	<b>359</b>	<b>(4,076)</b>	<b>0</b>	<b>1,136</b>	<b>0</b>	<b>(508)</b>	<b>0</b>

### HRA Ring-Fenced Reserve

£'000	2018/19				2019/20			
	31 March 2018	Transfer from HRA	Transfer to HRA	Transfer btw Reserve	31 March 2019	Transfer from HRA	Transfer to HRA	Transfer btw Reserve
	Actual Balance				Est'd Balance			
<b>RINGFENCED RESERVES</b>								
Working Balance	524	6			530		(31)	499
Capital Receipts - Right to Buy	2,859	1,600	(1,497)		2,962	1,600	(3,623)	939
Capital Receipts - Other	40	465			505		(500)	5
Major Repairs Reserve	146	3,770	(3,415)		501	3,979	(4,090)	390
<b>TOTAL RING-FENCED RESERVES</b>	<b>3,569</b>	<b>5,841</b>	<b>(4,912)</b>	<b>0</b>	<b>4,498</b>	<b>5,579</b>	<b>(8,244)</b>	<b>0</b>

28. The above Ring-Fenced reserves include the capital receipts, which can only be used as per the criteria set out under the Right to Buy 1-4-1 agreement. For each sale of a council dwelling the local authority must replenish housing stock using the retained receipt held in the capital receipts reserve; this is to ensure the government's plan to provide further social housing is continued whilst increasing home ownership is fulfilled. The Council can only use a 30% contribution of the capital receipts to fund a housing project. If the Council fails to spend the capital receipt to replenish housing within 13 quarters of receipt they are required to repay these funds to Central Government.

29. The Major Repairs Reserve is used solely for the upkeep and maintenance of the council owned housing; this is replenished on an annual basis and is equivalent to the value of depreciation applied to the housing stock.



## Reserves Strategy

### General Fund Reserves 5 year plan

2018/19		2019/20				2020/21				2021/22				2022/23				2023/24			
	31 March 2019	Transfer from	Transfer to	Transfer btw	31 March 2020	Transfer from	Transfer to	Transfer btw	31 March 2021	Transfer from	Transfer to	Transfer btw	31 March 2022	Transfer from	Transfer to	Transfer btw	31 March 2023	Transfer from	Transfer to	Transfer btw	31 March 2024
£'000	Forecast				Forecast				Forecast				Forecast				Forecast				Forecast
<b>USABLE RESERVES</b>																					
<i>Financial management Reserves</i>																					
MTFS Reserve	550	450	(450)		550				550				550				550				550
Transformation Reserve	1,098				1,098				1,098				1,098				1,098				1,098
EU Exit Reserve	0	200			200				200				200				200				200
Funding Reserve	0	1,059			1,059		(250)		809		(250)		559		(250)		309		(309)		0
<i>Contingency Reserves</i>	0				0				0				0				0				0
Emergency Response	40				40				40				40				40				40
<i>Service Reserves</i>	0				0				0				0				0				0
Depot new site	4,483				4,483				4,483				4,483				4,483				4,483
Development Control	27				27				27				27				27				27
Development Projects	105				105				105				105				105				105
Economic Development	15				15				15				15				15				15
Elections	100	25	(80)		45	25			70	25			95	25			120	25	(100)		45
Health and Wellbeing	41				41				41				41				41				41
Homelessness	118		(20)		98				98				98				98				98
Housing Strategy	54				54				54				54				54				54
New Homes Bonus Ward Members	16		(16)		0				0				0				0				0
Planning	621		(309)		312				312				312				312				312
Neighbourhood Planning	93				93				93				93				93				93
Private Finance Initiative	180				180				180				180				180				180
Strategic Initiatives Fund	2,160				2,160				2,160				2,160				2,160				2,160
Waste Management	201	170			371				371				371				371				371
<b>TOTAL USABLE RESERVES</b>	<b>9,902</b>	<b>1,904</b>	<b>(875)</b>	<b>0</b>	<b>10,931</b>	<b>25</b>	<b>(250)</b>	<b>0</b>	<b>10,706</b>	<b>25</b>	<b>(250)</b>	<b>0</b>	<b>10,481</b>	<b>25</b>	<b>(250)</b>	<b>0</b>	<b>10,256</b>	<b>25</b>	<b>(409)</b>	<b>0</b>	<b>9,872</b>
<b>RING-FENCED RESERVES</b>																					
Working Balance	1,280	28			1,308				1,308				1,308				1,308				1,308
Capital Slippage	167				167				167				167				167				167
Pension Reserve	0				0				0				0				0				0
Business Rates Review	1,367	941			2,308		(250)		2,058		(550)		1,508		(550)		958		(550)		408
Licensing Reserve	197	57	(33)		221				221				221				221				221
DWP Reserve	71				71				71				71				71				71
<b>TOTAL RING-FENCED RESERVES</b>	<b>3,082</b>	<b>1,026</b>	<b>(33)</b>	<b>0</b>	<b>4,075</b>	<b>0</b>	<b>(250)</b>	<b>0</b>	<b>3,825</b>	<b>0</b>	<b>(550)</b>	<b>0</b>	<b>3,275</b>	<b>0</b>	<b>(550)</b>	<b>0</b>	<b>2,725</b>	<b>0</b>	<b>(550)</b>	<b>0</b>	<b>2,175</b>
<b>TOTAL RESERVES</b>	<b>12,984</b>	<b>2,930</b>	<b>(908)</b>	<b>0</b>	<b>15,006</b>	<b>25</b>	<b>(500)</b>	<b>0</b>	<b>14,531</b>	<b>25</b>	<b>(800)</b>	<b>0</b>	<b>13,756</b>	<b>25</b>	<b>(800)</b>	<b>0</b>	<b>12,981</b>	<b>25</b>	<b>(959)</b>	<b>0</b>	<b>12,047</b>



## Reserves Strategy

### Housing Revenue Account Reserves 5 year plan

2019/20																	2020/21			2021/22			2022/23			2023/24		
£'000	31 March 2019	Transfer from HRA	Transfer to HRA	31 March 2020	Transfer from HRA	Transfer to HRA	31 March 2021	Transfer from HRA	Transfer to HRA	31 March 2022	Transfer from HRA	Transfer to HRA	31 March 2023	Transfer from HRA	Transfer to HRA	31 March 2024												
	Forecast			Forecast			Forecast			Forecast			Forecast			Forecast												
<b>USABLE RESERVES</b>																												
<b>Revenue Reserves</b>																												
Revenue Projects	180			180			180			180			180			180												
Transformation Reserve	60			60			60			60			60			60												
<b>Capital Reserves</b>																												
Capital Projects	228		(153)	75		(75)	0			0	353		353		(118)	235												
Potential Projects	355		(355)	0			0			0			0			0												
Sheltered Housing Projects	0			0			0			0			0			0												
HRA Slippage Reserve	313		0	313		0	313		0	313		0	313		0	313												
<b>TOTAL USABLE RESERVES</b>	<b>1,136</b>	<b>0</b>	<b>(508)</b>	<b>628</b>	<b>0</b>	<b>(75)</b>	<b>553</b>	<b>0</b>	<b>0</b>	<b>553</b>	<b>353</b>	<b>0</b>	<b>906</b>	<b>0</b>	<b>(118)</b>	<b>788</b>												
<b>RINGFENCED RESERVES</b>																												
Working Balance	530		(31)	499			499			499			499			499												
Capital Receipts - Right to Buy	2,962	1,600	(3,623)	939	1,600	(1,969)	570	1,600	(2,058)	112	1,600	(1,141)	571	1,600	(1,141)	1,030												
Capital Receipts - Other	505		(500)	5			5			5			5			5												
Major Repairs Reserve	501	3,979	(4,090)	390	3,979	(4,274)	95	3,979	(4,074)	0	3,979	(3,979)	0	3,979	(3,979)	0												
<b>TOTAL RING-FENCED RESERVES</b>	<b>4,498</b>	<b>5,579</b>	<b>(8,244)</b>	<b>1,832</b>	<b>5,579</b>	<b>(6,243)</b>	<b>1,168</b>	<b>5,579</b>	<b>(6,132)</b>	<b>616</b>	<b>5,579</b>	<b>(5,120)</b>	<b>1,075</b>	<b>5,579</b>	<b>(5,120)</b>	<b>1,534</b>												
<b>TOTAL RING-FENCED RESERVES</b>	<b>5,634</b>	<b>5,579</b>	<b>(8,752)</b>	<b>2,460</b>	<b>5,579</b>	<b>(6,318)</b>	<b>1,721</b>	<b>5,579</b>	<b>(6,132)</b>	<b>1,169</b>	<b>5,932</b>	<b>(5,120)</b>	<b>1,981</b>	<b>5,579</b>	<b>(5,238)</b>	<b>2,322</b>												

## Reserves Strategy

Reserve	Purpose	Risks	Mitigation
MTFS Reserve	Provide a contingency fund to support payments for the investments should there be an in year income shortfall	Income received from investments do not meet the amount of the annual loan repayment	Each investment has a business case which is verified by external consultants which is approved by council as part of the decision making process. Officers undertake continuous evaluation of the actual performance of the investment against the forecast position.
Transformation Reserve	To enable the council to change the way it operates in order to meet the financial challenges ahead	1. Programme of change – it is essential the council adapts to new ways of working, more automated processes with improved functionality. Failure to adopt new ways of working will seriously affect the future functioning of the council 2. As the council transforms it is possible that a number of services will need to change in the way they are delivered or cease to be provided. This may lead to statutory redundancy payments	This is to support and enable changes to service delivery, efficiency programmes and improvements to enhance customer interactions with the council
EU Exit Reserve	To manage any risks relating to EU Exit 'Deal or No Deal'	Possible issues particularly with regard to the airport	To provide funds to support any extra work/staffing required for supporting the outcomes of EU Exit. It is possible that the Council will receive new burdens funding for any expenditure incurred, but the level of reimbursement is unknown. If these funds are not required they will be released back into the General Fund
Funding Reserve	To manage the effects of the reduction in government funding in future years	The Fair Funding Review will change the way government funding is allocated and plans to remove New Homes Bonus will have significant financial impacts on the Council budget	This will help to smooth the impact of significant funding reductions, providing a buffer over 4 years to support a programme of change and/or increased income generation
Emergency Response	To support any resource requirement to a local emergency	The emergency exceeds the scale anticipated and funds are inadequate	Any large scale emergency would involve other agencies and Essex County  In case of larger emergencies it is likely that Central Government will reimburse the council

## Reserves Strategy

Reserve	Purpose	Risks	Mitigation
Depot – new site	It is proposed to purchase land and provide the necessary buildings and utilities in the south of the district	<p>1. No piece of land is identified</p> <p>2. The reserve is insufficient to meet the total costs</p>	<p>The process has advanced and there is now a preferred option and a reserved site</p> <p>The land vacated would have residual value and whilst a proportion should be retained to provide additional income streams, some could be sold to cover additional costs. The reserve was increased in 2017/18 to enable a single depot site to be established</p>
Development Control	S106 monitoring income	To support costs of resources relating to S106 agreements, risk that resources will exceed the amount of funds received	Monitoring carried out throughout the year
Development Projects	To provide funds for future projects	This reserve to be funded from in year budget revenue surpluses, if the council has no surplus funds the projects will not go ahead	Project identified, £80,000 of these funds have been allocated to the Self-Serve (Citizen Access) project
Economic Development	To assist with the promotion of economic development	The reserve is inadequate to fund the projects identified in the strategy	Specific projects identified in the strategy and ongoing monitoring of each one against funds available to ensure that these do not overspend
Elections	Each year £25,000 is allocated to the reserve to fund future election costs. The reserve is used in UDC election years	The costs exceed the reserve amount	The reserve is to offset the impact of the cost of elections not to fully cover it. The amount is felt to be sufficient
Health and Wellbeing	To support the Health and Wellbeing strategy	Specific funding provided for the Health and Wellbeing agenda	This is monitored and included in the Health and Wellbeing agenda/strategy
Homelessness	To assist with the fluctuating demand for homelessness support.	New legislation has increased the requirement on Local Authorities to provide housing to homeless people	Extra funding has been received from Central Government and the Homelessness Strategy has been updated to account for the new requirements

## Reserves Strategy

Reserve	Purpose	Risks	Mitigation
Housing Strategy	Enable local community groups to support delivery of affordable housing units	These funds are a government grant and if we are unable to identify suitable schemes the funds may have to be repaid	The use of the funds has a broad scope and can be used for collaboration, skills and supply chains at a local level to promote the sustainability of this approach to housebuilding. Funds allocated to Parish in 2017/18
New Homes Bonus (Ward Members)	An annual allocation of £2k is provided to each ward member, any unspent monies are c/fwd. into future years subject to meeting the criteria approved at 17 March 2016 Cabinet	<p>That monies held are not spent within the timescales and the criteria as listed below:</p> <ol style="list-style-type: none"> <li>1. It has to be spent in the Member's Ward</li> <li>2. Any unspent allocation can be carried forward to the following year, providing the amount is less than 50% of the allocation for that year. If it exceeds 50% of the in-year allocation only 50% shall be carried forward</li> <li>3. It has to be for the good of the community</li> <li>4. It must not commit the Council to expenditure in future years</li> <li>5. The Member should be mindful of the financial status of the recipients</li> <li>6. The Member should have no personal interest in the organisation receiving the award</li> <li>7. In election year the money only becomes available from 1 June (i.e. to the newly elected Member)</li> </ol>	Members are provided with an annual report of remaining funds. The reserve has a balance of £16,000 relating to prior year underspends, as 2019/20 is an election year these will be released back to the revenue account
Planning	<p>For four primary purposes</p> <ol style="list-style-type: none"> <li>1. Stansted Airport studies</li> <li>2. Planning Appeals</li> <li>3. Local Plan</li> </ol>	<p>The reserve is insufficient to meet the total costs specifically that all monies have been allocated to the Local Plan.</p> <p>There are no funds remaining for any appeals or to support actions relating to</p>	<p>The reserve has two elements Planning as per points 1 to 3 in the column Purpose and Lifespan. There is also a second element of specific funding included for Neighbourhood Plans and these are accounted for separately</p> <p>In the event of a shortfall any Local Plan work will be funded from the SIF and this reserve will be redirected to appeals and/or</p>

## Reserves Strategy

Reserve	Purpose	Risks	Mitigation
	4. Neighbourhood Plans	Stansted Airport	Stansted Airport
Neighbourhood Planning	This is to support the costs of producing Neighbourhood plans	The number of plans required to be produced will exceed the amount of funding available	The Planning Policy team monitor the expected requirement to allow for an annual review of the level of funds required
Private Finance Initiative	This reserve has been set up as part of the 2015/16 external audit process	The external audit indicated that there would be a possible shortfall in repayments in future years	All extra income received from the PFI income share is allocated to the reserve. Further analysis of the PFI model shows that the current reserve will cover any shortfalls
Strategic Initiatives Fund (SIF)	<p>£1m is retained to support in the delivery of the Local Plan</p> <p>Any funds over and above this are then allocated on the following basis;</p> <ol style="list-style-type: none"> <li>Support for the local economy</li> <li>Partnership working with voluntary sector organisations</li> <li>Community initiatives and services in rural locations</li> <li>“Spend to save” projects to make the Council more efficient and more resilient to funding changes in future years</li> </ol>	<p>The Local Plan exceeds the current allocations set aside</p> <p>Insufficient projects that meet the criteria are identified</p> <p>The uncertain/unknown funding situation from 2020/21 means that the Council may rely on reserve balances to support future years</p>	<p>The Planning reserve is the first call on funds to support the Local Plan.</p> <p>There are four key criteria that each initiative must meet to be considered for funding from the Strategic Initiatives Fund. The four criteria are</p> <ol style="list-style-type: none"> <li>1. The initiative demonstrably supports the Council's corporate priorities, as set out in the Corporate Plan</li> <li>2. The initiative fulfils at least one of the five suggested uses for the Fund, as set out above</li> <li>3. The initiative results in tangible financial benefit to the Council, either by reducing future cost pressures, efficiency savings, or income generation</li> <li>4. The initiative does not give the Council any additional ongoing revenue budget commitments beyond the 2019/20 financial year</li> </ol> <p>No new drawdowns should be made on this reserve until the finance settlement for 2020/21 and future years is announced/confirmed</p>

## Reserves Strategy

Reserve	Purpose	Risks	Mitigation
	e. Putting some Council services onto a more commercial footing.		
Waste Management	This is a high profile service and by the nature of the work suffers from budget variances. To enable the Council to smooth fluctuations in areas such as cost of disposal and agency staffing.	Disposal costs increase due to a change in the recyclable market	The budget is based on current cost with any increase in disposal costs being met from this reserve
Working Balance	Maintained to protect the Council's budget from unexpected risks	Calculation as set out in 20	MTFS and Transformation reserves are available to support the Council in absorbing any significant reductions in funding and/or income
Capital Slippage	Financing budget from reserves and revenue contributions c/fwd. in line with associated projects in the capital programme slipping to future financial years	None, any unspent financing will be released back to either the original reserve or the revenue budget	Financing is aligned with associated projects within the capital programme and monitored on a regular basis
Access Fund	This reserve was set up to pump prime the provision of cycle paths in the district. The intention is that the initial £200,000 would be replenished	No suitable S106 monies are available to continue the cycle path rollout	<p>This is an Essex County Council responsibility which this Council contributes to by way of S106 monies. If no such money is available the Council will need to decide whether or not to invest more money from other reserves into this scheme</p> <p>This reserve has a zero balance so is not included in the main reserves table.</p>

## Reserves Strategy

Reserve	Purpose	Risks	Mitigation
	by appropriate S106 monies as they become available		
Pension Reserve	This reserve is used to support the Pension Fund Deficit and where possible support a triannual payment	That the cost of the 3 year payment is higher than expected or there is insufficient revenue funds available to take up the option of a triannual payment	This reserve currently has a zero balance as there are insufficient funds to allocate to the reserve in the life of this MTFS
Business Rates Retention	To manage any Collection Fund deficit and/or shortfall in income.	Fund is insufficient to meet demand	In the financial years where a surplus is identified this is added to the reserve. An estimated balance of £2.308 million will be available by 31 March 2020. To mitigate the impact of the BR element of the spending review, a total of £1.90 million has been allocated to support the revenue budget from 2020/21 to 2023/24
Licensing	A ring-fenced reserve that can only be spent on the taxi licensing service	The new fee schedule of licence renewal on either a 3 or 5 year basis, means that income and resource fluctuates annually	Any excess income is held in the reserve to support service provision in the intermediate years
DWP	To support any financial implications of a negative Benefits Audit and repayment of subsidy to DWP	DWP seek to recover more money than in the reserve	There is a zero balance in the reserve as this is the second year that we have had no repayment required due to a positive audit opinion