

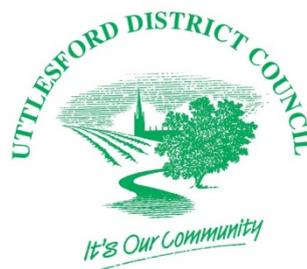
Uttlesford District Council

Reserves Strategy

2020/21



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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 the 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 and this forms part of the Section 25 report (Appendix A).
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 Council's financial resources 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 amounts allocated by previous Council decisions for specific purposes
 - Other reserves - the Council holds reserves which have 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, the Transformation Reserve which covers 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 from 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 within the budget set. 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 (Appendix A Section 25 Report sets out the actual calculation):

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 has been carrying out consultations on the basis of the formula used for allocating Local Authority funding, the Fair Funding Review and the Business Rates Reform, which was planned to be introduced in 2020/21 and has now been delayed until 2021/22
 - Business Rates Retention scheme, where the council currently retains a 50% share, this will be increased to 75% in the planned reform of the scheme in 2021/22. 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 generated significant reductions in the level of grant received. The changes to the scheme moved from a 6 year to 4 year scheme and an introduction of a deadweight factor of 0.4%. It was expected in 2020/21 the scheme in its current form would end, this has been extended for one year to align with the Fair Funding Review and Business Rate Reforms detailed in the above bullet points. It is expected that legacy payments will continue even if the scheme is ended in 2021/22
 - 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 2020/21 means that it is prudent to retain sufficient reserves so that any future spending reductions can be managed in a planned and efficient programme of change.

General Fund Reserves

23. The forecast value of the General Fund Reserves as at 31 March 2020 is estimated at £16.999 million decreasing by a net £0.494 million to £16.505 million by 31 March 2021. The balances of the Usable and Ring-Fenced reserves are:
- i. Ring Fenced Reserves - £4.92 million, after estimated additions of £0.231 million giving an estimated balance as at 31 March 2021 of £5.152 million
 - ii. Usable Reserves - £12.078 million, after estimated net drawdowns of £0.725 million giving an estimated balance as at 31 March 2021 of £11.353 million
24. The following tables summarises the General Fund Reserves at the end of the last financial year and the forecast end position for 2020/21.

General Fund Usable Reserves

Reserve £000	2019/20 Quarter 2 Forecast				Estimated Balance 31 March 2020	2020/21 Estimates			Estimated Balance 31 March 2021
	Actual Balance 1 April 2019	Transfer From General Fund	Transfer To General Fund	Transfer between Reserves		Transfer From General Fund	Transfer To General Fund	Transfer between Reserves	
USABLE RESERVES									
Financial Management Reserves									
Medium Term Financial Strategy	1,336	450	(450)		1,336				1,336
Transformation	1,168		(55)		1,114		(3)		1,111
EU Exit	128	385			513				513
Funding	0	1,060			1,060				1,060
	2,632	1,895	(505)	0	4,022	0	(3)	0	4,019
<u>Contingency Reserves</u>									
Emergency Response	40				40				40
	40	0	0	0	40	0	0	0	40
<u>Service Reserves</u>									
Economic Development	61				61				61
Elections	100	25	(80)		45	25			70
Homelessness	218	116	(20)		314	150	(48)		416
Health & Wellbeing	72	12			84				84
Planning	1,247	52	(330)		969				969
Neighbourhood Planning	70		(15)		55		(15)		40
Housing Strategy	25				25				25
Development Control	159		(25)		134				134
Strategic Initiatives	2,160		(500)		1,660				1,660
Developments	1,152	202			1,354		(835)		519
New Homes Bonus Ward Members	0				0				0
Waste Depot Relocation Project	4,649		(2,000)		2,649				2,649
Waste Management	201	170			371				371
Private Finance Initiative	247	48			295				295
	10,361	625	(2,970)	0	8,016	175	(898)	0	7,294
TOTAL USABLE RESERVES	13,033	2,520	(3,475)	0	12,078	175	(901)	0	11,353

General Fund Ring Fenced Reserves

Reserve £000	2019/20 Quarter 2 Forecast				Estimated Balance 31 March 2020	2020/21 Estimates			Estimated Balance 31 March 2021
	Actual Balance 1 April 2019	Transfer From General Fund	Transfer To General Fund	Transfer between Reserves		Transfer From General Fund	Transfer To General Fund	Transfer between Reserves	
RINGFENCED RESERVES									
Business Rates	1,781	1,052			2,833	197			3,030
Department for Work and Pensions	71				71				71
Licensing	90	57	(33)		114	34			148
Capital Slippage	1,171		(569)		602				602
Working balance	1,272	28			1,300	0			1,300
TOTAL RINGFENCED RESERVES	4,387	1,137	(602)	0	4,921	231	0	0	5,152

Housing Revenue Account (HRA) Reserves

25. The forecast value of total HRA Reserves as at 31 March 2020 is estimated at £2.127 million increasing by £0.888 million to £3.015 million by 31 March 2021. The balances of the Usable and Ring-Fenced reserves are:

- i. Ring Fenced Reserves - £0.473 million as at 31 March 2020, after an estimated drawdown of £0.010 million this gives an estimated balance as at 31 March 2021 of £0.463 million
- ii. Usable Reserves - £1.655 million as at 31 March 2020, after an estimated addition of £0.897 million this gives an estimated balance as at 31 March 2021 of £2.552 million

26. The following tables summarises the HRA Reserves at the end of the last financial year and the forecast end position for 2020/21.

HRA Reserves

HRA Reserves	2019/20 Quarter 2 Forecast				2020/21 Estimates				
	Actual Balance 1st April 2019	Transfer from HRA	Transfer to HRA	Transfer between Reserve	Estimated Balance 31 March 2020	Transfer from HRA	Transfer to HRA	Transfer between Reserve	Balance 31 March 2021
Ringfenced Reserves									
Working Balance	489		(16)		473		(10)		463
	489	0	(16)	0	473	0	(10)	0	463
Usable Reserves									
Revenue Reserves	60				60				60
Revenue Projects	0				0				0
Transformation Reserve	180				180				180
	240	0	0	0	240	0	0	0	240
Capital Reserves									
Capital Projects	0				0	897			897
Potential Projects Reserve	0				0				0
Sheltered Housing Projects Reserve	0				0				0
HRA Slippage Reserve	2,313		(898)		1,415				1,415
	2,313	0	(898)	0	1,415	897	0	0	2,313
TOTAL USABLE RESERVES	2,553	0	(898)	0	1,655	897	0	0	2,552
TOTAL RESERVES	3,042	0	(914)	0	2,127	897	(10)	0	3,015

27. The above Ring-Fenced reserves include the capital receipts, which can only be used as per 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

28. The Council can only use a 30% contribution of the capital receipts generated from the right buy receipts to fund a housing project. If the Council fails to spend the capital receipts to replenish housing stock within 13 quarters of receipt they are required to either repay these funds to Central Government or be charged interest on the balances held

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

General Fund Reserves 5 year plan

Reserve £'000	2019/20 (Quarter 2 forecasts)				2020/21				2021/22				2022/23				2023/24				2024/25			
	1 April 2019			31 March 2020	1 April 2020			31 March 2021	1 April 2021			31 March 2022	1 April 2022			31 March 2023	1 April 2023			31 March 2024	1 April 2024			31 March 2025
	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	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	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
RINGFENCED RESERVES																								
Business Rates	1,781	1,052		2,833				3,030			(500)	2,530			(500)	2,030			(500)	1,530			(500)	1,030
Departments for Work and Pensions	71			71	197			71				71				71				71				71
Licensing	90	57	(33)	114	34			148				148				148				148				148
Capital Slippage	1,171		(569)	602				602				602				602				602				602
Working Balance	1,272	28		1,300				1,300				1,300				1,300				1,300				1,300
TOTAL RINGFENCED RESERVES	4,387	1,137	(602)	4,921	231			5,152			(500)	4,652			(500)	4,152			(500)	3,652			(500)	3,152
USABLE RESERVES																								
Financial Management Reserves																								
Medium Term Financial Strategy	1,336	450	(450)	1,336				1,336				1,336				1,336				1,336				1,336
Transformation	1,168		(55)	1,114			(3)	1,111				1,111				1,111				1,111				1,111
EU Exit	128	385		513				513				513				513				513				513
Funding Reserve		1,060		1,060				1,060			(250)	810			(250)	560			(250)	310			(310)	()
	2,632	1,895	(505)	4,022			(3)	4,019			(250)	3,769			(250)	3,519			(250)	3,269			(310)	2,959
Contingency Reserves																								
Emergency Response	40			40				40				40				40				40				40
	40			40				40																
Service Reserves																								
Economic Development	61			61				61				61				61				61				61
Elections	100	25	(80)	45	25			70	25			95	25	(100)		120	25			45	25			70
Homelessness	218	116	(20)	314	150	(48)		416				416				416				416				416
Health and Wellbeing	72	12		84				84				84				84				84				84
Planning	1,247	52	(330)	969				969			(493)	476				476				476				476
Neighbourhood Planning	70		(15)	55			(15)	40				40				40				40				40
Housing Strategy	25			25				25				25				25				25				25
Development Control	159		(25)	134				134				134				134				134				134
Strategic Initiatives	2,160		(500)	1,660				1,660				1,660				1,660				1,660				1,660
Garden Communities																								
Development Projects	1,152	202		1,354			(835)	519			(149)	370			(370)									
Pension Reserve																								
New Homes Bonus Ward Members																								
Voluntary Sector																								
Waste Depot Relocation Project	4,649		(2,000)	2,649				2,649				2,649				2,649				2,649				2,649
Waste Management	201	170		371				371				371				371				371				371
Private Finance Initiative	247	48		295				295				295				295				295				295
	10,361	625	(2,970)	8,016	175	(898)		7,294	25	(642)		6,677	25	(370)		6,332	25	(100)		6,257	25			6,282
TOTAL USABLE RESERVES	13,033	2,520	(3,475)	12,078	175	(901)		11,353	25	(892)		10,486	25	(620)		9,891	25	(350)		9,566	25	(310)		9,281
TOTAL GENERAL FUND RESERVES	17,420	3,657	(4,077)	16,999	406	(901)		16,505	25	(1,392)		15,138	25	(1,120)		14,043	25	(850)		13,218	25	(810)		12,433

Housing Revenue Account Reserves 5 year plan

HRA Reserves	2019/20 Quarter 2 Forecast				2020/21 Estimates				2021/22 Estimates				2022/23 Estimates				2023/24 Estimates				2024/25 Estimates				
	Actual Balance	Transfer from HRA	Transfer to HRA	Transfer between Reserve	Estimated Balance	Transfer from HRA	Transfer to HRA	Transfer between Reserve	Balance	Transfer from HRA	Transfer to HRA	Transfer between Reserve	Balance	Transfer from HRA	Transfer to HRA	Transfer between Reserve	Balance	Transfer from HRA	Transfer to HRA	Transfer between Reserve	Balance	Transfer from HRA	Transfer to HRA	Transfer between Reserve	Balance
Reserve	1st April 2019				31 March 2020				31 March 2021				31 March 2022				31 March 2023				31 March 2024				31 March 2025
£'000																									
RINGFENCED RESERVES																									
Working Balance	489		(16)		473		(10)		463	14			477	17			494	19			513				513
	489	0	(16)	0	473	0	(10)	0	463	14	0	0	477	17	0	0	494	19	0	0	513	0	0	0	513
USABLE RESERVES																									
Revenue Reserves	60				60				60				60				60				60				60
Revenue Projects	0				0				0				0				0				0				0
Transformation Reserve	180				180				180				180				180				180				180
	240	0	0	0	240	0	0	0	240	0	0	0	240	0	0	0	240	0	0	0	240	0	0	0	240
Capital Reserves																									
Capital Projects	0				0	897			897	301			1,198	481			1,679		(572)		1,107		(419)		688
Potential Projects Reserve	0				0				0				0				0				0				0
Sheltered Housing Projects Reserve	0				0				0				0				0				0				0
HRA Slippage Reserve	2,313		(898)		1,415				1,415				1,415				1,415				1,415				1,415
	2,313	0	(898)	0	1,415	897	0	0	2,313	301	0	0	2,614	481	0	0	3,095	0	(572)	0	2,523	0	(419)	0	2,104
TOTAL USABLE RESERVES	2,553	0	(898)	0	1,655	897	0	0	2,552	301	0	0	2,853	481	0	0	3,334	0	(572)	0	2,762	0	(419)	0	2,343
TOTAL RESERVES	3,042	0	(914)	0	2,127	897	(10)	0	3,015	315	0	0	3,330	498	0	0	3,828	19	(572)	0	3,276	0	(419)	0	2,857

Capital Receipt Reserve	2019/20 Quarter 2 Forecast				2020/21 Estimates				2021/22 Estimates				2022/23 Estimates				2023/24 Estimates				2024/25 Estimates				
	Actual Balance	Transfer from HRA	Transfer to HRA	Transfer between Reserve	Estimated Balance	Transfer from HRA	Transfer to HRA	Transfer between Reserve	Balance	Transfer from HRA	Transfer to HRA	Transfer between Reserve	Balance	Transfer from HRA	Transfer to HRA	Transfer between Reserve	Balance	Transfer from HRA	Transfer to HRA	Transfer between Reserve	Balance	Transfer from HRA	Transfer to HRA	Transfer between Reserve	Balance
Reserve	1st April 2019				31 March 2020				31 March 2021				31 March 2022				31 March 2023				31 March 2024				31 March 2025
£'000																									
Capital Receipt Reserve																									
Capital Receipt Reserve - RTB	3,226	1,600	(3,671)		1,154	1,600	(1,036)		1,718	1,600	(1,036)		2,282	1,600	(1,036)		2,846	1,600	(1,036)		3,410	1,600	(1,036)		3,974
Capital Receipt Reserve - Other	40				40				40				40				40				40				40
Capital Receipt Reserve - Total	3,266	1,600	(3,671)	0	1,194	1,600	(1,036)	0	1,758	1,600	(1,036)	0	2,322	1,600	(1,036)	0	2,886	1,600	(1,036)	0	3,450	1,600	(1,036)	0	4,014
Major Repairs Reserve (MRR)																									
MRR	473	3,888	(4,026)		334	4,621	(4,697)		258	4,621	(4,544)		334	4,621	(4,599)		356	4,621	(4,599)		377	4,621	(4,599)		399

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	<p>Each investment has a business case which is verified by external consultants and approved by the Investment Board, Cabinet and Council as part of the decision making process.</p> <p>Officers undertake continuous evaluation of actual performance of the investment against the forecast position.</p>
Transformation Reserve	To enable the council to change the way it operates in order to meet the financial challenges ahead	<p>1. Programme of change – it is essential the council adapts to new ways of working, to include automation processes with improved functionality where possible. Failure to adopt new ways of working will seriously affect the future functioning of the council</p> <p>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</p>	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	Possible issues particularly with regard to the import of foodstuff through border control at Stansted Airport	To provide funds to support any extra work/staffing required for supporting the outcomes of EU Exit. The Council receives new burdens funding for potential costs. 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 replace New Homes Bonus scheme 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	<p>Any large scale emergency would involve other agencies and Essex County</p> <p>In case of larger emergencies it is likely that Central Government will reimburse the council for costs over set thresholds</p>

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. Land has been identified but is subject to Planning Permission</p> <p>2. The reserve is insufficient to meet the total costs of the project</p>	<p>If planning is not approved on current options, a new site would need to be identified</p> <p>The land vacated would have residual value and would be sold to provide additional funding for the new Depot.</p> <p>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 monitoring S106 agreements, risk that resources needed will exceed the amount of funds received	Monitoring carried out throughout the year
Development Projects	To support work and development for Garden Communities	<p>MHCLG funding and current allocated revenue budgets will not be sufficient to meet the total costs</p> <p>As non-ring fenced grant, MHCLG funding is diverted to other pressing priorities</p>	MHCLG provide grants that the council can bid for to support future years costs.
Economic Development	To assist with the promotion of economic development	<p>The reserve is inadequate to fund the projects identified in the strategy</p> <p>Increased contributions to the work of external organisations</p>	<p>Specific projects identified in the strategy and ongoing monitoring of each one against funds available</p> <p>Re-prioritisation of action plan required</p>
Elections	Each year £25,000 is allocated to the reserve to fund future election costs. The reserve is drawn down 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

Reserve	Purpose	Risks	Mitigation
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
Housing Strategy	Enable local community groups to support delivery of affordable housing units	These funds are a government grant and if the Council is 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 community led housing as an approach to housebuilding.
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"> 1. It has to be spent in the Member's Ward 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 3. It has to be for the good of the community 4. It must not commit the Council to expenditure in future years 	<p>Members are provided with an annual report of remaining funds. The reserve has a zero balance in line with the local elections in May 2019 and therefore this is the first year of the administrations new allocations.</p> <p>This criteria will apply for future years.</p>

Reserve	Purpose	Risks	Mitigation
		<ol style="list-style-type: none"> 5. The Member should be mindful of the financial status of the recipients 6. The Member should have no personal interest in the organisation receiving the award 7. In election year the money only becomes available from 1 June (i.e. to the newly elected Member) 	
Planning	<p>For three primary purposes</p> <ol style="list-style-type: none"> 1. Stansted Airport studies 2. Planning Appeals 3. Local Plan 	<p>The reserve is insufficient to meet the total costs because a majority of the reserve has been allocated to the Local Plan.</p> <p>There are limited funds remaining to support the increase in planning appeals or to support actions relating to Stansted Airport</p>	<p>The Strategic Initiative Fund has been earmarked to support the ongoing work of the Local Plan and any further costs relating to the refused planning application at Stansted Airport</p>
Neighbourhood Planning	<p>This is to support the costs of producing Neighbourhood plans</p>	<p>The number of plans required to be produced will exceed the amount of funding available</p>	<p>The Planning Policy team monitor the expected requirement to allow for an annual review of the level of funds required</p>
Private Finance Initiative	<p>This reserve has been set up as part of the 2015/16 external audit process</p>	<p>The external audit indicated that there would be a possible shortfall in repayments in future years</p>	<p>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</p>
Strategic Initiatives Fund (SIF)	<p>For 2020/21 the reserve has been earmarked to support the Local Plan and any</p>	<p>The funding is insufficient to meet the potential costs</p>	<p>This is combined with the available funds in the planning reserve</p>

Reserve	Purpose	Risks	Mitigation
	ongoing costs relating to the refused planning application at Stansted Airport		
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 market for recyclables	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 point 19, with full details in Appendix A – Section 25 Report	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	No suitable S106 monies are available to continue the cycle path rollout	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 This reserve has a zero balance so is not included in the main

Reserve	Purpose	Risks	Mitigation
	would be replenished by appropriate S106 monies as they become available		reserves table.
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 £3.030 million will be available by 31 March 2020. To mitigate the impact of the BR element of the spending review, a total of £2 million has been allocated to support the revenue budget from 2021/22 to 2024/25
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 third year that we have had no repayment required due to a positive audit opinion