



Uttlesford District Council

Reserves Strategy



Prepared by:
Angela Knight
Uttlesford District Council
January 2018



Reserves Strategy

1 Background

- 1.1 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) and setting the annual budget.
- 1.2 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.
- 1.3 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.
- 1.4 There is no available guidance on the minimum level of un-earmarked reserves that should be maintained. In 2003 CIPFA stated that each authority should determine what a prudent level of reserves is based upon their own circumstances, risks and uncertainties.
- 1.5 Councils are therefore free to determine the level of reserves they hold, although Audit will report/give an opinion on what in their opinion is reasonable. 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.
- 1.6 Councils face significant financial challenges. The unprecedented reduction in government funding from 2010/11 to 2018/19 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.
- 1.7 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.
- 1.8 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:
 - Using reserves to offset funding reductions and protect services – although this can only be a short-term strategy as reserves are a one-off funding resource – or invest in making changes that reduce the cost of providing services in the longer-term.
 - Increasing reserves to strengthen resilience against future, uncertain cost pressures.

2 The approach to setting the Reserves Strategy.

- 2.1 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.
- 2.2 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.

3 Why the Council holds reserves

- 3.1 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:
- Available earmarked reserves – funds we choose to set aside to meet known or predicted future spending or ring-fenced by previous Council decisions.
 - Working balances (unallocated reserves) to manage cash flows, funds to protect annual budgets against multiple, less predictable, costs and uncommitted accumulated surpluses.
 - 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;
 - Total reserves – the sum of earmarked and ring-fenced reserves.
- 3.2 Available 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.
- 3.3 Reserves are distinct from provisions. Provisions are funds set aside for probable future liabilities where the timing and amounts are uncertain.

Ring-fenced income

- 3.4 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

- 3.5 The Council, in common with other organisations, need 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.
- 3.6 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.
- 3.7 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 will be few options if it is 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.
- 3.8 The 2018/19 Budget identifies a surplus of £105,000 which will be allocated to the Garden Communities Reserve.

4 Reserves and the management of risks

- 4.1 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.
- 4.2 The Council also manages unforeseen financial shocks by maintaining a Working Balance. For the General Fund 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 HRA + HRA share of corporate costs) x 2%

For the HRA the same principal of 2% of total expenditure and 2% of total income is applied.

Increasing Financial Risks

4.3 The risk environment for local government funding has significantly increased. This strategy identifies the following issues which have increased risk over recent years:

- The partial retention of locally collected business rates to replace some government funding – this means that future changes in funding will be linked to changes in the local business rates base, rather than to government assessment of need.
- The new system of business rate retention passes the risk of non-collection from Central Government to the Council. The intention is that the Council will take on 75% retention from 2020. Central Government have stated that this will be fiscally neutral to the council, but this will come with additional responsibilities and the associated financial risks.
- The Council has also taken responsibility for the settlement of any outstanding Business Rates appeals.
- New Homes Bonus reforms, has seen reductions in the allocations and changes to the scheme from 2017/18, with possible further reforms expected in future years.
- Revenue Support Grant has been completely withdrawn in 2018/19.
- The transfer of responsibility for council tax support to the Council.
- The necessity to pass on a proportion of the reduction in Council Tax Support to working age claimants may increase Council tax non-recovery risk.
- 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.
- The Government is continuing experience difficulties with regard to managing the deficit and this increases the likelihood of further funding reductions.
- Unexpected changes in grant regimes.

On-going risks in the current strategy.

4.4 In addition to the risks identified in 4.3 above there are still the 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.

4.5 The prospect of further changes to the way councils are funded beyond 2018/19 means that it is prudent to retain sufficient reserves so that any future spending reductions can be implemented in a planned and efficient fashion.

5 Budgeted Reserves

5.1 The forecast value of General Fund Usable Reserves as at 31 March 2018 is £8.940 million reducing to £6.744 million by 31 March 2019.

5.2 The table below summarises the General Fund Reserves at the end of the last financial year and the forecast end position for 2018/19.

£' 000	1.4.2017	2017.18			31.3.2018	2018.19			31.3.2019
	Actual	Transfers between reserves	additions	deductions	Forecast	Transfers between reserves	additions	deductions	Forecast
USABLE RESERVES									
<u>Financial management Reserves</u>									
MTFS Reserve	1,000				1,000			(450)	550
Transformation Reserve	766	1,000		(118)	1,648	(550)		(80)	1,018
<u>Contingency Reserves</u>									
Emergency Response	40				40				40
<u>Service Reserves</u>									
New waste depot site	1,488	2,000		(3,000)	488			(488)	0
Planning*	519	691		(650)	560	550		(814)	296
Garden Communities	0				0			105	105
Developments	0				0				0
Waste Management	201				201				201
Homelessness	40		64	(40)	64				64
Economic Development	121			(63)	58				58
Elections	50		25		75		25		100
Strategic Initiatives Fund	7,492	(4,827)	564	(1,310)	1,919				1,919
New Homes Bonus Ward Members	38				38				38
Voluntary Sector Grants	0				0				0
Health and Wellbeing	27			(22)	5			(5)	0
Capital Slippage	0	366	92	(366)	92				92
Private Finance Initiative	87		96		183		80		263
TOTAL USABLE RESERVES	11,869	(770)	841	(5,569)	6,371	0	105	(1,732)	4,744
RING-FENCED RESERVES									
Working Balance	1,268		118		1,386			16	1,402
Pension Reserve	0	770		(770)	0				0
Business Rates Reserve	1,034				1,034			(533)	501
Licensing Reserve	0		78		78		217	(19)	276
DWP Reserve	71				71				71
TOTAL RING-FENCED RESERVES	2,373	770	196	(770)	2,569	0	217	(536)	2,250
TOTAL RESERVES	14,242	0	1,037	(6,339)	8,940	0	322	(2,268)	6,994

*this reserve is the total for Planning, Development Control and Neighbourhood Planning

5.3 It is also important to set out the criteria for the purpose, lifespan and risks associated with each reserve. This is attached as Appendix One.

General Fund Ring-fenced Reserves

5.4 These reserves are held for specific purposes and cannot be used for anything other than the stated purpose.

£' 000	1.4.2017	2017.18	31.3.2018	2018.19	31.3.2019
	Actual	Net Movement	Forecast	Net Movement	Forecast
Working Balance	1,268	118	1,386	16	1,402
Pension Reserve*	0	0	0	0	0
Business Rates Reserve	1,034	0	1,034	(533)	501
Licensing Reserve	0	78	78	198	276
DWP Reserve	71	0	71	0	71
TOTAL RING-FENCED RESERVES	2,373	196	2,569	(319)	2,250

*the pension reserve shows a zero balance as the transfer for the triannual payment goes in and out in the same year

Housing Revenue Account (HRA)

- 5.5 The table below summarises the HRA Usable Reserves at the start of the 2017/18 financial year and the forecast end position for the next two years.

£' 000	01.04.2017 Actual	31.03.2018 Forecast	31.03.2019 Forecast
Usable Reserves			
Transformation	180	180	180
Capital Projects	3,809	0	120
Potential Development Projects	2,298	0	0
Revenue Projects	60	60	60
Sheltered Housing Reserve	318	0	0
Total Usable Reserves	6,665	240	360
Major Repairs Reserve	163	325	453

HRA Ring-fenced Reserve

- 5.6 This reserve is held for specific purposes and cannot be used for any other.

£' 000	Purpose	01.04.2017	31.03.2018	31.03.2019
HRA Working Balance	Maintained to protect the Council's budget from unexpected risks (calculation as set out in 4.2)	498	546	454

Capital Receipts

- 5.7 This reserve identifies capital receipts which are available to finance capital expenditure in future years.

£' 000	01.04.2017	31.03.2018	31.03.2019
Housing Revenue	4,148	2,262	2,020
General Fund	382	382	382

- 5.8 Under the Right to Buy 1-4-1 agreement, for each sale of council dwellings 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 replenish housing within 13 quarters then the capital receipts have to be repaid to Central Government.

6. Total Reserves

6.1 The table below sets out the total of reserves in each element of the council finances.

£' 000	01.04.2017	31.03.2018	31.03.2019	31.03.2020	31.03.2021	31.03.2022	31.03.2023
General Fund Earmarked	11,869	6,371	4,744	4,823	4,848	4,873	4,898
General Fund Ring-Fenced	2,373	2,569	2,250	2,575	2,250	2,550	2,850
Total General Fund Reserves	14,242	8,940	6,994	7,398	7,098	7,423	7,748
Capital Receipts	4,148	2,262	2,020	1,243	970	697	424
Housing Revenue Usable	6,665	240	360	282	1,480	2,678	3,876
Housing Revenue Ring-Fenced	498	546	454	452	465	477	489
Total Housing Revenue Reserves	11,311	3,048	2,834	1,977	2,915	3,852	4,789
Total Reserves	25,553	11,988	9,828	9,375	10,013	11,275	12,537

7. General Fund Reserves 5 year plan

7.1 The table below sets out the 5 year plan for the General Fund

£' 000	1.4.2017	2017.18	31.3.2018	2018.19	31.3.2019	2019/20	31.3.2020	2020/21	31.3.2021	2021/22	31.3.2022	2022/23	31.3.2023
	Actual	Net Movement	Forecast	Net Movement	Forecast	Net Movement	Forecast	Net Movement	Forecast	Net Movement	Forecast	Net Movement	Forecast
USABLE RESERVES													
<u>Financial management Reserves</u>													
MTFS Reserve	1,000	0	1,000	(450)	550	450	1,000	0	1,000	0	1,000	0	1,000
Transformation Reserve	766	882	1,648	(630)	1,018	0	1,018	0	1,018	0	1,018	0	1,018
<u>Contingency Reserves</u>													
Emergency Response	40	0	40	0	40	0	40	0	40	0	40	0	40
<u>Service Reserves</u>													
New waste depot site	1,488	(1,000)	488	(488)	0	0	0	0	0	0	0	0	0
Planning*	519	41	560	(264)	296	(296)	0	0	0	0	0	0	0
Garden Communities	0	0	0	105	105	0	105	0	105	0	105	0	105
Developments	0	0	0	0	0	0	0	0	0	0	0	0	0
Waste Management	201	0	201	0	201	0	201	0	201	0	201	0	201
Homelessness	40	24	64	0	64	0	64	0	64	0	64	0	64
Economic Development	121	(63)	58	0	58	0	58	0	58	0	58	0	58
Elections	50	25	75	25	100	(75)	25	25	50	25	75	25	100
Strategic Initiatives Fund	7,492	(5,573)	1,919	0	1,919	0	1,919	0	1,919	0	1,919	0	1,919
New Homes Bonus Ward Members	38	0	38	0	38	0	38	0	38	0	38	0	38
Voluntary Sector Grants	0	0	0	0	0	0	0	0	0	0	0	0	0
Health and Wellbeing	27	(22)	5	(5)	0	0	0	0	0	0	0	0	0
Capital Slippage	0	92	92	0	92	0	92	0	92	0	92	0	92
Private Finance Initiative	87	96	183	80	263	0	263	0	263	0	263	0	263
TOTAL USABLE RESERVES	11,869	(5,498)	6,371	(1,627)	4,744	79	4,823	25	4,848	25	4,873	25	4,898
RING-FENCED RESERVES													
Working Balance	1,268	118	1,386	16	1,402	0	1,402	0	1,402	0	1,402	0	1,402
Pension Reserve	0	0	0	0	0	325	325	(325)	0	300	300	300	600
Business Rates Reserve	1,034	0	1,034	(533)	501	0	501	0	501	0	501	0	501
Licensing Reserve	0	78	78	198	276	0	276	0	276	0	276	0	276
DWP Reserve	71	0	71	0	71	0	71	0	71	0	71	0	71
TOTAL RING-FENCED RESERVES	2,373	196	2,569	(319)	2,250	325	2,575	(325)	2,250	300	2,550	300	2,850
TOTAL RESERVES	14,242	(5,302)	8,940	(1,946)	6,994	404	7,398	(300)	7,098	325	7,423	325	7,748

The surplus of £105,000 for 2018.19 is included in the Garden Communities Reserve; however the identified surplus/deficits for future years are not included in the 5 year reserves plan

8. HRA Reserves 5 year plan

8.1 The table below sets out the 5 year plan for the HRA. The logic behind the reserves is contained within the HRA Business Plan.

£' 000	Balance 01.04.2017	Balance 31.03.2018	Balance 31.03.2019	Balance 31.03.2020	Balance 31.03.2021	Balance 31.03.2022	Balance 31.03.2023
<u>RINGFENCED RESERVES</u>							
Working Balance	498	546	454	452	465	477	489
	498	546	454	452	465	477	489
<u>USABLE RESERVES</u>							
<u>Revenue Reserves</u>							
Revenue Projects	60	60	60	60	60	60	60
Transformation Reserve	180	180	180	180	180	180	180
	240	240	240	240	240	240	240
<u>Capital Reserves</u>							
Capital Projects	3,809	0	120	42	394	746	2,501
Potential Projects Reserve	2,298	0	0	0	0	0	0
Sheltered Housing Projects Reserve	318	0	0	0	0	0	0
	6,425	0	120	42	394	746	2,501
TOTAL USABLE RESERVES	6,665	240	360	282	634	986	2,741
TOTAL RESERVES	7,163	786	814	734	1,099	1,463	3,230

Appendix One

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
MTFS Reserve	To help support any shortfall in budgets and to provide a contingency fund to support one year's repayment of the borrowing related to investments in the Council's wholly owned Company Aspire (CRP) Ltd	<p>1. Reduction and/or scheme changes in allocation of New Homes Bonus and changes to the level of retention and additional responsibilities arising whilst adjusting the budget to match the income/funding</p> <p>2. That income received from Aspire (CRP) Ltd does not meet the required loan repayments</p>	<p>Any shortfall in funding or business rates income, would in the medium to long term be met by service efficiencies/additional income to play a part in addressing the shortfall during the plan however the quick win easy savings are gone, we will be looking at significant changes in the way in which the council operates and this takes time to achieve</p> <p>Contingency of one full year loan repayment</p>
Transformation Reserve	To enable the council to change the way it operates in order to meet the financial challenges ahead	<p>1. Universal Credit – The Department for Work and Pensions have announced that TUPE does not apply to those staff working in the Benefits Section. It is possible that DWP will fund any related redundancy costs</p> <p>2. Resistance to change – it is essential the council adapts to new ways of working such as more automation of outgoing mail and better functionality and use of the council website. Failure to adopt new ways of working will seriously affect the future functioning of the council</p> <p>3. 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 being paid</p>	This is to support and enable customer service improvements to enhance customer interactions with the council

Reserves Strategy

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
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>The council learnt a lot from the Lebanese emergency and now has a policy to assist any such evacuees on their onward journey and not to provide on-going support therefore the reserve should be sufficient</p> <p>In case of larger emergencies it is likely that Central Government will reimburse the council</p>
New depot 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>1. The process has advanced and there is now a preferred option and a reserved site</p> <p>2. 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>
Garden Communities	To support consultancy resource for the delivery project	Consultants and work required to produce a delivery plan exceeds the level of funds available	High level management team working on the project and the cost of consultancy to be assessed regularly against the delivery timescales
Developments	To provide funds for future developments and income generating 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	<p>Initial project identified as the New Depot Site, this is a phased project and will be completed in stages</p> <p>No further projects proposed unless income generating or spend to save initiatives</p>

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
Planning	<p>For four primary purposes</p> <ol style="list-style-type: none"> 1. Stansted Airport studies 2. Planning Appeals 3. Local Plan 4. Neighbourhood Plans 	<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 Stansted Airport</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>Current indications are that the amount allocated in the reserve for Planning will be significantly depleted by the end of the financial year 2018/19, leaving a shortfall in estimated requirement of £254,000. The majority of the reserve will be used to support consultancy relating to the Local Plan</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 Stansted Airport</p>
Waste Management	<p>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. The reserve will be reviewed in 12 months</p>	<ol style="list-style-type: none"> 1. Disposal costs increase 2. A change in the recyclable market due to China banning the import of foreign waste which includes plastics and textiles 	<p>The 2018/19 budget is based on current cost with any increase in disposal costs being met from this reserve</p>

Reserves Strategy

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
Homelessness	To assist with the fluctuating demand for homelessness support. To be reviewed in March 2017	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
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
Elections	Each year £25,000 is allocated to the reserve to fund future election costs. The reserve is used in UDC election years	1. 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 and lifespan	Risks	Mitigation and Calculation
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> <ul style="list-style-type: none"> a. Support for the local economy b. Partnership working with voluntary sector organisations c. Community initiatives and services in rural locations d. “Spend to save” projects to make the Council more efficient and more resilient to funding changes in future years e. Putting some Council services onto a more commercial footing. 	<p>The Local Plan exceeds the current allocations set aside</p> <p>Insufficient projects that meet the criteria are identified</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"> 1. The initiative demonstrably supports the Council’s corporate priorities, as set out in the Corporate Plan 2. The initiative fulfils at least one of the five suggested uses for the Fund, as set out above 3. The initiative results in tangible financial benefit to the Council, either by reducing future cost pressures, efficiency savings, or income generation 4. The initiative does not give the Council any additional ongoing revenue budget commitments beyond the 2018/19 financial year

Reserves Strategy

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
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</p> <p>a) It has to be spent in the Member's Ward b) 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 c) It has to be for the good of the community d) It must not commit the Council to expenditure in future years e) The Member should be mindful of the financial status of the recipients f) The Member should have no personal interest in the organisation receiving the award g) In election year the money only becomes available from 1 June (i.e. to the newly elected Member)</p>	Members are provided with an annual report of remaining funds
Voluntary Sector Grants	Contingency grants for one off support to voluntary organisations	That no organisations apply for a grant and the money remains unspent	Advertising and raising awareness of the funds available. If these funds are not allocated in 2018/19 they will be released back into the revenue budget in 2019/20
Health and Wellbeing	To support the Health and Wellbeing Strategy	Specific funding provided for the Health and Wellbeing agenda	Only £5,000 remaining and this will be drawn down in the financial year 2018/19

Reserves Strategy

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
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 the associated project within the capital programme and monitored on a regular basis
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 by 2020	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
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 by appropriate S106 monies as they become available	1. 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 reserves table.
Working Balance	Maintained to protect the Council's budget from unexpected risks	Calculation as set out in 4.2	MTFS and Transformation reserves are available to support the council in absorbing any significant reductions in funding and/or income

Reserves Strategy

Reserve	Purpose and lifespan	Risks	Mitigation and Calculation
Pension Reserve	This reserve is used to pay the Pension Fund Deficit. A reduction is given by actuary for a 3 year advance payment and this reserve is used to smooth the revenue cost over the applicable years	That the cost of the 3 year payment is higher than expected or the option for this is withdrawn	Regular updates from the actuary provides assurance on the option and the potential level of cost
Business Rates Retention	To manage any Collection Fund deficit, this is mainly due to any large appeals both lodged and anticipated	Fund is insufficient to meet demand	This is based on central government calculations which make this unlikely to happen. However should it do so the MTFS reserve would be available to support the timing delay
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	An excess income is held in the reserve to support service provision in the intermediate years
DWP	Amount of benefit subsidy currently being reviewed in light of the External Audit grant claim process	DWP seek to recover more money than in the reserve	This is the amount identified by the auditors and we are aware of this in the year prior to repayment if required In 2018/19 no repayment to the DWP is required