

Report on the Robustness of Estimates and on the Adequacy of Reserves 2016/17

SUMMARY

- 1.1 The Council's Medium Term Financial Plan – MTFP – has been prepared with consideration to the resources available to the Council and to the demands and priorities included within the Council Plan. It is clear that the Council is no longer capable of providing the services it has for many years. Many of these services will have to stop unless they are provided externally and at no cost to the Council.
- 1.2 A key part of the Council MTFP process is the review of current levels of reserves and contingency budgets to ensure there is adequate cover for future planned needs and unforeseen eventualities and to identify any reserves or contingencies which can be released to support the delivery of a balanced budget.
- 1.3 The purpose of this report is to provide an opinion under Section 25 (1) of the Local Government Act 2003 which requires the Chief Finance Officer to report to Council on the robustness of the estimates made for the purposes of the budget calculations and the adequacy of Council reserves.
- 1.4 The report is split into; Section 4 detailing the MTFP process and budgetary controls, Section 5 covering the robustness of estimates, Section 6 covering the adequacy of reserves and Section 7 detailing the requested movement in reserves.

RECOMMENDATION

- 2.1 To note the Chief Finance Officer's opinion that the estimates used in the production of the budget proposal for 2016/17 are adequately robust.
- 2.2 To note the Chief Finance Officer's opinion that, based on the assessment of the Council's reserves, the key financial risks identified, and the thorough process used for developing the Medium Term Financial Plan, the level of reserves and balances for 2016/17 is adequate.
- 2.3 To approve the transfers between reserves and creation and use of new reserves as detailed in section 7.
- 2.4 To recommend to Council that they consider this report in conjunction with the General Fund Revenue Budget 2016/17 report.

REASONS FOR RECOMMENDATION

- 3.1 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report to the Council on the robustness of the estimates it makes when calculating its budget requirement under Section 32 of the Local Government Finance Act 1992 and on the adequacy of its proposed financial reserves.
- 3.2 Under Section 26 (2) of the Local Government Act 2003, it is not considered appropriate for the balance of the Council's General Fund reserve to be less than the minimum amount determined by an appropriate person, in this case the Director of Finance as Chief Finance Officer.
- 3.3 Whilst the requirements of the Local Government Act 2003 relate specifically to setting the Budget and Council Tax for the next financial year, these can be more widely interpreted to include the full MTFP period.

SUPPORTING INFORMATION

4. THE MEDIUM TERM FINANCIAL PLAN AND BUDGETARY CONTROLS

- 4.1 Work to develop the 2016/17 budget started in April 2015 through the development of the 2016/17 Medium Term Financial Strategy. The budget strategy was approved by Council in November 2015 and outlined a number of key principles which would be applied and explored during the budget development stage.
- 4.2 A series of Council Cabinet and Chief Officer Group meetings were held during the Summer and Autumn 2015 to challenge existing base budgets and scrutinise budget savings and pressures. These meeting were followed by more in depth Budget Challenge meetings led by the Leader of the Council.
- 4.3 The Council carried out a detailed consultation exercise from 2 December 2015 to 5 January 2016 with Councillors, key stakeholder groups, members of the public, Trade Unions and the business community. Further details of the consultation process and feedback are included in the General Fund Revenue Budget 2016/17 report presented as a separate item to Cabinet. The Council ensures it pays due regard to its Public Sector Equality duty during the planning process by completing Equality Impact Assessments. Proposals are assessed to understand the potential impact on any particular group that could result in direct or indirect discrimination.
- 4.4 As part of the annual Value for Money assessment of the Council, the Council's External Auditors, Grant Thornton, review the arrangements in place to secure economy, efficiency and effectiveness in the Council's use of resources. For 2014/15 Grant Thornton concluded that the Council has proper arrangements in place except for weaknesses in arrangements for financial planning, due to the absence of a sustainable three year medium term financial plan.
- 4.5 Under the key assessment criteria Grant Thornton noted that the Council faces a

significant financial challenge to identify savings in order to keep the financial position sustainable over the medium term and that the Council does not have a full three to five year medium term financial plan; it has identified where the savings will be made in 2015/16 but not for subsequent years. The Council is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity.

- 4.6 In recent years close control of the Council's budget has been achieved despite some very challenging budget pressures in a number of key service areas. The Council has a well established culture of strong financial control with pro-active budget ownership and financial management. Regular budget monitoring provides an overview of the forecast financial outturn for the current year and provides financial information to ensure budgets are well managed throughout the year.
- 4.7 The budget for 2016-2019 shows a significant improvement in the financial planning framework.

5. THE ROBUSTNESS OF ESTIMATES

- 5.1 In order to satisfy the legislative requirements of Section 25 of the Local Government Act 2003, there are a number of issues which have been taken into account to enable the Director Finance as Chief Finance Officer to make a positive statement on the robustness of estimates. These include:
- the process undertaken in developing the 2016/17 Medium Term Financial Plan
 - the financial risks that the Council is exposed to
 - the contingency budgets available to offset unplanned expenditure, and the level of the Council's reserves and balances
 - the past performance of the Council in respect of budgetary control.
- 5.2 There are a number of key controls built into the MTFP process to ensure that the budget is accurate and robust. Proposals are subject to several tiers of formal peer review and independent challenge with Cabinet members to ensure that they are accurate and deliverable.
- 5.3 The Council also identifies and considers the key financial risks it is facing over the period of the MTFP. Detailed estimates are developed to mitigate identified budgetary pressures. The key service pressures identified through this process include inflation, demographic growth, transferred service liabilities, increasing costs and a reduction in the level of income received from fees and charges due to market conditions.
- 5.4 The Council has identified a number of potential future financial risks. It is not considered appropriate to create a formal budget for these risks as this would 'ring-fence' resources that might never be needed. An assessment of material risks has therefore been made as part of determining the adequacy of contingency budgets and reserves for 2016/17.
- 5.5 All estimates of pressures, savings and inflationary increases are produced by professional staff in the relevant service that assess the financial implications in detail, before being reviewed by the Chief Officer Group and Cabinet Members. The

accuracy of these estimates is a vital part of ensuring that the budget is robust.

- 5.6 A number of key judgements have been made in arriving at the anticipated levels of pressures, savings and inflation included within the MTFP. These include:
- detailed analysis of appropriate inflationary indices, based on type of spend and current national forecasts.
 - service analysis of demographic changes based on the latest information available and expert knowledge of individual services.
 - in depth review of savings proposals and supporting financial assumptions and calculations, with multiple peer review sessions.
- 5.7 Appendix 2 provides a sensitivity analysis of specific budgetary risks identified, including details of the current mitigating actions in place to help ensure the risk is appropriately managed. In previous years the Council has maintained a corporate contingency to manage movements in estimates and uncertainties; this was removed in the 2015/16 budget setting process. As a result the Council has no permanent funding available to respond to unforeseen pressures.
- 5.8 To mitigate the increased risk of no longer holding a corporate contingency the Council holds an increased level within the budget risk reserve. The balance held will need to be sufficient to meet the risk associated in Appendix 2 for the first year of the MTFP. This will allow time for alternative solution to be identified. Any release of budget risk reserve to support such pressures will be carried out in line with the Council's Financial Procedure Rules.

6. THE ADEQUACY OF RESERVES

- 6.1 The Council's financial environment is constantly changing, as are the demands on services and the needs of the City's population and environment. The Council continuously updates its priorities in response to these issues. Reserves, therefore, are an important part of the Council's financial strategy. They are held to enable long-term budgetary stability and allow the Council to manage change without undue impact on Council Tax. The adequacy of the Council's General Fund Balance is also a key indicator for the robustness of the budget as a whole, as it provides assurance that potential financial impact of variations to budgets can be managed.
- 6.2 Reserves are set at a level that recognises the financial risks facing the Council. The greater the level of uncertainty, the more likely reserves will be needed. The Council prepares its budget using the best information available at the time but inevitably includes some uncertainty. In setting the budget, it is important that Members take account of the uncertainties involved, both in establishing a suitable level of balances and contingencies, and in setting an overall strategy for the budget.
- 6.3 A careful balance needs to be maintained between holding too much and too little money in reserves. If reserves are too low, this increases the Council's exposure to risk and endangers its capacity to deliver priorities in a planned and prudent fashion. Demand led services and an environment of ever changing legislative requirements, combined with reducing funding from Government, all threaten financial stability. However, money held unnecessarily in reserves is not being spent on front line

services and the public may not receive full value for money. The Council therefore regularly reviews the reserves position to ensure reserves do not exceed required levels.

- 6.4 In coming to a view on the adequacy of the reserves, it is necessary to take into account a number of issues that are discussed more fully in Appendices 3 and 4. In summary they include:
- the purpose of holding reserves
 - the risks and uncertainties that may have financial consequences
 - the potential financial impact of these risks and uncertainties
 - the likelihood of the risks and uncertainties arising.
- 6.5 The Council's main revenue reserve for general purposes is the General Fund Balance. This is set aside to support the management of risks in the Revenue Budget and could be used for any purpose if required. However, the General Fund Balance represents the minimum level of reserves that the Council should hold and any planned use of this reserve would be considered to undermine the robustness of the Council's budget.
- 6.6 The Council's target range for the General Fund Balance is between £7,101,000 and £10,940,000. This target level is reviewed on an annual basis with regard to the Council's strategic and operational risks. The projected value of the Council's General Fund balance at 31 March 2016 is £7,143,000 and is therefore within the recommended target range.
- 6.7 Each individual Council-controlled school in Derby has its own financial reserve, collectively known as 'School Balances'. Schools balances are delegated directly to schools and are not available to the Council for general use. The use of any surplus balances are considered by the Council's Schools Forum on an annual basis. The projected value of the Council's School Balances at 31 March 2016 is £5m.
- 6.8 The Council also holds a number of earmarked reserves to fund specific projects, or to manage risks or uncertainty in specific areas. Appendix 4 shows the projected balance as at 31 March 2016 of the Council's more significant earmarked reserves, along with a narrative explanation of the purposes for which each reserve is held.
- 6.9 In the unlikely event of a significant financial loss which cannot be addressed through the Council's budget risk reserve, the Council could look to reallocating its other Revenue Earmarked Reserves (excepting the General Fund, Reserves with restrictions and school balances) which taken together are projected to amount to £9.766m by 31 March 2019, as shown in Appendix 4.

7 MOVEMENT IN RESERVES

- 7.1 In order to smooth the effects of the £45m cuts to the Council budgets over the next three years, the use of £9.724m of reserves has been included in the MTFP along with £0.420m to fund an ICT pressure in 2016/17. It is proposed that £10.144m of funding from the budget risk reserve is set aside in a specific reserve for this purpose.

- 7.2 Due to the level of savings required in the 2016/17 – 2018/19 MTFP, there will be a large amount of service reviews and restructuring. As such there may be one-off costs required to support the delivery of these changes. It is proposed that a specific reserve is set up for delivering change and that £5m is transferred from the Budget Risk Reserve into this new reserve.
- 7.3 Following a review of the capital programme a number of items were found to no longer be of a capital nature as a result of the new Information Systems strategy of procuring cloud solutions rather than purchasing the hardware. This reduction in the capital programme has resulted in revenue savings which have been included in the 2016/17 – 2018/19 MTFP, however over the next few financial years there will be one-off revenue costs as systems become due for renewal. It is anticipated these costs will be around £2.6m over the next two financial years and it is proposed that a separate ICT reserve is set up to fund these costs and that the use of this reserve over 2016/17 and 2017/18 is approved.
- 7.4 The Job Evaluation reserve balance has been reviewed and it is anticipated that a reduced level will be required for the remaining project risks. Therefore it is proposed that £3.0m should be reprioritised from this reserve.

OTHER OPTIONS CONSIDERED

- 8.1 Not Applicable

This report has been approved by the following officers:

| | |
|---------------------------------|---|
| Legal officer | Janie Berry (Director of Governance and Monitoring Officer) |
| Financial officer | Mark Nash (Corporate Group Accountant) |
| Human Resources officer | Janie Berry (Director of Governance and Monitoring Officer) |
| Estates/Property officer | n/a |
| Service Director(s) | Martyn Marples (Director of Finance and s151 Officer), Nick O'Reilly (Director Of Digital Services) |
| Other(s) | |

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|--------------------------------------|---|
| For more information contact: | Mark Nash 01332 643364 mark.nash@derby.gov.uk |
| Background papers: | Budget consultation documents and strategy reports |
| List of appendices: | Appendix 1 – Implications Appendix 2 – Budget Risk Reserve Risk Assessment Appendix 3 – Reserves Risk Assessment Appendix 4 – Reserves Summary |

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| IMPLICATIONS |
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Financial and Value for Money

- 1.1 As described in the report.

Legal

- 2.1 Under Section 25 (1) of the Local Government Act 2003 the Chief Finance Officer is required to report to Council on the robustness of the estimates made for the purposes of the budget calculations and on the adequacy of proposed financial reserves.

Personnel

- 3.1 None directly arising.

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- 4.1 None directly arising.

Equalities Impact

- 5.1 Under Section 149 of the Equality Act 2010, the Council must, as part of exercising its functions, including decision making, have due regard to:
- eliminating discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act,
 - advancing equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
 - fostering good relations between persons who share a relevant protected characteristic and persons who do not share it

Section 4 of the Equality Act 2010 prescribes protected characteristics as:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership
- Pregnancy and maternity

- Race
- Religion or belief
- Sex
- Sexual orientation

All Members of the Council must, as part of their individual and collective decision making responsibilities, have full consideration of, and due regards to the contents of the Equality Impact Assessment relating to the budget proposals which is attached to the General Fund Revenue Budget report.

Health and Safety

6.1 None directly arising.

Environmental Sustainability

7.1 None directly arising.

Property and Asset Management

8.1 None directly arising.

Risk Management

9.1 None directly arising.

Corporate objectives and priorities for change

10.1 There is a close relationship between the budget and the Council's corporate outcomes. This report supports this relationship through the MTFP process.

BUDGET RISK RESERVE RISK ASSESSMENT

| Risk Description | Controls in Place | Proposed Management Actions | Calculation | Estimated Risk Value (mid point) |
|---|--|---|---|----------------------------------|
| Variation from Estimates – Inflation | The Council bases its inflation provisions on multiple indices, which are regularly monitored for accuracy and relevance. A large proportion of the inflation increase is due to contractual arrangements, many of which include known inflationary indices. | Inflation levels are monitored, with assumed future levels built into the MTFP process. The Budget Risk reserve is available to offset minor variations. | 5% - 15% variation in assumed levels of inflation | £295,000 |
| Variation from Estimates – Other Pressures | MTFP pressures accurately show levels of pressures and related risks and effects. Early budget-setting allows services to better plan savings into their forward budgets. | Pressures are continually monitored and Directorates will seek to contain emerging pressures. Any additional financial impact, and supporting explanations, would be reported to Members. | 5% - 10% variation in other pressures | £705,000 |
| Variation in Assumptions - Achievability of Savings | MTFP savings proposals show levels of savings achievable and related risks and effects. These are based on the latest information available. Early budget-setting allows services to better plan savings into their | Directorates are required to find alternative savings proposals or take alternative mitigating actions. Any undelivered savings, and supporting explanations, would be reported to Members. | 5% - 15% variation in savings | £1,407,000 |

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| | forward budgets. | | | |
| Historic use of the corporate contingency budget | MTFP savings proposals included the reduction of contingency budgets held to meet the specific risks and future uncertainties facing the Council. | Any additional financial impact, and supporting explanations, would be reported to Members. The Budget Risk Reserve is available to offset minor variations. | | £500,000 |
| Total MTFP risks with assumed 2 year time delay to reach permanent solution | | | | £5,814,000 |
| Estimated slippage of specific savings targets (3 months delay on 75% of savings targets) | | | | £2,006,000 |
| Minimum level of Budget Risk Reserve required | | | | £7,820,000 |

RESERVES RISK ASSESSMENT

| Area of Risk | Risk Description | Controls in Place | Calculation | Estimated Risk Value (£m) |
|-----------------------------------|--|--|---|---------------------------|
| Treasury Management (Deposits) | Risk of an institution where the Council has deposits going bankrupt | Only financially sound institutions with high financial standing are included within the Council's approved lending list. Maximum lending limits are applied. A series of management controls are in place to ensure lending limits are not breached. The Treasury Management team also carries out regular reviews of approved institutions, in conjunction with the Council's advisors, Arlingclose Ltd. | 10% of £12m maximum deposit in any one institution | £1,200,000 |
| Civil Emergencies | The risk of significant floods or fires etc, to cover immediate cash flow requirements prior to possible Bellwin Scheme payments | In practice such events are outside of the scope of management control. However, in the event of a civil emergency or disaster, the Council may be eligible for some relief funding from Central Government through the Bellwin Scheme. | Nominal Allocation | £750,000 to £2,000,000 |
| Contract Compliance & Retendering | Risk of challenge post contract award | Detailed contract procedure rules in place and the Council has a dedicated procurement team to provide robust internal challenge to contracting and tendering processes. | Contract value based on £100m x 1% risk x 20% fine. Plus £0.1m retendering cost | £300,000 |

| Area of Risk | Risk Description | Controls in Place | Calculation | Estimated Risk Value (£m) |
|--------------------------------------|--|---|--|---------------------------|
| Impact of Partner Funding | Pressure on Council budget if partner funding is withdrawn from critical services which require, as a minimum, continuation funding for a short term period. | The Council works closely with key partners to develop forward looking plans, including discussions regarding funding. | 6 months funding cover of a range of £0.5m to £1m risk | £250,000 to £500,000 |
| Business Critical Systems | Cost involved in setting up alternative arrangements to ensure legal obligations are met, including emergency payments and additional staffing costs | Detailed emergency plans in place and subject to regular review. | Nominal Allocation | £250,000 to £500,000 |
| Inflation estimates | There is a risk that inflation estimates are out-stripped by actual figures above the level provided for within contingencies. | The Council calculates inflation estimates using 20 different inflation indicators based on the best information available at the time, including consultation with internal experts. General inflation has been assumed at 0%. | Total expenditure inflation increase for 16/17 (£2,950,000) x a range of ½% to 1% movement in general inflation assumptions. | £807,000 to £1,613,000 |
| Impact of Adverse Weather Conditions | Risk of unforeseen costs for potholes, winter gritting, minor flooding etc | In practice such events are outside of the scope of management control. However, the Council does have an ongoing programme of highways | 5% - 10% of highways maintenance budgets | £182,000 to £365,000 |

| Area of Risk | Risk Description | Controls in Place | Calculation | Estimated Risk Value (£m) |
|--|---|--|--|---------------------------|
| | | maintenance, which includes an element for emergency works. | | |
| Significant emergency maintenance impact | Impact of building maintenance, i.e. roof failure, or structure replacement, i.e. bridge or culvert works | The Council has an ongoing programme of planned building maintenance, which includes the prioritisation of schemes depending on levels of risk and need. | 1% - 2% of building maintenance budgets Plus 1% - 2% of highways maintenance budgets | £50,000 to £100,000 |
| Legislative Changes | Changes in legislation may place additional financial burdens on the Council. | Legislative changes are usually accompanied by associated funding changes but this might not be adequate to cover costs. | Nominal Allocation | £100,000 to £250,000 |
| Dedicated Schools Grant (DSG) | Impact of funding risk not covered by general fund budget risk reserve. | Rigorous review of current DSG assumptions based on latest information from central government and historic experience. | £209m DSG x1% | £2,009,000 |
| Bad Debt Provision | In the current economic climate it is not certain that the Council's provision for bad and doubtful debt would be sufficient. | The Council sets aside a provision for bad and doubtful debts based on the age of debt and historic experience of rates of recovery. Robust debt collection procedures are in place. | 5% increase in bad and doubtful debts per 2014/15 debt figures (based on value from 2014/15 Statement of Accounts) | £1,003,000 |

| Area of Risk | Risk Description | Controls in Place | Calculation | Estimated Risk Value (£m) |
|--|---|--|---------------------------------------|----------------------------------|
| Current Provisions | Level of current provisions made are insufficient. | Anticipated liability cost calculations are based on the best available information. | Nominal Allocation | £100,000 to £1,000,000 |
| Redundancy Funding | There is a risk of a temporary shortfall in the Council's redundancy funding to cover staff exits for 2016/17 and 2017/18 | Anticipated redundancy cost calculations are based on the best available information, including data from the previous redundancy programmes. The funding calculations include a small element of flexibility to allow for changes in the actual costs incurred against budgeted values. | 20% increase in approximate £0.5m pot | £100,000 |
| Recommended General Reserves Target Range | | | | £7,101,000 to £10,940,000 |
| Level of General Fund Reserve included in 2016/17 MTFP: | | | | £7,143,000 |

EARMARKED RESERVES SUMMARY

| Reserve | Purpose of Reserve | Forecast Balance 31 March 2016 Before Transfers £000s | Transfers £000s | Forecast Balance 31 March 2016 £000s | Forecast Balance 31 March 2017 £000s | Forecast Balance 31 March 2018 £000s | Forecast Balance 31 March 2019 £000s |
|---|--|---|-----------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| General Reserve | | | | | | | |
| Unallocated General Reserve | The minimum level of reserves that the Council should hold, in line with the target range set out in Appendix 3. | -7,143 | 0 | -7,143 | -7,143 | -7,143 | -7,143 |
| Total | | -7,143 | 0 | -7,143 | -7,143 | -7,143 | -7,143 |
| Usable Reserves (no restrictions) – future liabilities | | | | | | | |
| Reserve for Asbestos | Reserve held to fund potential Mesothelioma claims | -1,262 | 0 | -1,262 | -1,262 | -1,262 | -1,262 |
| Job Evaluation Reserve | To provide for implementation costs of the Pay and Reward project. | -6,017 | 3,000 | -3,017 | -1,834 | 0 | 0 |
| Waste Strategy Corporate Reserve | Reserve held to reduce borrowing costs of waste treatment strategy | -1,048 | 0 | -1,048 | -1,048 | -1,048 | -1,048 |

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|---|--|--|------------------------|---|---|---|---|
| MTFP Specific Reserve | To support the MTFP and smooth impact of cuts to services over the next 3 years. | 0 | -10,144 | -10,144 | -5,809 | 0 | 0 |
| Reserve | Purpose of Reserve | Forecast Balance 31 March 2016 Before Transfers £000s | Transfers £000s | Forecast Balance 31 March 2016 £000s | Forecast Balance 31 March 2017 £000s | Forecast Balance 31 March 2018 £000s | Forecast Balance 31 March 2019 £000s |
| Delivering Change Reserve | To provide one-off funding to enable restructures and service changes to support the delivering of the MTFP savings. | 0 | -5,000 | -5,000 | -3,000 | -1,000 | 0 |
| ICT Reserve | To support the new Information Systems strategy. | 0 | -2,600 | -2,600 | -1,200 | 0 | 0 |
| Other Corporate Reserves | Including redundancy costs and year end estimates adjustments. | -2,048 | 0 | -2,048 | -1,500 | -952 | -952 |
| Other Service Reserves | Including Insurance and commuted sums. | -1,209 | 0 | -1,209 | -1,207 | -1,205 | -1,205 |
| Total | | -11,584 | -14,744 | -26,328 | -16,860 | -5,467 | -4,467 |
| Usable Reserves (no restrictions) – service specific | | | | | | | |
| Trading Services Reserve | In-year contingency in the event of Trading Account losses that cannot be met from the overall revenue outturn. | -327 | 0 | -327 | -186 | -110 | -110 |

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|--|--|--|------------------------|---|---|---|---|
| Regeneration Fund | Support for Regeneration projects | -3,789 | 0 | -3,789 | -2,798 | -1,146 | 0 |
| Partnership Reserves | Crime prevention contribution. | -26 | 0 | -26 | -26 | -26 | -26 |
| Other Corporate Reserves | Including transformation reserves | -855 | 0 | -855 | -354 | -177 | -177 |
| Reserve | Purpose of Reserve | Forecast Balance 31 March 2016 Before Transfers £000s | Transfers £000s | Forecast Balance 31 March 2016 £000s | Forecast Balance 31 March 2017 £000s | Forecast Balance 31 March 2018 £000s | Forecast Balance 31 March 2019 £000s |
| Other Service Reserves | Including e services and in year service demographic pressures. | -5,242 | 0 | -5,242 | -5,177 | -4,977 | -4,977 |
| Total | | -10,239 | 0 | -10,239 | -8,541 | -6,436 | -5,290 |
| Usable Reserves (no restriction) – leadership, budget risk and LAMS | | | | | | | |
| Leadership Priorities Reserve | Leadership priorities | -9 | 0 | -9 | -9 | -9 | -9 |
| Budget Risk Reserve | Reserve held to support future budget planning and unforeseen in-year pressures. | -25,657 | 14,744 | -10,913 | -9,597 | -9,597 | -9,597 |
| LAMS Reserve | Local Authority Mortgage Assistance | -2 | 0 | -2 | -2 | -2 | -2 |
| Total | | -25,668 | 14,744 | -10,924 | -9,608 | -9,608 | -9,608 |
| Usable Reserves (with restrictions) - schools balances | | | | | | | |
| Balances held by schools under a scheme of | Accumulated balances held by school under scheme of delegation | -5,000 | 0 | -5,000 | -4,000 | -4,000 | -4,000 |

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|--|---|--|------------------------|---|---|---|---|
| delegation | | | | | | | |
| Usable Reserves (with restrictions) – PFI balances | | | | | | | |
| PFI Reserves | Surplus to date arising as the PFI grant received is in excess of unitary charge payments to the contractor. Over time, the unitary charge changes and the surplus grant will be used to fund increasing costs. | -17,183 | 0 | -17,183 | -17,183 | -17,183 | -17,183 |
| Reserve | Purpose of Reserve | Forecast Balance 31 March 2016 Before Transfers £000s | Transfers £000s | Forecast Balance 31 March 2016 £000s | Forecast Balance 31 March 2017 £000s | Forecast Balance 31 March 2018 £000s | Forecast Balance 31 March 2019 £000s |
| Building Schools For The Future Reserve | To support the on-going elements of the original BSF programme. | -3,556 | 0 | -3,556 | -3,556 | -3,556 | -3,556 |
| Total | | -20,739 | 0 | -20,739 | -20,739 | -20,739 | -20,739 |
| Usable Reserves (with restrictions) – year end grants | | | | | | | |
| Year end grants with restrictions | Un-utilised grants received with funding restrictions. | -1,656 | 0 | -1,656 | 0 | 0 | 0 |
| Usable Reserves (with restrictions) – other | | | | | | | |

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|-------------------------------|---|--|------------------------|---|---|---|---|
| ISB General Provision | Reserve governed by Schools Funding Regulations | -5,930 | 0 | -5,930 | -4,257 | -2,851 | -2,351 |
| Other Corporate Reserves | Including insurance training reserve | -634 | 0 | -634 | -634 | -634 | -634 |
| Other Service Reserves | Including child protection, schools fire, licensing and other partner reserves. | -1,541 | 0 | -1,541 | -1,556 | -1,571 | -1,571 |
| Total | | -8,105 | 0 | -8,105 | -6,447 | -5,056 | -4,556 |
| | | | | | | | |
| Total Revenue Reserves | | -90,134 | 0 | -90,134 | -73,470 | -58,581 | -55,935 |
| Reserve | Purpose of Reserve | Forecast Balance 31 March 2016 Before Transfers £000s | Transfers £000s | Forecast Balance 31 March 2016 £000s | Forecast Balance 31 March 2017 £000s | Forecast Balance 31 March 2018 £000s | Forecast Balance 31 March 2019 £000s |
| Earmarked Capital Reserves | Support delivery of the Council's Capital Programme | -2,434 | 0 | -2,434 | -1,924 | -1,924 | -1,924 |
| Total Capital Reserves | | -2,434 | 0 | -2,434 | -1,924 | -1,924 | -1,924 |
| | | | | | | | |
| TOTAL RESERVES | | -92,568 | 0 | -92,568 | -75,262 | -60,373 | -57,727 |