

Appendix 6 Reserves

Management of Council Reserves

1. The Council's Reserves Strategy 2017-20 states that the Council will maintain reserves to protect against risk and support investment. The Strategy forecast that the risk assessed level of reserves is currently £10.1m.
2. The opening balance at 1st April 2017 in the Council's General Reserves was £10.3m as published in the Council's Audited Statement of Accounts for 2016/17.
3. **Table 1** shows how the overall impact of service budgets, central budgets and Council decisions impacts on the forecast closing balance of general reserves.

Table 1 – Change in Reserves Position

	£m
Opening Balance at 1 st April 2017	10.3
Impact on Balances at Quarter 4	0.0
Forecast Closing Balance at March 2018	10.3

4. The balance of £10.3m reflects the outturn position and risks associated with budget achievement in 2017/18. The reserve is in line with the level planned in the 2017-18 Reserves

Strategy. Overall the Council remains in a strong financial position given the major challenges across the public sector.

5. The Council also maintains Earmarked Revenue reserves for specific purposes. At 31st March 2017 balances on these reserves stood at £48.9m, excluding balances held by Schools.
6. The improvement in the outturn position since the third quarter review meant that the underspend of £1.3m could be used to top up the existing Enabling Transformation reserve for future use.
7. Funds released from the Collection Fund Management Reserve allowed a further increase to the Enabling Transformation reserve of £3.5m and a new reserve for Adult Social Care Transition (£1.7m) was also created.
8. The financing reserve increase by £1.9m as detailed in the mid-year review report. This was due to backdated savings achieved as a result of the change in the Minimum Revenue Provision (MRP) policy to the use of the annuity method.
9. The total earmarked reserves balance available at the end of 2017/18 is £47.0m. A full list of earmarked reserves at 1st April 2017 and movement in 2017/18 is contained in **Table 2**.

Table 2 - Earmarked Reserves

Name of Reserve	Opening Balance 1 st April 2017 £000	Movement in 2017/18 £000	Closing Balance 31 st March 2018 £000	Notes
People				
Adults, Public Health and Communities				
PFI Equalisation - Extra Care Housing	2,060	165	2,225	Surplus grant set aside to meet future payments on existing PFI contract which commenced in January 2009.
Individual Commissioning - Provider Investment & Fees	450	(450)	-	Linked to the S256 contribution towards backdated fees, to be used for provider training.
Public Health	536	(312)	224	Ring-fenced underspend to be invested in areas to improve performance against key targets. Including the creation of an innovation fund to support partners to deliver initiatives that tackle key health issues.
Communities Investment	583	(214)	369	Amalgamation of promoting local delivery; grant support; new initiatives and additional funding from outturn to support community investment.
Fixed Penalty Notice Enforcement (Kingdom)	59	120	179	Surplus Fixed Penalty Notice receipts to be ring-fenced to provide a community fund to address environmental issues .
Adults Transition Reserve	-	1,718	1,718	
Transitional Funding - community cohesion	141	-	141	Community Cohesion Strategy and Action Plan
Children's Services				
Domestic Abuse Partnership	165	(21)	144	To sustain preventative services to vulnerable people as a result of partnership funding.
Early Intervention and Prevention Investment	984	(473)	511	To continue the planned use of the Early Intervention short term funding allocation agreed for two years from 2016/17.
Parenting Journey	60	(60)	-	The Parenting Journey is in conjunction with Wirral Community Trust Health Visiting Service to integrate Health Visiting, Early Years and Early Help assessments.
Adoption Support Fund	-	197	197	
Transitional Funding-Developing the 'Cheshire East Way'	130	(47)	83	Delivering better outcomes for children and young people.
Transitional Funding-Increase in Establishment	386	(241)	145	Child Protection Social Workers
Transitional Funding-Independent Travel Training	150	-	150	Independent Travel Training

Name of Reserve	Opening Balance 1 st April 2017 £000	Movement in 2017/18 £000	Closing Balance 31 st March 2018 £000	Notes
Place				
Investment (Sustainability)	2,044	(1,173)	871	To support investment that can increase longer term financial independence and stability of the Council.
Planning and Sustainable Development				
Trading Standards and Regulations	75	-	75	Ongoing Trading Standards prosecution case on product safety
Air Quality	80	-	80	Provide funding for a temporary Air Quality Officer post for two years.
Strategic Planning	36	-	36	To meet potential costs within the Planning Service and Investment Service Structure.
Transitional Funding- air quality	79	(32)	47	Air Quality Management
Infrastructure and Highways				
Parking - Pay and Display Machines	100	-	100	Purchase of Pay and Display Machines.
Highways Procurement	276	-	276	To finance the development of the next Highway Service Contract.
Winter Weather	230	-	230	To provide for future adverse winter weather expenditure.
Growth and Regeneration				
Royal Arcade Crewe	500	-	500	To provide for future costs relating to the Royal Arcade including repairs and maintenance.
Legal Proceedings on land and property matters	150	(23)	127	To enable legal proceedings on land and property matters.
Skills & Growth	446	(110)	336	To achieve skills and employment priorities and outcomes.
Transitional Funding-Low Carbon Heat Growth Programme	51	-	51	Low Carbon Heat Growth Programme
Homelessness & Housing Options	200	(26)	174	To prevent homelessness and mitigate against the risk of increased temporary accommodation costs.
Rural & Cultural Economy				
Tatton Park	80	(80)	-	Ring-fenced surplus on Tatton Park trading account.

Name of Reserve	Opening Balance 1 st April 2017 £000	Movement in 2017/18 £000	Closing Balance 31 st March 2018 £000	Notes
Corporate				
Legal Services				
Insurance (Cheshire East & Cheshire County Funds)	4,039	177	4,216	To settle insurance claims and manage excess costs.
Transitional Funding-Child Protection Social Workers and Childcare Legal Support	225	(225)	-	Childcare Legal Support
Democratic Services				
Elections	123	11	134	To provide funds for Election costs every 4 years.
Finance and Performance				
Collection Fund Management	11,337	(5,927)	5,410	To manage cash flow implications as part of the Business Rates Retention Scheme. Includes liabilities that will not be paid until future years.
Financing Reserve	10,750	1,987	12,737	To provide for financing of capital schemes, other projects and initiatives.
Enabling Transformation	2,142	3,682	5,824	Funding for costs associated with service transformation; particularly in relation to staffing related expenditure.
Transitional Funding-External Funding Officer	181	-	181	External Funding Officer

Name of Reserve	Opening Balance 1 st April 2017 £000	Movement in 2017/18 £000	Closing Balance 31 st March 2018 £000	Notes
Cross Service				
Trading Reserve	1,299	430	1,729	The Authority's share of ASDVs net surplus to be spent in furtherance of the ASDV's objectives.
Service Manager carry forward	3,017	(609)	2,408	Allocations for Cost of Investment or grant funded expenditure.
Revenue Grants - Dedicated Schools Grant	3,364	(1,060)	2,304	Unspent specific use grant carried forward into 2018/19.
Revenue Grants - Other	2,384	715	3,099	Unspent specific use grant carried forward into 2018/19.
TOTAL	48,912	(1,881)	47,031	

Notes:

1. Figures exclude Schools balances.