

STATEMENT OF REVENUE & CAPITAL RESERVES: Purpose & Future Intentions

Constitution Update from Full Council 4th November 2019

The Chief Executive has delegation to incur one-off expenditure to support the needs of the organisation and corporate priorities from earmarked and general reserves up to a limit of £100,000.

Cabinet is authorised to approve transfers from earmarked reserves without limit provided the basis of the use of the reserve is consistent with its original purpose. With regard to general reserves, Cabinet is authorised to draw on these up to a limit of £200k for one off expenditure in any one year in accordance with the requirements of the Access to Information Procedure Rules.

Description:	Purpose	Future Intentions
Reserves:		
Other Earmarked Reserves		
Miscellaneous S106 Projects	Funds received from developers contributing towards various schemes	Existing funds received are required to be used on works required at the Country Park, open spaces and Darcy Gardens.
Melton Local Plan	Contribution from Local Plans revenue budget towards future spending requirements	To be released to fund uneven spending on Melton Local Development Framework
Waterfield Leisure Centre Stock Condition	Contribution from Waterfield Leisure Centre revenue budget towards future spending requirements	To fund cyclical works at the Waterfield Leisure Centre as and when required
Leisure Smoothing	Due to the fluctuations in the management fee payable under the new leisure contract as a result of the investment works needing to be completed before additional income is generated there is a need to provide some up front funding into the service to meet the average management over the contract life.	This reserve has been funded from a transfer from the Corporate Priorities Reserve to enable the impact of the uneven management fee from the leisure contract to be equalised across the life of the contract. Additional income is generated in later years following investment and this will be transferred back to the to Corporate Priorities.
General Repairs and Maintenance	New reserve created to provide resilience for ad hoc repairs and maintenance works to be added to when there is a surplus in the corporate repairs budget in any one year.	To be utilised when funding issues arise in year from annual stock condition surveys or ad hoc works which don't have sufficient funds available through other means such as specific sinking funds, repairs and renewal funds et or exceed the annual revenue budget for that year.
Business Rate Equalisation Reserve	One of the main impacts of the Business Rate retention scheme has identified the potential for annual fluctuations in the retained income levels. There is likely to be volatility in surpluses and deficits achieved in future years which this reserve will help mitigate	The reserve will be utilised to even out surpluses / deficits created on the revenue account as a result of changes in the actual levy payments. Budgeted and actual contributions to and from the fund will also be undertaken to mitigate fluctuations created by surplus / deficit on the collection fund.
Welland Procurement	Created to help manage variations in the profitability of the Welland Procurement Unit	Will be used to help manage an orderly reduction in costs in the event that clients do not renew their contracts with the Procurement Unit
Property Fund	Following the introduction of IFRS 9, there is a risk that any fair value movements of pooled investments, i.e. property funds, will hit the bottom line. A statutory override has been put into place for five years from 2018/19 but it is unclear of the impact beyond this point. This provision will be used to smooth out any impact.	Used to smooth out any future impact of IFRS 9 arrangements for pooled investments.
Melton Sports Village	Sinking fund introduced for site maintenance	To carry out site maintenance as and when required.
General Reserves		

Corporate Priorities Reserve	General fund reserves have been earmarked in the medium term financial strategy as being available to finance capital expenditure and revenue items of a non recurring nature that meet the Council's priorities. Contributions to this fund only arise as a result of surpluses in the revenue account	This reserve is to be used in line with the Medium Term Financial Strategy. Used for General Expenses for the benefit of the whole borough
Regeneration and Innovation Reserve	To provide funding for feasibility studies or business cases to unlock external funding or to support projects that will result in economic growth, commercial return or support inward investment. To include the allocation of match funding associated with external funding bids, and; To provide funding to support development and implementation of service improvement and innovation (including improvements in becoming more commercial, digital, and customer-focussed). Individual items can be drawn from the reserve up to £50k.	The fund will be topped up as and when funds become available and approved by members to be transferred to the reserve. The intention is to enable projects that meet the criteria of the fund to be able to be funded quickly so that opportunities are not missed and the Council can operate more commercially in line with its new governance arrangements
Special Expenses Reserve	See notes for Corporate Priorities Reserve	Used for Special Expenses (Melton Mowbray)
General Fund Carry Forward Reserve	Amounts are set aside from the General Fund to fund the carry forward amounts – amounts not spent in year which will be needed for a specific purpose in the following year – as approved by the relevant committee in year.	Used for General Expenses
Special Expenses Carry Forward Reserve	Amounts are set aside from special expenses to fund the carry forward amounts – amounts not spent in year which will be needed for a specific purpose in the following year – as approved by the relevant committee in year.	Used for Special Expenses (Melton Mowbray)
Working Balances		
General Expenses Working Balance	When calculating Budget requirements, relevant authorities are required (by The Local Government Finance Act 1992) to have regard to the level of reserves needed for meeting estimated future expenditure. Reserves held as a working balance are held for contingency purposes (e.g. for emergencies) and the appropriate level is reviewed annually as part of the budget setting process.	Used for General Expenses
Special Expenses (Melton Mowbray) Working Balance	See notes for General Expenses Working Balance	Used for Special Expenses (Melton Mowbray)

Description:	Purpose	Future Intentions
Housing Revenue Account Balances		
HRA Working Balance	See notes for General Expenses Working Balance	Used for the HRA
HRA Development and Regeneration	This reserve is for specific HRA development and regeneration needs within the HRA ring fence	To be determined by Council depending on the needs of the HRA
HRA Major Repairs Reserve	This reserve holds amounts set aside as depreciation from the HRA, based on a calculation which includes depreciation and additional revenue to support the HRA capital programme. This programme is substantially in regard to the Council's current housing stock.	It is anticipated that this fund will continue to function in a similar manner for the foreseeable future.
Water Arrears Reserve	On the cancellation of the Agency Agreement that the Council had with Severn Trent Water to collect water rates on their behalf, Severn Trent Water agreed to continue to fund future written off amounts of water arrears by a one-off payment	to fund any future water write offs from current tenant arrears
Repairs & Renewals Funds:		
Council Offices	This fund provides for major items of expenditure on Parkside. The reserve also receives contributions from partners	It is anticipated that this fund will continue to function in a similar manner for the foreseeable future
General Fund - The Registrars Furniture	This fund provides for the replacement of furniture for the County Council's Registrar's Service; the annual contribution to the fund being invoiced to the County	It is anticipated that this fund will continue to function in a similar manner for the foreseeable future
General Fund Vehicles & Equipment	This fund provides for the replacement of vehicles, equipment and Christmas lighting which are predominately used for the benefit of the General Fund	It is anticipated that this fund will continue to function in a similar manner for the foreseeable future
Cattle Market	This fund provides for the upkeep of the site infrastructure and services (infrastructure and service media located underground) at the Cattle Market quarterly contributions from Gillstream Markets to be drawn down when required	It is anticipated that this fund will continue to function in a similar manner for the foreseeable future
Special Expenses - Skate Park	This fund provides for the replacement and repairs at the Skate Park within the special expense area of Melton Mowbray	It is anticipated that this fund will continue to function in a similar manner for the foreseeable future
Special Expenses - Play Area Repairs and Renewals	This fund provides for the replacement and repairs at various play areas within the special expense area of Melton Mowbray	It is anticipated that this fund will continue to function in a similar manner for the foreseeable future
Provisions:		
Doubtful Debts: Sundry Debtors - General	Provision for writing off bad debts: General Fund Sundry Debtors	Continuing Provision
Doubtful Debts: Sundry Debtors - HRA	Provision for writing off bad debts: HRA Sundry Debtors	Continuing Provision
Doubtful Debts: Housing Rents	Provision for writing off bad debts: HRA Rent Arrears	Continuing Provision
Business Rates Appeals	As part of the completion of the NNDR3 LAs are required to make a provision for appeals against the Rateable Values of properties that had yet to have their appeals determined. This provision includes a value for changes to the rates liability for current and previous years	Continuing Provision
Employee Costs	Provision for any redundancy amounts known at financial year end	Utilised in the following financial year.
Capital Receipts:		
HRA: Usable Capital Receipts	Capital receipts received from the sale of Council dwellings set aside for HRA capital expenditure	Use determined in line with the Council's budget setting process
Leisure Vision: Usable Capital Receipts	Capital receipts specifically allocated to support delivery of the Councils Leisure Vision project	The Council is currently developing its leisure vision proposals which this fund will support.
Other: Usable Capital Receipts	Capital receipts available for General Fund capital expenditure	Use determined in line with the Council's budget setting process
Special Capital Receipts	Capital receipts available for Special expenses capital expenditure	Use determined in line with the Council's budget setting process