

ISLE OF ANGLESEY COUNTY COUNCIL

REPORT TO:	EXECUTIVE COMMITTEE
DATE:	18 FEBRUARY 2019
SUBJECT:	USE OF RESERVES AND BALANCES
PORTFOLIO HOLDER(S):	COUNCILLOR ROBIN WILLIAMS
HEAD OF SERVICE:	MARC JONES (EXT. 2601)
REPORT AUTHOR:	BETHAN HUGHES OWEN
TEL:	EXT. 2663
E-MAIL:	BETHANOWEN2@ynysmon.gov.uk
LOCAL MEMBERS:	n/a

A - Recommendation/s and reason/s

1. PURPOSE OF THE REPORT

- 1.1** The report will set out the Section 151 Officer's assessment on the level of general balances and reserves for 2019/20 and make recommendations as to the allocation of general balances for use during 2019/20.

2. RECOMMENDATIONS

- To note the general policy on reserves and balances adopted 1 March 2016, in Appendix A;
- Approve the amendments to the general policy on reserves and balances adopted 1 March 2016, in Appendix A;
- To set the minimum level of general balances for 2019/20 as £6.76m in accordance with the Section 151 Officer's assessment;
- To plan for an increase in general balances over a 3 to 5 year period in order that the actual level of reserves reaches the minimum level. This increase will be achieved by budgeting for planned annual surpluses;
- To confirm the continuation of the existing earmarked reserves;
- To approve the transfer of the Edge of Care reserve from the earmarked reserves to the General Reserves.

B - What other options did you consider and why did you reject them and/or opt for this option?

No other options considered – not appropriate in this case.

C - Why is this decision for the Executive?

The Constitution requires the Executive to publish its final budget proposal prior to its consideration by the Council.

CH - Is this decision consistent with policy approved by the full Council?

N/A

D - Is this decision within the budget approved by the Council?

N/A

DD - Who did you consult?		What did they say?
1	Chief Executive / Strategic Leadership Team (SLT) (mandatory)	
2	Finance / Section 151 (mandatory)	n/a – this is the Section151 Officer's report
3	Legal / Monitoring Officer (mandatory)	No comments
4	Human Resources (HR)	
5	Property	
6	Information Communication Technology (ICT)	
7	Scrutiny	
8	Local Members	
9	Any external bodies / other/s	
E - Risks and any mitigation (if relevant)		
1	Economic	
2	Anti-poverty	
3	Crime and Disorder	
4	Environmental	
5	Equalities	
6	Outcome Agreements	
7	Other	
F - Appendices:		
Appendix A - Proposed general policy on Reserves and Balances Appendix B – Balances to date		
FF - Background papers (please contact the author of the Report for any further information):		

USE OF GENERAL BALANCES AND RESERVES

1. PURPOSE OF THE REPORT

- 1.1. Sections 32 and 43 of the Local Government Finance Act 1992 require Local Authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. Section 25 of the Local Government Act 2003 requires the Section 151 Officer to report formally on the robustness of estimates and the adequacy of proposed reserves when setting a budget requirement and to ensure that there are key protocols for their establishment and use.
- 1.2. The report will set out the Section 151 Officer's assessment on the level of general balances and reserves for 2019/20 and make recommendations as to the allocation of general balances for use during 2019/20.

2. POLICY ON RESERVES AND BALANCES

- 2.1. In addition to the general balances, the Council holds a number of reserves on its balance sheet. The purpose of these reserves is to meet the cost of planned projects or to fund specific items of expenditure as and when they fall due.
- 2.2. The document attached as Appendix A sets out the overall principles and policy relating to determining the level of adequate reserves and balances and how reserves are utilised.

3. GENERAL BALANCES

- 3.1. As at 31 March 2018, the level of general balances stood at £6.352m, a decrease of £2.003m on the previous year.
- 3.2. In the 2016/17 budget, a £1m fund was created from general balances in order to fund individual projects that could generate efficiency savings for the Authority. From the 29 business cases that were received from departments, 9 business cases were approved to the value of £937,8k. To date, the projects are progressing well and the balance remaining to be spent is £600k (projected). A report on the position of each project is provided to the Executive each quarter.
- 3.3. As stated in Appendix A, paragraph 5, it is for the Section 151 Officer to assess a number of risks in determining the level of general balances required. These risks are considered below:-
 - **Future Cost Pressures** – As budgets are reduced, the ability of individual services to utilize any spare capacity within their existing budgets to fund unexpected cost pressures is much more difficult and, when cost pressures occur, the funding of these pressures then falls on the general balances. The Council is currently facing budget pressures during 2018/19, notably in Adults, Children's and Education services. The budget for 2019/20 addresses issues surrounding demand in these areas, however, there are risks of further calls being made on general balances and frequent reviews will be undertaken during the year.
 - **Savings** – The 2019/20 budget includes a package of £2.786m in savings. The savings proposals have been subject to challenge and this resulted in £961k of proposed savings not being included in the 2019/20 budget proposals as it was considered that they were not achievable during 2019/20. Although there is a risk that not all savings will be achieved, the challenge process that has taken place should ensure that the risk is minimised and that any subsequent call on general balances is not significant.

- **Inflation and Interest Rates** – Pay awards have been applied as per the Employer’s pay offer for NJC staff and for Teachers, price inflation (2.1%). Following the result of the EU referendum, inflation rose to above 3% but has since fallen back and currently stands at 2.1% (CPI – December 2018). The latest forecasts do not show that inflation will rise significantly during 2019/20 and it is expected to be on or around the Government’s target of 2%. Approximately £68m of the Council’s budget is for supplies and services where the price will increase as inflation increases. A 1% rise in inflation may add £680k to the Council’s costs (around 0.5% of the net budget). Although inflation is still a risk, the Council has sufficient reserves to fund a sudden and sharp rise in inflation. All known contractual inflation have been allowed for within the budget and an average per department inflation of 3% was applied on income.
- **Income** – Ensuring that income budgets are achieved is always difficult to guarantee, particularly in discretionary services where customers can choose whether to purchase the service or not. The 2019/20 budget process has reviewed actual income trends and income budgets have been realigned where it was considered that actual income would be significantly lower than the budget. The risk that income targets will not be achieved cannot be ignored and may result in net expenditure exceeding the overall budget, with the shortfall then having to be funded from general balances.
- **School Balances** – Over a number of years, the balance of school reserves has been very healthy, particularly in the Primary sector, and these reserves provide financial cover for the delegated schools element of the revenue budget. However, school balances are expected to fall to below £1m and this puts a greater emphasis on the need to maintain higher general balances to provide adequate financial cover for the delegated schools budget. This increasing risk has been factored into the assessment of the level of overall general balances.
- **Overall Financial Standing of the Council** – The overall financial standing of the Council is currently good, with an acceptable level of general balances and earmarked reserves. The future capital programme is funded and the Council’s Capital Financing Requirements around £24m lower than the operational boundary, and £29m lower than the statutory authorised limit.

3.4 There is no hard and fast rule as to the level of general balances that a Council should maintain, although a rule of thumb exists which indicates that the level of general balances should be 5% of the net revenue budget, excluding the delegated schools budget. Given that school balances have fallen significantly, it is now considered necessary to calculate the minimum level of general balances as 5% of the net revenue budget, including the delegated schools budgets. The current projection is that the revenue budget will overspend by £1.589m in 2018/19 which will need to be funded from the general reserves. In addition to this, £590k has been approved by the Executive during 2018/19 for various activities. Taking all these into consideration, it is estimated that the level of general balances will fall to approximately £4.7m at 31 March 2019. For further guidance and information, please refer to the Medium Term Financial Strategy & Budget 2018/19 paper.

3.5 Holding general balances does provide financial security for the Council, but holding balances unnecessarily results in financial resources not being utilised effectively. Having assessed the underlying financial risks faced by the Council, the limited flexibility that budget holders now have in managing their budgets and the need to release funding to deliver future efficiency savings, it is my assessment that the minimum level of general balances should be set at £6.76m (5% of the proposed net revenue budget for 2019/20).

3.6 The estimated balance as at 31 March 2019 is for general balances of £4.7m, £2.06m lower than the calculated minimum. In the current financial circumstances, it is not possible to budget for a budget surplus in order to bring the general reserves balance back to the minimum level and the increase in general reserves must be done more gradually over a period of 3 to 5 years.

4. EARMARKED RESERVES

4.1 Earmarked Reserves fall into distinct categories, which are as follows:-

- Capital Reserves – reserves required to fund the capital programme;
- Restricted Reserves – reserves which are required to fund potential future costs, their use is restricted to a specific purpose and cannot be released for any other purpose, funds that are held by the Client on behalf of a third party or the reserve is linked to the delegated schools budget and cannot be reallocated;
- HRA Reserve – reserves that are ring fenced to the HRA;
- Insurance Reserve – a reserve required to fund the cost of any uninsured losses and policy excesses incurred by the Council;
- Grant Holding Reserves – reserves holding the amount of any unapplied grant received;
- Earmarked Reserves – reserves that have been allocated to services to undertake particular projects.

4.2 The balance of the earmarked reserves as at 31 March 2018 and the projected balance as at the 31 March 2019 for each of the categories is shown in Table 1 below (a full breakdown of each category is attached as Appendix B):-

Table 1
Summary of Earmarked Reserve Balances

Reserve Category	Balance as at 31 March 2018 £	Movement During 2018/19 £	Projected Balance as at 31 March 2019 £
Capital	1,137,601	24,109	1,161,710
Restricted	2,051,284	-20,000	2,031,284
Equal Pay	813,102	-713,102	100,000
Insurance	1,250,000	0	1,250,000
Grant Holding	162,198	-60,053	102,145
Earmarked	4,495,933	631,697	5,127,630
TOTAL	9,910,118	-137,349	9,772,769

4.3 The restricted reserve includes a number of significant individual reserves: Supporting People £759k, Major Developments £592k and the North Wales Waste Treatment Plant reserve £1.18m. The North Wales Waste Treatment Plant reserve will be utilised in the coming years, with the construction of the plant already underway.

4.4 The Risk and Insurance Manager has assessed that £1.25m is required to adequately cover the potential uninsured losses and excess payments.

4.5 The HRA Reserve is ring fenced and can only be used to fund expenditure relating to the HRA. The new 30 Year Plan that is yet to be authorised envisages that the reserve will be fully utilised by 2020/21, and that it is possible that funding of new homes could result in a small borrowing requirement.

5. RECOMMENDATIONS

5.1 The Executive are requested to approve the following recommendations:-

- 1.** To note the general policy on reserves and balances as noted in Appendix A;
- 2.** To approve the amendment to the general policy on reserves and balances in point 8 service reserves in Appendix A;
- 3.** To set the minimum level of general balances for 2019/20 as £6.76m in accordance with the Section 151 Officer's assessment;
- 4.** To plan for an increase in general balances over a 3 to 5 year period in order that the actual level of reserves reaches the minimum level. This increase will be achieved by budgeting for planned annual surpluses.
- 5.** To confirm the continuation of the existing earmarked reserves, Appendix B.
- 6.** To approve the transfer of the Edge of Care reserve from the earmarked reserves to the General Reserves

GENERAL POLICY ON RESERVES AND BALANCES

1. Purpose

The Isle of Anglesey County Council is required to maintain adequate financial reserves to meet the needs of the organisation. The purpose of this policy is to set out the governance arrangements for the Use of Reserves and Balances to ensure they provide the Council with the flexibility it needs and also to ensure they are used to add value to the organisation.

2. Regulatory Context

Sections 32 and 43 of the Local Government Finance Act 1992 require Local Authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

There is no specified minimum level of reserves that an authority should hold, and Section 25 of the Local Government Act 2003 requires the Section 151 Officer to report formally on the adequacy of proposed reserves when setting a budget requirement and to ensure that there are key protocols for their establishment and use.

This policy sets out the framework for the use and management of useable reserves, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC) and agreed in accounting policies.

3. Types of Reserves

Useable revenue reserves can be categorised in two ways:-

General reserves, which are contingency to cushion the impact of unexpected events or emergencies; and

Earmarked reserves, which are generally built up to meet known or predicted liabilities.

Earmarked Revenue Reserves are usually created and held for one of the five main reasons below:-

- i. Renewals – to enable services to plan and finance an effective programme of vehicle and equipment replacement and planned property maintenance. These reserves are mechanisms to smooth expenditure so that a sensible replacement programme can be achieved without the need to vary budgets.
- ii. Carry forward of underspend – some services commit expenditure to projects, but cannot spend the budget in year. Reserves are used as a mechanism to carry forward these resources.
- iii. Trading accounts - in some instances, surpluses are retained for future investment.
- iv. Insurance Reserve - to meet the estimate of future claims to enable the Council to meet the excesses not covered by insurance.
- v. Other earmarked reserves will be set up from time to time to meet known or predicted liabilities, for example future predicted budget demand pressures.

Whilst earmarked reserves are set against a specific purpose, general reserves are funds which do not have any restrictions as to their use. Such reserves can be used to smooth the impact of significant pressures across years, offset the budget requirement in year and to mitigate the risks of unexpected events or emergencies.

General reserves can also be used to support investments designed to secure greater base budget savings.

4. Managing Reserves

The Council recognises the need to hold and maintain reserves but also recognises that, by choosing to hold or increase reserves, the Council is allocating resources away from other potential uses and, as such, there is an 'opportunity cost' of holding balances as reserves. For this reason, it is important to set out clearly, and regularly review, the framework through which such reserves are managed.

The management of financial reserves is a key tool of the Council's overall financial strategy, which has two key objectives:-

- Achieving stable and sustainable budgets throughout the medium term; and
- Ensuring resources are effectively focused on priorities.

Underpinning the achievement of these objectives is the recognition of the need to manage risk. This could be increased risks of volatility in planning assumptions as we continue to go through uncertain economic times or the risks to Welsh Government funding as a result of significant future funding reviews. However, it could be that the business seeks to take greater business risks through innovative service delivery to achieve difficult savings targets. The greater the risks, the greater the reserves the Council are likely to need to hold to mitigate against this. It is the appreciation of such risks that must be at the forefront of the Section 151 Officer's mind.

5. Quantifying the Reserves Requirement

Setting the level of general reserves is one of several related decisions in the formulation of the Medium Term Financial Plan (MTFP) and the annual budget. This decision requires account to be taken of the strategic, operational and financial risks facing the Authority. Specifically, the MTFP requires the Council to build up and then maintain general reserves sufficient to cover the key financial risks that it faces.

The Section 151 Officer will need to consider many factors in determining the precise level of reserves, many of which involve an assessment of the risk of assumptions included in the budget and MTFP, together with the Council's financial standing and management.

The key factors are set out below:-

Budget Assumptions;
Financial standing and management;
General cash flow requirements, the outlook for inflation and interest rates;
The overall financial standing of the Council (level of borrowing, debt outstanding etc.);
Estimates of the level and timing of capital receipts;
The Council's track record in budget and financial management, including the robustness of its medium term plans;
The potential range of costs of demand led services;
The Council's capacity to manage in year budget pressures;
Planned efficiency savings/ productivity gains;
The strength of the financial information and reporting arrangements;
The financial risks inherent in any significant new funding partnerships;
Major outsourcing arrangements or major capital developments;
The Council's virement and end of year procedures in relation to budget under/overspends;
The availability of other funds to deal with major contingencies and the adequacy of provisions;
The adequacy of the Council's insurance arrangements to cover major unforeseen risks.

An objective evaluation of these factors will be undertaken each year to determine a prudent level of general reserves cover based on an assessment of the above factors. However, the final level of reserves is ultimately subject to the Section 151 Officer's judgement, taking all relevant factors into consideration.

As part of the annual budget recommendation to the Council, the Section 151 Officer will highlight the amounts that are being set aside for reserves.

6. Building Reserves

Should the Section 151 Officer consider that the level of General Reserves requires increasing, this will be achieved as part of the budget setting process, establishing an allocation from the annual budget to achieve the desired level of balances. Contributions to and from General Reserves should be reviewed annually. This will be additional to any amounts needed to replenish reserves that have been consumed in the previous year, to maintain the minimum level of reserves.

Earmarked reserves will be established on a 'needs basis' in line with the planned or anticipated requirements, and will be subject to Committee approval, usually as part of an annual reserves report that goes as part of the year end.

For each such reserve, the Council will define:-

The purpose of the reserve;

How and when the reserve can be used;

Procedures for management and control of the reserve;

A process and timescale for review of the reserve to ensure continuing relevance and adequacy. This will generally take place at year end.

7. Use of Reserves

Reserves can only be used once, and so should not normally be used to finance recurring planned spending – for example they would not, except under exceptional circumstances, be used to 'balance the budget'.

Where reserves are used to support the delivery of the budget in any one year, for example to smooth funding fluctuations or pressures across years, the Council should ensure the reserves are replenished in the following year if necessary.

Where the Council has used general reserves for investment purposes to generate savings, these would also generally be paid back by the end of the following financial year. In exceptional cases, such as minimising the impact upon services to customers and citizens, more time would be allowed for replenishment, up to a maximum of four years, in line with the medium term planning cycle.

Use of general reserves will be subject to the Section 151 Officer and, in some cases, the Executive Committee approval. The creation of earmarked reserves will also be subject to the approval of the Section 151 Officer, once this level of approval has been given, drawdowns against the reserve can be made subject to the criteria being met.

In extreme circumstances, where general reserves have been exhausted due to unforeseen spending pressures within a given financial year, the Council would be able to draw down from its earmarked reserves to provide short term resources, but this would not be sustainable, and balances would need to be restored.

Earmarked reserves that have been used to meet a specific liability would not be replenished, having served the purpose for which they were originally established.

8. Service Reserves

Individual service reserves can be created for 2019/20. The balance at the end of the financial year for each service will automatically be transferred into a service reserve. Each service will be advised of their balance once the Statement of Accounts has been produced.

When a service has underspent during the financial year, the balance to a maximum of 2.5% of their net budget or £75k cumulatively, will be transferred into the reserve, any underspend above this amount will be transferred to the general reserves.

Any overspend by a service will be transferred in its entirety to the reserve. The service will then need to produce a plan of how it will repay this overspend and over what timeframe, this will be subject to the approval of the Section 151 Officer and, in some cases, the Portfolio Holder for Finance or the Executive.

Where a service has experienced a significant increase in the demand for services and this has resulted in costs having to exceed the budget available, the Head of Service will be entitled to request that the resulting overspend is funded from the general Council balances rather than the service reserve. Any requests will be subject to approval by the Section 151 Officer and the Portfolio Holder for Finance.

9. Capital Reserves

The capital programme for 2019/20 fully utilises all available reserves down to the minimum level. The future expectation of capital receipts for strategic asset sales has not yet been built into the capital programme.

Good asset management strategies have included in them the replenishment of assets following on from strategic asset sales, so that there will be assets of a strategic value on the balance sheet for future years.

The capital receipts from such strategic assets sales are a valuable source of capital financing but, equally, a proportion of these proceeds needs to be reinvested for either revenue return or for investment in other assets that, over time, will increase in value and form part of future years' capital financing.

A proportion of all strategic asset capital receipts should be earmarked for reinvestment, either for investment to produce future financing sources or to create a revenue income stream.

A Capital Investment reserve will be created and, on receipt of proceeds of sales, a proportion will be added to this reserve. Capital schemes that either propose reinvestment in assets or revenue income streams will be considered for funding from this earmarked reserve, to complement the current capital programme schemes funded by general capital receipts reserves.

Similarly, the capital funds allocated to Compulsory Purchase Orders will be replenished from the capital receipts on the sale of the acquired properties. This will then form the basis of a rolling fund for the compulsory purchase orders issued.

10. Insurance Reserve

The insurance reserve figure was historically built up over time in order to cover the stop losses under the larger insurance policies. The level of the Insurance Reserve will be reviewed at least annually by the Risk and Insurance Manager and agreed with the Section 151 Officer.

BALANCES TO DATE

APPENDIX B

Directorate	Reserve	Category	As at 31 st March 2018	Is this reserve likely to be spent in full during 2018/19?	Is a request to carry forward to 2019/20 likely?	Year End Estimate
Community Services - Housing Services	Corporate Vulnerable Persons	EARMARKED	570,000	No	Yes - This is required for Supported Living projects to make up for cuts to Supporting People funding – Executive Decision	570,000
Corporate	Revenue Contributions Unapplied	CAPITAL EXPENDITURE	1,137,601	No	Yes - Project plans span more than one financial year. Balance held as contingency to fund capital expenditure	1,161,710
Corporate	Northgate Project	EARMARKED	52,433	No	Yes - Project plans span more than one financial year, the planned end date is May 2019	0.00
Corporate	Cost Of Change	EARMARKED	343,986	No	Yes - Additional cost of change projects that required funding	250,000

Directorate	Reserve	Category	As at 31 st March 2018	Is this reserve likely to be spent in full during 2018/19	Is a request to carry forward to 19/20 likely?	Year End Estimate
Corporate	Equal Pay	EQUAL PAY	813,102	No	Yes - It is anticipated the exercise will be completed in early 2019/20	100,000
Corporate	Invest to Save	EARMARKED	652,349	No	Yes - Plans span more than one year and all projects are at various stages	620,103
Corporate	Restricted Contingency Funded Projects	EARMARKED	38,692	No	Yes - Plans span more than one year	38,692
Corporate - Resources	Insurance (Catastrophe) Reserve	INSURANCE FUND	1,250,000	No	Yes - The level of reserves is deemed acceptable for this size of Authority by the Insurance Manager	1,250,000
Council Business - Legal Section	Land Charges computer system	EARMARKED	8,100	No	Yes - The work to upgrade the Arcus system has been delayed by problems during the work on the Planning system, and by staff sickness	8,100

Directorate	Reserve	Category	As at 31 st March 2018	Is this reserve likely to be spent in full during 2018/19	Is a request to carry forward to 19/20 likely?	Year End Estimate
Council Business - Policy	Policy Management System	EARMARKED	8,363	No	Yes - The remainder will be needed to pay for the 4 policies licence in 2019/20. It will then need to be added to the budget for 2020/21	8,363
Highways Property & Waste - Highways	Highways Restricted Grants Reserve - Flood Grant	RESTRICTED	36,473	No	Yes - Welsh Government Grant but work has been delayed as priority given to introduction of SuDs system. Work will resume once SuDs has been embedded	36,473
Highways Property & Waste - Highways	Highways Restricted Grants Reserve Coastal Path	RESTRICTED	7,575	No	Yes - May be partially spent but work is ongoing	7,575
Highways Property & Waste - Highways	Highways Restricted Grants Reserve - Airport Car Park Income	RESTRICTED	2,401	No	Yes - Funds owned by WG for use at Maes Awyr Môn. Work on airport is ongoing	2,401
Highways Property & Waste - Highways	Winter Maintenance	EARMARKED	54,479	Depends on the weather in remaining Winter months	Yes - If weather continues to be mild this Winter, it is likely that Highways will add to this reserve for future years	54,480

Directorate	Reserve	Category	As at 31 st March 2018	Is this reserve likely to be spent in full during 2018/19	Is a request to carry forward to 19/20 likely?	Year End Estimate
Highways, Property & Waste - Waste Management	Spend to Save Public Conveniences	EARMARKED	8,906	No	Yes - Pending results and outcome of Toilet Strategy and increased cleaning costs of remaining PC's.	8,906
Highways, Property & Waste - Waste Management	Waste Reserve/Recycling	GRANT HOLDING	121,768	No	Yes - As grant conditions specified that underspend is to be reused for recycling purposes	61,715
Highways, Property & Waste - Waste Management	North West Wales Treatment Plant	RESTRICTED	1,181,799	May be in March 2019 but more likely to be in new financial year	Yes - As plant will be operational from the beginning of 2019/20 financial year, this will result in initial increased costs and construction payment of a transfer station	1,181,799
Highways, Property & Waste - Waste Management	Recycling Process Income	RESTRICTED	635,130	No	Yes - WG grant conditions stipulate that this must be used for future recycling purposes	635,130
Highways, Property & Waste	Airport Highway	RESTRICTED	86,488	No	Yes - WG in the process of reviewing how this will be spent	86,488
Highways, Property & Waste - Property	Asset Management Rationalisation	EARMARKED	42,656	No	Yes - Part of asset rationalisation. Plans are ongoing for Wendon (Benllech), Ysgol y Parc and Holyhead Library	42,656

Directorate	Reserve	Category	As at 31 st March 2018	Is this reserve likely to be spent in full during 2018/19	Is a request to carry forward to 19/20 likely?	Year End Estimate
Highways, Property & Waste - Property	Dismantelling Rova Cabin	EARMARKED	28,000	Yes		0
Regulation & Economic Development - Economic	Beaumaris Pier - Painting	EARMARKED	74,968	No. Section 151 Officer has asked for it to be delayed until new financial year. Timing suits the department as the weather is likely to be better.	Yes - Painting is likely to go ahead in May	74,968
Highways, Property & Waste - Highways	Bus Stop Infrastructure	EARMARKED	133,475	Yes	If grant is unspent, it will be clawed back by WG	133,475
Housing	Homeless Provision	EARMARKED	88,312	No	Yes - Homelessness is 'demand led' and, fortunately, the winter of 2018 has been mild. Reserve is needed for future years	88,312

Directorate	Reserve	Category	As at 31 st March 2018	Is this reserve likely to be spent in full during 2018/19	Is a request to carry forward to 19/20 likely?	Year End Estimate
Housing	Landlord / Tenant Improvements	EARMARKED	5,000	No	Yes - Project has slipped into 2019/20	5,000
Housing	Affordable Housing	EARMARKED	99,000	No	Yes - Project has slipped into 2019/20	99,000
Housing	Housing Management	EARMARKED	6,300	No	Yes - The project for which this is earmarked has been deferred due to changes in WG policy	6,300
Housing	Supporting People	EARMARKED	759,143	No	Yes - Plans span more than one financial year. Money can only be spent with approval of Regional Board	759,143
Learning - Education	School Days Reserve	RESTRICTED	-66,130	These must be carried forward as they are delegated to schools.	Yes - Full balance. This is a delegated fund to all schools which is utilised to compensate for the fluctuations between the school year dependent on when Easter falls within the calendar. The reserve is in deficit and will not be used to compensate for additional days, but will be topped up in years when school days reduce until reserve is cleared, following that a reserve will no longer be required. The deficit balance will continue beyond 2018/19	-66,130

Directorate	Reserve	Category	As at 31 st March 2018	Is this reserve likely to be spent in full during 2018/19	Is a request to carry forward to 19/20 likely?	Year End Estimate
Learning - Education	Sick/Adverts Scheme - Primary	RESTRICTED	-26,523	Unknown. These must be carried forward as they are delegated to schools.	Yes - Full balance - this is a delegated budget. At the end of 2017/18, the reserve was in a deficit position. The premium charged to schools has been increased in 2018/19 to clear this deficit, and to reflect the ongoing demand on the reserve	-26,523
Learning - Education	Schools Rationalisation	RESTRICTED	21,656	Most of this reserve is likely to be utilised in 2018/19.	Yes - Full balance - this is a delegated budget	21,656
Lifelong Learning - Culture	Museum Purchase Fund	RESTRICTED	22,415	This is monies raised through contributions made to the Oriel and cannot be used for any other purpose. £20k will be used to fund the new sculpture outside the Oriel.	Yes - Full balance. This is ring fenced funding from donations and cannot be used for any other purpose	2,415

Directorate	Reserve	Category	As at 31 st March 2018	Is this reserve likely to be spent in full during 2018/19	Is a request to carry forward to 19/20 likely?	Year End Estimate
Lifelong Learning - Education	Invest to save - automated online payment system for schools regarding meal payments	EARMARKED	25,542	No additional costs will be incurred in 2018/19.	Yes - The Authority may be required to upgrade the Cunninghams system in Secondary Schools during 2019/20	25,542
Regulation - Planning & Public Protection	Licence Reserve	EARMARKED	23,000	No	Yes - Soft market testing of database software last May revealed no provider was in a position to meet the user specification/business needs. A further Business Case is now being developed and it is anticipated that some of the reserve fund will be utilised by the end of March, but only a small proportion. The remainder will be required to fund the future software solution	23,000
Regulation - Planning & Public Protection	Local Development Plan	EARMARKED	168,700	No	Yes - Required for the length of the contract	167,517

Directorate	Reserve	Category	As at 31 st March 2018	Is this reserve likely to be spent in full during 2018/19	Is a request to carry forward to 19/20 likely?	Year End Estimate
Regulation - Planning & Public Protection	Buy with Confidence Reserve	EARMARKED	3,878	This is not a reserve, it is a separate account created to deal with Buy With Confidence issues. It needs to be retained by the Public Protection function.	The majority of the stated reserve will need to be carried over to the 2019/20 financial year. It is required for ongoing work	3,878
Regulation - Planning & Public Protection	Planning Legal Costs	EARMARKED	22,375	No	Yes - Required for any future legal cases	22,375
Regulation - Planning & Public Protection	Bathing Water Prediction Model	EARMARKED	10,000	No	Yes - This has been reserved to pay for maintenance over the next 9 financial years, up to end of March 2028	10,000
Regulation & Economic Development - Economic	Major Developments	EARMARKED	265,113			265,113
Regulation & Economic Development - Economic	Energy Island Economic Development Reserve	EARMARKED	8,182			8,182

Directorate	Reserve	Category	As at 31 st March 2018	Is this reserve likely to be spent in full during 2018/19	Is a request to carry forward to 19/20 likely?	Year End Estimate
Regulation & Economic Development - Economic	Breakwater Country Park	EARMARKED	2,950	No, initial findings of consultation have indicated the plan is not financially viable in its current form. Remaining funding is likely to be required to develop a new business plan.	Funding will be required to develop a new business plan in the new financial year	2,950
Regulation & Economic Development - Economic	Major Developments	EARMARKED	591,689			591,689
Regulation & Economic Development - Leisure	Leisure (VAT Claim)	EARMARKED	0	Approximately £50k will be spent on consultants commissioned to look at an alternative delivery model for the Leisure function.	Remaining funding may be required for improvements to the Leisure function, dependant on the outcome of the work being carried out by the consultants looking at the alternative delivery model.	750,000
Resources	Revenues and Benefits	EARMARKED	42,936	No	Yes - Part of the reserve has already been allocated to fund backscanning work and sickness cover	35,936

Directorate	Reserve	Category	As at 31 st March 2018	Is this reserve likely to be spent in full during 2018/19	Is a request to carry forward to 2019/20 likely?	Year End Estimate
Resources	Civica	EARMARKED	16,486	Yes		0
Social Services - Adult Services Mental Health	Section 117 Reserve	RESTRICTED	150,000	No	Yes - a Section 117 claim could come in which costs are estimated at £140k	150,000
Social Services - Adults and Children Services	Transformation	EARMARKED	74,459	No	Yes - Most of this will be spent in 2018/19 but there will be a residual balance that has already been committed for Consultancy fees for 2019/20	41,205
Social Services - Adults and Children Services	Contracts	EARMARKED	144,737	No	Yes - This has already been agreed by the Section 151 Officer to cover Children's agency staff costs for 2019/20. Predicting £180k or so will be rolled over	412,745
Social Services - Adults and Children Services	Edge of Care	EARMARKED	121,724	No	Yes - Although the Service has been given £150k/year in the core budget, therefore the balance will be transferred into general reserves	0
Transformation - HR	SCWDP	GRANT HOLDING	40,430	No	This is a grant so will need to be retained until needed. It was set up to provide a buffer in the event of the grant being reduced	40,430
			9,910,118			9,772,769

