

## Appendix 6

### Summary of reserves and balances 2010/11 to 2012/13

	2010/11		2011/12		2012/13		Estimated balance 1 April 2013
	Estimated balance 1 April 2010	Proposed Variation in 2010/11	Estimated balance 1 April 2011	Proposed variation in 2011/12	Estimated balance 1 April 2012	Proposed variation in 2012/13	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Revenue account balance</b>	<b>29,845</b>	<b>-8,346</b>	<b>21,499</b>	<b>-3,773</b>	<b>17,726</b>	<b>854</b>	<b>18,580</b>
<b>Earmarked reserves:</b>							
Schools *	37,245	0	37,245	3002	40,247	0	40,247
Trading units	8,723	-588	8,135	-4	8,131	568	8,699
Service underspendings	10,078	-7,270	2,808	-788	2,020	0	2,020
Insurance	9,392	0	9,392	0	9,392	0	9,392
Second homes income	845	-40	805	-40	765	-40	725
Invest to save and modernisation	4,062	3,475	7,537	1,812	9,349	1,812	11,161
General capital	1,813	-988	825	-130	695	-402	293
Equal pay	40,178	1,381	41,559	1,800	43,359	1,800	45,159
Grant equalisation	22,415	-3,735	18,680	-4,500	14,180	-4,500	9,680
LABGI	2,060	-1002	1,058	-568	490	-490	0
Landfill Allowances trading	6,053	326	6,379	326	6,705	326	7,031
Corporate Policy fund	539	898	1,437	1,085	2,522	1,160	3,682
PSA reward grant	2,040	-2040	0	0	0	0	0
Corporate Efficiency	0	8,619	8,619	0	8,619	0	8,619
Other reserves	1,869	-622	1,247	538	1,785	-502	1,283
	147,312	-974	146,338	1,921	148,259	299	148,558
<b>Total reserve and balances</b>	<b>177,157</b>	<b>-9,320</b>	<b>167,837</b>	<b>-1,852</b>	<b>165,985</b>	<b>1,153</b>	<b>167,138</b>

\* School reserves of £3.0m are being temporarily utilised for education capital purposes under the school balances loan scheme. It is anticipated that the current loans will be fully repaid by the end of 2011/12.



**Protocol for earmarked reserves**

<b>Reserve</b>	<b>Purpose</b>	<b>Use of reserve</b>	<b>Management and control</b>	<b>Review process</b>
Schools	Earmarking of the balance of unspent delegated budgets.	<p>1. To supplement school's budget share, to finance capital contributions and to provide a contingency.</p> <p>2. Up to 25% of total reserve made available on a loan basis to finance school capital projects of an 'invest to save' nature. £3.0m has been advanced under this scheme, but expected to be fully repaid in 2011/12.</p>	<p>Responsibility of headteacher and school governing body.</p> <p>Proposals subject to approval of the capital programme, involving executive member, Cabinet and County Council approval.</p>	<p>In addition to review by individual governing body, trends reviewed annually by Children's Services executive member.</p> <p>Use of loan scheme subject to appraisal of projects and to 25% upper limit.</p>
Trading units	To enable business units to carry forward planned surpluses.	To meet future deficits and/or restructuring costs, to fund capital investment or to return surpluses to customers by reducing prices.	By responsible Chief Officer subject to executive member approval.	Through production of an annual business plan linked to the budget process.
Service underspendings	To enable services to carry forward 100% of planned underspendings and at least 50% of unplanned underspendings.	To fund non-recurring expenditure in future years or to phase in the requirement for additional funding or to achieve savings.	By service Chief Officer reporting to the Executive member. Cabinet responsible for approval of cases where more than 50% of a saving is earmarked.	Reviewed annually as part of budget cycle. Planned underspendings of £4.6m in 2009/10 to be used to finance spending in 2010/11.
Insurance	To cover fire, flood and storm damage reinstatement costs which are already committed and to reserve against adverse trends in liability claims.	To supplement annual 'premiums' charged to services.	Chief Executive and County Treasurer subject to Cabinet approval.	At least annually on closure of accounts.

**Appendix 6  
Annex 1**

<b>Reserve</b>	<b>Purpose</b>	<b>Use of reserve</b>	<b>Management and control</b>	<b>Review process</b>
Second homes income	Agreed to earmark additional council tax income from reducing the discount on second homes in 2004/05 for purposes agreed with the relevant district council.	To fund expenditure in future years on the agreed projects, mainly affordable housing.	By County Treasurer subject to Cabinet approval.	Reviewed at least twice yearly on closure of the accounts and in setting the budget. A decision was taken in June 2008 not to proceed with a Homebuy scheme, which had been intended to utilize most of the balance of the reserve.
General capital	To assist in matching the timing of the availability of capital financing resources with the timing of capital payments. It's purpose was extended in the 2008/09 budget to assist in managing the policy of not taking up supported borrowing in full and to earmark resources for potential strategic property investments. Since 2008/09 it also includes contributions made by schools to capital projects in advance of their being required for financing purposes.	To finance locally-resourced capital expenditure.	By County Treasurer in conjunction with decisions on the financing of the capital programme.	Reviewed at least twice yearly on closure of the accounts and in approving a new capital programme. The balance of the reserve is expected to be fully utilized in 2008/09 and 2009/10 as a result of the deferral of capital receipts.
Equal pay	To assist in meeting transitional costs and equal pay claim costs likely to arise from implementation of the Pay and Benefits review.	To supplement employee budgets in transitional period following implementation and to finance non-recurring implementation costs.	County Treasurer subject to Cabinet approval.	£419,000 is budgeted to be used in 2010/11 to fund costs associated with dealing with equal pay claims. Interest is being added to the reserve in recognition of the impact of the delay in the Employment Tribunal

**Appendix 6  
Annex 1**

<b>Reserve</b>	<b>Purpose</b>	<b>Use of reserve</b>	<b>Management and control</b>	<b>Review process</b>
Grant equalisation	To assist in managing the impact of future grant loss arising from 2006/07 formula changes, and subsequent changes to the formula in 2008/09.	To compensate for service and/or council tax impact of grant loss	County Treasurer subject to Cabinet approval	<p>hearings on the potential compensation payable.</p> <p>Revised in each year's budget planning. With grant loss commencing in 2008/09, proposed to utilise the reserve to phase the impact on council tax of grant loss over eight years to 2015/16, reflecting the likelihood that the County Council will remain below the grant floor for a number of further years.</p>
LABGI	Reserve created in 2009/10's budget.	To contribute to programmes designed to promote economic prosperity, wellbeing and regeneration and other capital investment projects	Leader subject to Cabinet approval.	Reviewed as proposals emerge. The budget includes proposals to use the balance of the reserve for economic development purposes over the next three years.
Landfill allowances	Income from the sale of landfill allowances is transferred to the reserve.	Cabinet have agreed the principle that 40% of the income should be utilised subject to the approval of business cases, to finance investment in waste facilities to enable landfill and recycling targets to be met. The remaining 60% will be used to offset the costs of the waste management contract, the increased cost of which has been financed corporately.	County Treasurer and Director of Environment, subject to approval of the Leader and Cabinet.	Reviewed as part of budget and final accounts process.

**Appendix 6  
Annex 1**

<b>Reserve</b>	<b>Purpose</b>	<b>Use of reserve</b>	<b>Management and control</b>	<b>Review process</b>
Invest to save and modernisation	A new earmarked reserve established in the 2008/09 budget combining the two existing invest to save reserves, one of which originally established to fund improvements solely in Adult and Children's Services.	To fund improvements which will transform service provision and improve value for money from 2008/09 onwards.	Chief Executive and County Treasurer, subject to the approval of the Leader and Cabinet.	Use to be subject to the approval of specific business cases. The budgeted contribution of £1.8m plus the repayment of previous sums advanced from the reserve add £3.5m to the budgeted value of the reserve in 2010/11.
PSA reward grant	A reserve established in 2005/06 to earmark the £9.9m reward grant received in respect of LPSA 1 targets. Further anticipated revenue reward grant of £3m from LPSA2 is due to be received in 2010/11 and 2011/12.	£1.5m earmarked to pump prime the Local Area agreement. £2.3m to repay unsupported borrowing incurred in respect of LPSAI, £1.5m for Home to School transport initiatives, £1m in respect of well-being and £3.6m for priorities identified by Environment and Children's Services in respect of grant relating to their targets.	Proposals subject to approval of Leader and Cabinet.	Original LPSA1 spending proposals are expected to be completed in 2010/11.
Corporate Efficiency	Established to earmark any efficiency savings achieved in advance of their being required for budgetary purposes.	To contribute to corporate efficiency savings targets.	Leader, subject to Cabinet approval.	Reviewed at least twice-yearly in approving the budget and final accounts.
Corporate Policy Fund	To redirect corporate efficiency savings to front line services, as the public spending outlook becomes more constrained.	To support investment in front line services.	Leader, subject to Cabinet approval.	Reviewed at least twice-yearly in approving the budget and final accounts.
Segensworth unit factories (included with	To enable annual tenant contributions towards repairs to be	To fund maintenance of specific significant infrastructure costs	Director of Property, Business and Regulatory Services	Reserve is ring-fenced.

**Appendix 6  
Annex 1**

<b>Reserve</b>	<b>Purpose</b>	<b>Use of reserve</b>	<b>Management and control</b>	<b>Review process</b>
other reserves)	earmarked for periodic major repair liabilities to infrastructure.	which are the responsibility of the County Council as freeholder.	subject to terms of relevant agreement.	
Other minor reserves	Sums set aside for specific future purposes.	To fund spending on specified purpose.	Various.	Reviewed at least annually on closure of the accounts. Overall balance projected at £1,247,000 at 31 March 2011.