

Earmarked reserves at 31 March 2010

	Balance at 1 April 2009	Movement in the year	Balance at 31 March 2010
	£000	£000	£000
Schools General Reserve (note 1)	40,435	-3,371	37,064
Less temporary use for capital funding	-3,002	-	-3,002
	----- 37,433	----- -3,371	----- 34,062
Capital Reserves			
General capital reserve	8,606	-8,606	-
Schools capital reserve	293	176	469
	----- 8,899	----- -8,430	----- 469
Trading Accounts			
1. Former DSO's	1,618	236	1,854
2. Supplies	1,488	280	1,768
3. Printing	650	152	802
4. IT Services	181	754	935
5. Caretaking and cleaning	191	45	236
6. Services to Schools	4,705	-29	4,676
7. Children's Centres	1,287	-104	1,183
8. Audiences South	0	0	0
9. Hampshire Wardrobe	26	8	34
10. River Hamble	529	164	693
	----- 10,675	----- 1,506	----- 12,181
Designated underspendings (note 2)	16,707	-2,224	14,483
Other			
1. Insurance	9,392	3,250	12,642
2. Segensworth Units	267	-3	264
3. Historic publications	39	-	39

	Balance at 1 April 2009	Movement in the year	Balance at 31 March 2010
	£000	£000	£000
4. Invest to Save and modernisation (note 3)	2,361	1,933	4,294
5. Equal Pay	39,198	1,833	41,031
6. Grant equalisation	24,905	-2,490	22,415
7. PSA reward grant (note 4)	1,855	522	2,377
8. LABGI	1,919	441	2,360
9. LATS income (note 5)	5,758	227	5,985
10. Minerals and Waste development	426	-30	396
11. Community transport vehicles	261	104	365
12. Corporate Policy (Note 6)	-	650	650
13. Corporate Procurement	-	500	500
	<hr/> 160,095	-5,582	<hr/> 154,513 <hr/>

Notes to summary of earmarked reserves at 31 March 2010

1. Schools general reserve

- 1.1. In aggregate schools incurred expenditure £3,371,000 higher than their delegated budgets reducing the reserve to £37,064,000 at the end of the year. The table below summarises the position over categories of school

	Variation in	Balance at 31 March 2010	
	the year	£000	£000 % of budget
Nursery	29	501	51.8
Primary	-2,177	16,924	5.4
Secondary	-847	16,329	5.7
Special	-376	3,310	11.0
	<u>-3,371</u>	<u>37,064</u>	<u>5.9</u>

- 1.2. The average level of school reserves has fallen as a proportion of schools' budgets from 6.6% to 5.9% during 2009/10. £3,002,000 of School reserves have been used temporarily to finance Education capital expenditure, through the School Balances Loan Scheme.

2. Designated under spendings

- 2.1. The table below summarises the movements in the reserve balance during 2009/10:

	Balance 1/4/09	Variations arising from				Balance 31/3/10
		2009/10 Budget	2008/09 Final accounts	2009/10 Revised budget	2009/10 Final accounts	
	£000	£000	£000	£000	£000	£000
Adult Services	8,295	-3,900	-248	180	104	4,431
Children's Services	1,302	-1,300	-1			1
Environment	338	-314	-12	1,000	14	1,026
Policy and Resources	1,415	-1,159	-128	3,090	284	3,502

	Balance 1/4/09	Variations arising from			Balance 31/3/10	
		2009/10 Budget	2008/09 Final accounts	2009/10 Revised budget		2009/10 Final accounts
Sickness/Maternity leave buy back	505	-	-505	-	1,174	1,174
School meals buy back	210	-	-	-	-216	-6
Second homes income	885	-40	-	-	-	845
Change for children	247	-	-	-	-	247
Children's Trust	262	-	-262	-	14	14
Part-time pensions	98	-	-	-22	-	76
Commons management	40	-	-	-	-	40
Hampshire Now	140	-	-	13	-	153
Building Schools for the future	1,450	-	-	-	-	1,450
Rowner regeneration scheme	1,500	-1500	-	1,500	-	1,500
2012 Olympics	20	-	-	10	-	30
	16,707	-8,213	-1,156	5,771	1,374	14,483

3. Invest to Save and Modernisation

3.1. The table below summarises the movements in the reserve balance during 2009/10:

	£000
Balance at 1 April 2009	2,361
Budgeted contribution in 2009/10	1,900
Financing of additional staff to support generation of capital receipts and business rate appeals	-278

Contribution towards:	
Corporate Services review	-88
Deeds recovery project	-29
Adult Services transition service and continuing health care	-90
Business rate savings repaid	328
Repayment in respect of capital receipts generation	190
Balance at 31 March 2010	<u>4,294</u>

4. PSA reward grant

4.1. The table below summarises the movements in the reserve balance during 2009/10:

	PSA2 Reward Grant	Environme nt use of PSA1 grant	Policy and Resource s use of PSA1 grant	Total
	£000	£000	£000	£000
Balance at 1 April 2009	-	841	1,014	1,855
Use of the reserve to support:				
Local Area Agreement			-86	-86
Home to School transport pilot			-338	-338
Other Services		-433		-433
Phase 1 revenue grant	1,454			1,454
Adults Services use of PSA2 reward grant	-75			-75
Balance at 31 March 2010	<u>1,379</u>	<u>408</u>	<u>590</u>	<u>2,377</u>

5. **LATS Income**

	£000
Balance at 1 April 2009	5,758
Sales completed in 2009/10	
13,415 allowances at an average price of £21.95 per allowance	294
Less 23% on behalf of Portsmouth and Southampton City Councils	-67
Balance at 31 March 2010	<u>5,985</u>

6. **Corporate Policy Reserve**

	£000
Transfer from SAP savings	1,539
Savings on Home to School Transport pilot schemes in 2009/10 outturn	36
Transfer from council tax second home contingency	75
Allocation for highway structural maintenance	-1,000
Balance at 31 March 2010	<u>650</u>

Protocol for earmarked reserves

Reserve	Purpose	Use of reserve	Management and control	Review Process
Schools	Earmarking of the balance of unspent delegated budgets.	<ol style="list-style-type: none"> 1. To supplement school budget shares, to finance capital contributions and to provide a contingency. 2. Up to 25% of total reserve made available on a loan basis to finance school capital projects of an 'invest to save' nature. Advances of £5.0m were made in 2004/05 and 2005/06 under this scheme mainly to fund rationalisation projects in advance of the realisation of capital receipts with repayments of £2m made over the period 	<p>Responsibility of Head teacher 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>

Reserve	Purpose	Use of reserve 2006/07 to 2008/09.	Management and control	Review Process
General capital	To assist in matching the timing of the availability of capital financing resources with the timing of capital payments.	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. £8.6m was used to finance capital expenditure in 2009/10, fully utilizing the reserve.
Schools capital	To earmark contributions to capital schemes committed by schools but not yet required for capital financing purposes.	First set up in 2008/09 to receive contributions that are contractually committed, but where all or part of the capital expenditure has yet to be incurred.	Contributions agreed by schools and transferred to the reserve at the year end if not required for financing purposes.	Reviewed annually on closure of the accounts. A net contribution of £176,000 made in 2009/10.
Trading accounts	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, where appropriate.	Through production of an annual business plan linked to the budget process.
Designated underspendings	To enable individual services to carry forward 100% of	To fund non-recurring expenditure in future years or to phase-in the requirement	By service Chief Officer reporting to the Executive Member.	Reviewed annually during budget cycle

Reserve	Purpose	Use of reserve	Management and control	Review Process
	planned underspendings and at least 50% of unplanned underspendings	for additional funding or to achieve savings	Cabinet responsible for approval of cases where more than 50% of a saving is earmarked	
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 the accounts. A contribution of £3.2m to the reserve has been made in 2009/10, arising from lower than anticipated fire reinstatement costs.
Invest to save and modernisation	To provide funding for investment which will generate future cash savings which can be recycled back into the reserve.	For approved investment purposes subject to Cabinet or Policy and Resources Executive Member approval.	County Treasurer subject to Cabinet approval.	Reviewed annually in conjunction with proposals in the budget meeting invest to save criteria. Currently being used to support initiatives to secure additional capital receipts, business rate revaluations, corporate services review, improving highway land records and to secure efficiencies in Adult

Reserve	Purpose	Use of reserve	Management and control	Review Process
Equal Pay	To assist in meeting transitional salary protection and equal pay claim costs likely to arise from implementation of the Pay and Benefit Review.	To supplement employee budgets in transitional period following implementation and to finance non-recurring implementation costs.	County Treasurer subject to Cabinet approval.	Services. Funding of £0.7m made available for equal pay team costs and for Pay and Benefits implementation costs in 2009/10. Further contributions of £2.5m made to the reserve in 2009/10.
Grant equalisation	To assist in managing the impact of future grant loss initially from the 2003/04 Revenue Support grant formula review and subsequently from the 2006/07 and 2008/09 reviews.	To compensate for service and/or council tax impact of grant loss.	County Treasurer subject to Cabinet approval.	Use of the reserve to compensate for below average increases in grant proposed over 6 years in 2008/09 budget, with initial contribution of £1.2m made in 2008/09.
PSA reward grant	Established on closure of 2005/06 accounts to earmark the reward grant earned from the first Local PSA for future use.	To be used in accordance with the policy agreed by the Cabinet in July 2005. Use extended in February 2010 to cover PSA 2 reward grant	Subject to relevant executive member approval.	Policy agreed for the use of the reserve by Cabinet in July 2006, allocating £3.7m for use by Children's Services and Environment for purposes agreed by

Reserve	Purpose	Use of reserve	Management and control	Review Process
				Cabinet in October/November 2006, and £3.0m by Policy and Resources. £1.0m remains to be spent from those allocations, together with £1.4m from PSA 2 revenue grant.
LATS income	Established on closure of the 2005/06 accounts to earmark income from the sale of LATs for future use.	To be used in accordance with the policy agreed by the Cabinet in June 2005 to reduce cost pressures from the existing Waste contract and for further investment in Waste infrastructure.	County Treasurer and Director of Environment, subject to the approval of the Cabinet.	At least annually in conjunction with the budget and capital programme process. Sales income of £0.2m received in 2009/10 transferred to the reserve.
Segensworth unit factories	To enable annual tenant contributions towards repairs to be earmarked for periodic major repair liabilities to infrastructure	To fund maintenance of specific infrastructure which is the responsibility of the County Council as freeholder	Director of Property, Business and Regulatory Services subject to terms of relevant agreement	Reserve is ring-fenced
Local Authority Business Growth	Reserve created in 2008/09 into which Government grant	To contribute to programmes designed to promote economic prosperity,	Leader subject to Cabinet approval.	Reviewed as proposals emerge and grant allocations confirmed. A

Reserve	Purpose	Use of reserve	Management and control	Review Process
Incentive (LABGI)	paid.	wellbeing and regeneration and other capital investment projects.		contribution of £0.8m made to the reserve in 2009/10 from receipt of LABGI, offset by allocations of £0.4m from the reserve.
Minerals and Waste Development	Made up from contributions from partners to the development framework.	To manage the uneven flow of costs across financial years associated with the approval of a framework.	Director of Environment	Reviewed at least annually. £30,000 of the reserve was applied in 2009/10
Community transport vehicles	Established in 2008/09 to earmark funding for vehicle replacement.	Built up by annual contributions and used to replace vehicles.	Director of Environment	Reviewed twice yearly. Contribution of £104,000 to the reserve in 2009/10.
Corporate Policy	To redirect corporate efficiency and other 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. £1m allocated for highways structural maintenance in 2009/10.
Corporate Procurement	To redirect a surplus of £0.5m achieved by the County Supplies	To meet part of the costs incurred over the period 2010/11 to 2013/14 in	Director of Property, Business and	Reviewed at least twice-yearly in approving the budget and final

Reserve	Purpose	Use of reserve	Management and control	Review Process
	business unit towards the costs of providing support to the Corporate Procurement Efficiency programme	supporting the efficiency programme	Regulatory Services	accounts
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