

Appendix 4 - Summary of Reserves as at 1st April 2020

Reserves and Balances

In the interests of transparency, the table below categorises the council's reserves and the potential flexibility for any alternative use. All reserves are reviewed at least twice annually to ensure they are still appropriate at current levels. Reserves fall into the following broad categories:

- i) **Risk Reserves:** for example, the Insurance Fund or Working Balances. These types of reserves must last the lifetime of the authority and are set at recommended levels to cover a wide range of potential risks.
- ii) **Capital Reserves:** A number of reserves are fully committed to approved capital programmes. Capital schemes often span more than one year and hence the use of reserves to manage timing differences across years. Any aspect of these reserves backed by capital resources cannot normally be used for revenue purposes.
- iii) **Contractual or Partnership Reserves:** Many reserves are held in lieu of legal agreements, partnership arrangements, licensing arrangements, PFI contracts or other legally binding arrangements (e.g. S106 planning agreements). These are contractually and legally committed and cannot be re-purposed.
- iv) **Project Reserves:** This covers a number of large reserves held for specific projects. These have been set up to support regeneration or other priority projects following consideration and approval by members. They are often related in respect of the council's agreed contribution to these schemes in order to lever in other resources, for example, Local Enterprise Partnership funds.
- v) **Other Reserves:** All other reserves are held to meet identified future, one-off commitments. All are approved by members at different times of the year.
- vi) **Ringfenced Reserves:** Reserves relating to the Housing Revenue Account (HRA) or Schools (DSG) are statutorily ringfenced to these services only and are not useable by the General Fund.

Reserve or Balance	Balance as at 01/04/20 £'000	Flexibility (for alternative use)	Impact of using for alternative application
GENERAL FUND:			
Working Balance	9,000	Should only be used in an emergency and must be replenished. Must last the lifetime of the authority.	Reputational impact on the council's 'financial resilience' assessment by the external auditor
Committed to support 2021/22 Budget	1,654	One-off resources committed as part of the 2020/21 Budget as approved at February 2020 Budget Council.	Would create in-year overspends that would need to be reflected in Targeted Budget Management reports.

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Capital Reserves	7,622	Committed to approved capital schemes. Certain reserves are from capital sources and therefore not useable for revenue purposes.	Would require member decision to overturn previous capital programme decisions.
Major Projects (e.g. Brighton Centre, i360, New England House)	14,336	Committed to high priority, high profile regeneration projects.	Potential loss of capital grants, LEP funding, etc. Needs member approval to release for alternative use.
PFI Reserves	4,460	Committed to future PFI scheme costs (3 contracts) but could be utilised temporarily.	Must be replenished before funds are required to meet PFI Unitary Payments.
(Self) Insurance Fund	5,372	Set by an independent actuary. Funds many risks for which the council self-insures or cannot procure insurance policies. Could be utilised temporarily but must be replenished quickly.	Such use would be likely to attract comment/criticism from the auditor as this is one of the authority's key risk reserves.
Planned & Winter Maintenance Reserves	2,083	Could be used in emergency but must be replenished.	May result in calls on the Working Balance, particularly for a bad winter.
HMO and other Licensing Reserves	1,301	Not usable – statutory reserve	n/a
S106 Reserves	1,199	Not usable – earmarked under legal agreements	n/a
Welfare Reform	29	Fully committed.	Could be released but is a current priority for members.
Other Reserves	2,648	Includes items such as Trust Funds, Seaside Homes, Parking scheme surpluses, S31 reserves, – not generally useable.	Very limited potential to utilise as normally outside of council control or bound by statute or agreement.
Total General Fund Reserves & Balances	49,704		

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Other Specific Reserves:

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General Fund Carry Forwards	10,088	Use is already approved by Policy & Resources as part of TBM provisional outturn report. The majority of the carry forward is the COVID-19 Emergency Response Fund. Fully committed.	Use of the COVID-19 fund is already assumed in managing 2020/21. Use of other grant carry forwards will simply cause an equivalent overspend in the 2020/21 TBM position.
Schools LMS Balances	4,367	Not usable. Controlled by School Governing Bodies.	n/a
Schools DSG Carry Forward	703	Not usable, applicable to the schools budget only	n/a
HRA Reserves	9,677	Not usable for the General Fund. Ring-fenced to the HRA.	n/a

