

APPENDIX B3

RESERVES

- The council has made ambitious investments to help enable the delivery of a balanced budget whilst ensuring a prudent and affordable approach to delivering the medium-term financial strategies. The council has set aside and increased the balance of reserves as outlined in the table below.
- The expected balance of these reserves at the beginning of 2022/23 is;

Reserves	Forecasted Balance 1st April 2022 £'000
General Fund Balance	(4,534)
Corporate Reserves	
Borough Investment account	(2,581)
Brexit Preparation Grant	(36)
Business rates retention reserve	(2,843)
Business rates temporary surplus to be repaid	(354)
Capital Funding Reserve	(737)
City Deal	(1,851)
Climate Emergency	(250)
Community Wealth Building	(150)
Covid Commitments Reserve	(104)
Covid Recovery Fund	(675)
Income Equalisation Reserve	(150)
Income Investment Reserve	(233)
New Burdens Grant	(80)
Restructure costs	(200)
Shared Services Implementation	(48)
Queens Jubilee Celebrations	(30)
Business Support Advice and Grants	(200)
Grot Spots and Environmental Improvements	(200)
Apprentice, Graduate and Trainee Posts	(200)
Community Hub Boost	(200)
Sports Club and Community Organisations	(200)
IT Transformation Reserve	(816)
Commercial and Property	(510)
Communities	(610)

Customer and Digital	(12)
Governance	(160)
Planning and Development	(362)
Policy	(163)
Total Earmarked Reserves	(13,957)
Total Reserves - General and Earmarked	(18,490)

3. These reserves are necessary to fund the priorities that matter to residents as well as mitigating the financial impact of the uncertainty that the council faces. This includes the reforms to future funding levels and the impact of Covid-19 on its residents and local businesses.
4. As referenced early on in the report the council's outturn position and reserves will be reviewed throughout the remainder of the financial year. It is expected that additional underspends and movement between reserves will fund the additional reserves set out in the table above.
5. The council has set aside £4.534m in general funds, approximately 29% of the annual net expenditure budget, to manage future uncertainty in expenditure and income over the medium-term. The council has not budgeted to utilise this reserve to manage budget deficits however this will be reviewed as part of the council's continual budget management process.
6. The council has set aside £2.843m to manage any one-off reductions in business rates such as unbudgeted changes to valuations or the implementation of future expected Government reforms. This reserve represents approximately 48% of annual retained business rates.
7. The council is committed to supporting its local workforce and local businesses and has set aside reserves for the following:
 - Continue to support the council's apprenticeship factory that offers placements for apprentices to gain experience in the workplace whilst studying towards a qualification. An additional £200k will be invested to provide additional apprenticeship, graduate and training posts
 - The council will support businesses across the borough by providing business advice and offering grants so that businesses can recover and prosper in the Borough. An additional £200k will be set aside to support this programme.
8. As part of the City Deal arrangement the council receives £492k per annum for 10 years from LCC for community provision and to mitigate the significant financial risks that could impact on the deliverability of the City Deal. This contribution will cease in October 2023 when the City Deal arrangement is scheduled to finish. This income has been set aside in a reserve that now stands at £1.851m. It is proposed this reserve is

utilised over the MTF period to offset the reduction in income that will be experienced when the agreement finishes.

9. The council continues to invest in its communities including:
 - £150k reserves set aside to promote community wealth building to redirect wealth back into the local community
 - A reserve of £115k plus an additional £250k to resource the council's community hubs to continue to provide a range of high-quality support services to residents
 - There remains £144k in reserve to fund any increased costs relating to the support of homelessness services. This has been especially important during the Covid-19 pandemic.
 - £250k to fund support to community-based organisations - building resilience and capacity in the community and aiding recovery post-Covid. This includes grants for local sports clubs to ensure inclusive access to facilities and promoting healthy lifestyles
 - The budget proposes to set aside £30k of funding in reserve to support communities celebrate the Queen's Jubilee

10. The total reserves for Covid consist of:
 - Covid Recovery Fund - £675k has been set aside to enable the council to support businesses and residents once the pandemic has subsided. This will be increased in 2022/23 by £251k as a result of the late notification of increase in S31 funding for Business Rates included within the final Local Government Finance Settlement.

11. The council continues its commitment to become carbon neutral by 2030. The council has set aside £250k from reserves to continue this ambition, this is on top of £1m the council will invest in green infrastructure and the construction of low carbon affordable housing in the Borough. The budget also includes £200k additional funding to enable the council to make improvements to the local environment.

12. The council has set aside £2.964m towards funding investment within the Borough, this includes:
 - £2.581m Borough Investment Fund that is fully committed over the medium-term to fund capital investment including the regeneration of Leyland Town Centre and Worden Hall refurbishments.
 - £150k investment income equalisation reserve to manage any temporary reduction in the income the council generates through its commercial assets.
 - £233k income investment reserve to fund any initial revenue costs of bringing forward capital investments that meet the council's corporate objective priorities whilst also generating a net income to the council.