

ANNEX L

Reserve	Purpose	Active/finished	Balance 1 April 2021	Movement in reserves	In-Year Movements	Forecast Position 31/03/22	Forecast Position 31/03/2023	Forecast Position 31/03/2024	Forecast Position 31/03/2025	Commentary
			£m	£m	£m	£m	£m	£m	£m	
Unearmarked reserves										
General Fund Balance	Statutory Reserve to hold sufficient revenue funds to meet unexpected or unplanned expenditure or shortfalls to income not allowed for within the Councils main revenue budget.	Active	(30.412)	0.000	2.209	(28.203)	(28.203)	(28.203)	(28.203)	Minimum balance is £26m. Additional sum set aside as a COVID-19 Contingency Sum.
Earmarked reserves										
Non Distributable reserve										
Funding Core Responsibilities										
Corporate Property Reserve * <i>sinking funds</i>	To fund one-off expenditure of the Council's Operational Buildings in line with approved Asset Management Plans.	Active	(3.182)	0.000	0.219	(2.963)	(2.096)	(1.229)	(1.246)	A Strategic Asset Management Strategy has been developed to identify further investment required in Council Operational Assets. The forecast balance of this reserve is therefore expected to be used to implement this Strategy.
Oakgrove Dilapidation Reserve	To fund works at Oakgrove community centre to make the building up to standard before the transfer of the community centre to the attached school.	Close from 31 March 2022	(0.033)	0.000	0.033	0.000	0.000	0.000	0.000	The balance will be fully drawn down by 31st March 2022.
HR Manpower Planning Reserve	This fund supports one-off costs associated with Council Terms and Conditions, Restructuring and Re-organisations.	Active	(2.093)	(0.365)	0.178	(2.281)	(2.281)	(2.281)	(2.281)	This reserve will be used to fund one-off costs from staff restructuring.
Internal Insurance Fund	Internal fund used to manage the financial risk of claims which fall below the excess limits under the Councils Insurance provider contract.	Active	(2.256)	0.000	0.000	(2.256)	(2.456)	(2.656)	(2.856)	The funding level of this reserve is based on recommendations from the Council's Insurers to provide sufficient resources to meet future liabilities that are not covered by external insurance policies. Whilst this reserve could be recycled this would require the Council to place higher levels of external insurance, resulting in higher premiums and is not recommended.
Pension Fund	Reserve to manage the potential impact of pension revaluation changes	Active	(3.326)	0.000	(0.929)	(4.255)	(5.200)	(6.145)	(6.655)	
Legal Fees Reserve	Provides for one-off funding as and when legal challenges arise to either defend the Council's position or take action to protect its and the taxpayers interests.	Active	(2.069)	0.000	0.200	(1.869)	(1.369)	(1.369)	(1.369)	This is a reactive reserve to support the legal costs of unexpected or exceptional cost not factored into the Councils base budget. There are no current plans to make new contributions to this reserve but the funding level will be reviewed each year.
Covid 19 Reserve	Covid 19 General Grant earmarked to offset the impact of COVID-19.	Active	0.000	0.008	(5.868)	(5.860)	0.000	0.000	0.000	This funding is one-off and is being used in the MTFP for 21/22 or 22/23
Events Reserve	To provide some funding for any future major events, the Council wishes to support but were not known at the time of setting the budget. Dedicated resources for MK50.	Active	(0.100)	0.000	0.000	(0.100)	(0.050)	(0.050)	0.000	
Highways Severe Weather Reserve	To fund exceptional costs arising from severe weather events and the cost of keeping local roads accessible and safe (inc. Grit Bins) where the base budget is not sufficient.	Active	(0.200)	0.000	0.000	(0.200)	(0.200)	(0.200)	(0.200)	Balance will fund exceptional costs caused by Severe Weather.
Highways and E&W transformation reserve	Funds set aside to cover the major commissioning programmes being undertaken regarding highways and environment and waste contracts. There highways programme did not start in 19/20 as expected and the funding has been set aside to fund the works as required over the next couple of years.	Active	(0.661)	0.000	0.300	(0.361)	(0.061)	0.000	0.000	
Housing Benefit Subsidy Equalisation	Recommended balance held to manage the impact of the LA Error Threshold being breached.	Active	(0.458)	0.000	0.000	(0.458)	(0.458)	(0.458)	(0.458)	Progress had been made on clearing the backlog, which in 2020/21 and the early part of 2021/22 will mean that the error rate will in the short term increase, thereby increasing the likelihood that this reserve will be called upon for the 2020/21 and 2021/22 claims. We have made provision for this in the forecasted balances but this is subject to change.
Devolved Landscape provision	To fund Landscape contract extension funding	Active	(0.044)	0.000	0.015	(0.029)	(0.015)	0.000	0.000	
LCTS & Welfare	This is to fund the potential impact from LCTS	Active	(0.958)	0.000	0.215	(0.743)	(0.528)	(0.313)	(0.098)	Given all of the uncertainty over Universal Credit and wider economic issues the Council maintains this reserve to help support vulnerable local residents who need additional temporary support which falls outside of the Council Tax Support scheme or Discretionary Housing Payments funding from Central Government. Whilst no forecast use of this funding has been made it is likely that this balance will reduce over the medium term. We will anticipate small use against this reserve over the medium term and this reflected in the forecasted balance.

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Overpayments and Welfare Reform	Balance held to fund unexpected and unbudgeted impacts from welfare reform and address the financial risks from non-collection of HB overpayments.	Active	(0.342)	0.000	0.040	(0.302)	(0.262)	(0.222)	(0.182)	The timing over the draw down on this reserve is not easy to predict due to the delays to the roll out of UC and reductions in
MKC R&B Reserve	To fund any unexpected pressures in 21/22 in Revenue & Benefits as the partnership with the new unitaries is established	Close from 31 March 2022	(0.172)	0.172	0.000	0.000	0.000	0.000	0.000	The balance will be fully drawn down by 31st March 2022.
Shared Service Investment Fund	To fund uncertainty regarding the operational costs and resilience following the move to the Lead Authority model (post LGSS) and new ways of working become embedded.	Active	(0.392)	0.000	0.000	(0.392)	(0.392)	(0.392)	(0.392)	
Local Government Reorganisation Debt Reserve	Reserve used to smooth the impact of MRP from the re-organisation of local government historic debt.	Close from 31 March 2022	(2.099)	0.000	2.099	0.000	0.000	0.000	0.000	The balance will be fully drawn down by 31st March 2022.
Delivering Transformation and Change										
Strategic Development Fund	Funds one off costs from new initiatives to enable the Council to realise cost savings, grow income or both. Releases are subject to the provision of a satisfactory business case.	Active	(1.530)	(1.702)	0.638	(2.595)	(2.595)	(2.595)	(2.595)	This reserve will be fully used over the MTFP period and the forecast updated once a clearer view on the costs of transformation delivery are known.
Customer Service and Digital	Funding set aside as part of the Customer Services Transformation programme to provide analysis and programme management to achieve the savings targets.	Active	(1.183)	0.898	0.285	0.000	0.000	0.000	0.000	
Office 365 Implementation	To implement Office 365	Close from 31 March 2022	(0.230)	0.000	0.230	0.000	0.000	0.000	0.000	The balance will be fully drawn down by 31st March 2022.
Housing Systems Service review	To fund a Housing Systems Review and improvement project which includes Northgate and a number of alternative systems that are currently being used, in part as a result of Northgate not currently meeting service needs.	Close from 31 March 2023	(0.100)	0.000	0.000	(0.100)	0.000	0.000	0.000	The balance will be fully drawn down by 31st March 2023.
Feasibility Fund	This fund will be managed by the Corporate Programme Board to allocate to potential pipeline projects that support the delivery of the Council Plan and key priorities of the Council	Active	(0.100)	0.000	0.050	(0.050)	0.000	0.000	0.000	
Budget Management - Ring-fenced										
Better Care Fund	Balance of unspent ring-fenced grant funding held over for future investment in services.	Active	(0.655)	0.000	0.655	0.000	0.000	0.000	0.000	
Cyber Security Measures	To fund Cyber security measures to reduce the risk of loss of data as the result of a cyber attack	Close from 31 March 2023	(0.200)	0.000	0.100	(0.100)	0.000	0.000	0.000	The balance will be fully drawn down by 31st March 2023.
Bereavement Reserve	This fund will be used to replace and extend the crematorium and cemetery provision in MK as the borough continues to grow. This reserve is a sinking fund to offset this pressure.	Active	(3.150)	0.000	(1.000)	(4.150)	(5.150)	(6.150)	(7.150)	
Parking Reserve	Ring Fenced Trading Account to hold surplus funds not yet deployed in respect of On Street Parking or other related activities.	Active	(0.273)	0.000	0.250	(0.023)	(0.023)	(0.023)	(0.023)	
Public Health	Balance of unspent ring-fenced grant funding held over for future investment in services.	Active	(2.379)	0.000	0.355	(2.023)	(1.552)	(0.971)	(0.580)	
3rd Party Funds										
LGSS Reserve	Balance of surplus funds held on behalf of the LGSS Partnership managed under a Joint Committee delegated arrangement.	Active	(0.893)	(0.172)	0.481	(0.584)	(0.000)	(0.000)	(0.000)	
Collection Fund Cashflow Reserve	Reserve maintained to deal with the volatility of business rates income as a result of unexpected changes to income from appeals and potential future changes to the system by government.	Active	(15.283)	0.000	3.733	(11.550)	(8.860)	(7.170)	(7.170)	This reserve is not available as this is held to manage timing differences between the Collection Fund and General Fund.
Health Funding for CSC External Placements	Earmarked funding from Health for placements for 3 children	Close from 31 March 2023	(1.600)	0.000	0.500	(1.100)	0.000	0.000	0.000	The balance will be fully drawn down by 31st March 2023.
Social Care grant reserve (earmarked in MTFP)	Social care grant used to fund the pressure on the Better Care Fund earmarked in MTFP.	Close from 31 March 2023	(3.489)	0.000	1.889	(1.600)	0.000	0.000	0.000	The balance will be fully drawn down by 31st March 2023.
LD Pooled Budget Reserve	To fund one additional joint commissioning post specifically for the Learning Disability Service to manage increased workload in relation to transforming care and manage service provision	Active	(0.048)	0.000	0.000	(0.048)	(0.048)	(0.048)	(0.048)	
Broadband Delivery UK project.	For MKC salary and contribution to Central Beds project management fees for City Fibre and BDUK broadband.	Close from 31 March 2024	(0.068)	0.000	0.023	(0.045)	(0.023)	0.000	0.000	This reserve is held as a risk contingency associated with the delivery of the BDUK contracts (currently contract 2, with a 3rd approved).
SALIX Reserve	Government funding held for future investment in energy related projects. Once all viable projects have been completed the funding must be returned to the government under the terms of the agreement.	Active	(0.250)	0.000	0.250	0.000	0.000	0.000	0.000	The repayment to SALIX has taken place during 2021/22
Schools Balances	Balances of net funds held on behalf of schools. Under the current policy these funds belong to the schools and not the Council.	Active	(10.007)	0.000	3.063	(6.944)	0.000	0.000	0.000	The schools balances hold the balances of the maintained schools as they are consolidated and are part of the MKC accounts. This is not our money and is fully delegated to schools.
Tariff Management										
One-off Costs of the HCA Transfer	Potential clawback and financial reporting system requirements.	Active	(0.283)	0.000	0.028	(0.255)	(0.226)	(0.198)	(0.170)	
Tariff Reserve	Funding set aside to manage the potential financial cost to the Council under the Risk Sharing Agreement. This is reviewed on annual basis and if further contributions are required these will be added into the reserve.	Active	(5.761)	0.000	(0.580)	(6.341)	(6.341)	(6.341)	(6.341)	The reserve will remain in place until the required tariff contributions to meet the infrastructure costs have been received

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Delivering Capital Programme - GF										
Capital Reserve - GF	GF revenue contributions held to finance the current capital programme.	Active	(12.461)	(1.509)	4.094	(9.875)	(7.611)	(6.354)	(4.488)	Funding is for specific projects allocated within the current capital programme.
Infrastructure Reserve	Revenue contributions held to finance the prior year, current and future borrowing costs of highways investment in the local network.	Active	(17.474)	0.000	0.956	(16.518)	(15.441)	(14.266)	(13.038)	This reserve will remaining in use for the term of the borrowing - Borrowing terms vary depending on the asset expenditure, but the current programme of work continues until 2038
New Homes Bonus	NHB funding which is allocated within the capital programme together and specific revenue one-off items.	Active	(3.888)	1.509	1.609	(0.770)	(0.176)	(0.176)	(0.176)	
Planning Gain Reserve (S106)	Balance of S106 funds held to be invested in a range of different infrastructure schemes linked to the relevant development agreement.	Active	(1.502)	0.000	0.000	(1.502)	(1.502)	(1.502)	(1.502)	
Waste Cashflow Reserve	Equalisation Reserve to manage the timing differences of debt financing costs associated with the new Residual Waste Treatment Facility (RWTF).	Active	(1.786)	0.000	0.893	(0.893)	(0.000)	(0.000)	(0.000)	The borrowing of the RWTF continues until 2042
Covid 19 earmarked one-off reserve										
Covid 19 Expanded Retail Relief cashflow Reserve	To fund our share of the 20/21 deficit in the NNDR collection fund which is payable over the next three years. The deficit was caused by Government giving enhanced business rates relief to the retail, hospitality and leisure sector after our budget was set. As compensation for this additional relief Government paid local authorities s31 grant which was used to create the reserve.	Active	(44.404)	0.000	21.924	(22.480)	(2.740)	0.000	0.000	
TOTAL EARMARKED NON DISTRIBUTABLE RESERVES			(147.382)	(1.162)	36.928	(111.616)	(67.656)	(61.109)	(59.017)	
Earmarked reserves										
Distributable reserve										
GF Temporary Earmarked Reserves										
Adult Social Care Residency Cases	To fund care packages were there has been a dispute regarding the ordinary resident of the service user, resulting in backdated payments to other authorities.	Close from 31 March 2022	(0.200)	0.000	0.200	0.000	0.000	0.000	0.000	The balance will be fully drawn down by 31st March 2022.
Bradwell Abbey	Funding set aside for repairs to Bradwell Abbey.	Close from 31 March 2022	(0.012)	0.000	0.012	0.000	0.000	0.000	0.000	The balance will be fully drawn down by 31st March 2022.
Brexit	The funding is being paid to councils under Section 31 of the Local Government Act 2003. Whilst this funding is not ring-fenced, our expectation is that the funding will be used to enhance capacity and capability within local authorities in making preparations for exiting the European Union.	Close from 31 March 2022	(0.265)	0.265	0.000	0.000	0.000	0.000	0.000	The balance will be fully drawn down by 31st March 2022.
City Archives Project	MKC commitment to 3 external funding bids to deliver Archive projects.	Close from 31 March 2022	(0.009)	0.000	0.009	0.000	0.000	0.000	0.000	Budget rollover from last year for a Heritage project that MKC agreed to match funding for a 2-3 year project from the 18/19 budget.
Community & Cultural Services Review (CCSR)	Transitional funding for the community and cultural services review (CCSR).	Close from 31 March 2022	(0.060)	0.000	0.060	0.000	0.000	0.000	0.000	In 21/22 there is a indicative plan to use the last part of the reserves and also reshape an area of the service.
Conservation Areas	Funding to support the review of Conservation areas.	Active	(0.013)	0.000	0.004	(0.009)	(0.005)	(0.001)	0.000	
Heritage at Risk	Requirement to engage professional expertise and contractors to address the deterioration of the Council's historic structures. Currently we have several examples where deterioration has reached such a level that without this investment the costs that the Council would have to otherwise incur would be far greater.	Active	(0.046)	0.000	0.003	(0.043)	(0.040)	(0.037)	(0.034)	
Independent Review of Flooding Incident	An Independent Review of the Flooding Incident in May 2018 was requested in June 2018 and commissioned, procured and agreed for delivery by November 2018. Approximately 33% of the work has been completed.	Active	(0.051)	0.000	0.010	(0.041)	(0.031)	(0.021)	(0.011)	
Parish Partnership	Historically the PP scheme was revenue funded and there was a 2 year time span for claimants. This time span slipped and in 18-19 those who had exceeded the time limit were informed that they could no longer claim.	Close from 31 March 2022	(0.049)	0.000	0.049	0.000	0.000	0.000	0.000	The balance will be fully drawn down by 31st March 2022.
Parks Improvement Funding	This funding is from HCLG and will be used to fund improvements at Emberton Park.	Close from 31 March 2022	(0.001)	0.001	0.000	0.000	0.000	0.000	0.000	The balance will be fully drawn down by 31st March 2022.
Planning Studies	To fund Commercial Viability Study which, in turn, is to underpin the Central Bletchley Prospectus	Close from 31 March 2022	(0.034)	0.000	0.034	0.000	0.000	0.000	0.000	Urban Design staff time on projects in Bletchley & Midsummer Boulevard.
Pocket Parks	This funding is from the HCLG and was received late 2018/19. Projects will not happen if the funding has to be returned to HCLG and MKC will fail to deliver community aspirations.	Close from 31 March 2022	(0.006)	0.000	0.006	0.000	0.000	0.000	0.000	The balance will be fully drawn down by 31st March 2022.
Council Plan 2021/22	To fund the Council Plan Priorities of the Council agreed as part of the setting of the revised Council Plan.	Active	(5.863)	(0.704)	4.812	(1.755)	(0.045)	0.000	0.000	
Political Priorities Reserve	To fund the Political Priorities of the Council agreed as part of the 2020/21 and 2021/22 budget process.	Active	(8.100)	1.500	3.451	(3.148)	(0.066)	(0.017)	(0.007)	
Road Safety Budget	Speed reduction equipment safety budget for 2018-19 not spent due to staff vacancies. New person in post now and funding is in process of being allocated to support road safety speed reduction equipment.	Close from 31 March 2023	(0.039)	0.000	0.019	(0.020)	0.000	0.000	0.000	The balance will be fully drawn down by 31st March 2023.

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Block Improvements/Regeneration reserve	Funding set aside to invest in future years to enable programmes to be delivered on the Councils Regeneration sites.	Active	(0.100)	0.100	0.000	0.000	0.000	0.000	0.000	Funding to be released and allocated as a revenue contribution to Capital to fund the HRA capital programme in line with the HRA Business Plan.
Capital Reserve - HRA	HRA Revenue contributions held to finance the current capital programme.	Active	(67.498)	(0.100)	22.526	(45.072)	(27.402)	(13.569)	(13.569)	Funding is for specific projects allocated within the current capital programme.
Major Repairs Reserve	Statutory reserve maintained to hold capital funding for future investment in the Councils Housing Stock or to repay debt.	Active	(8.210)	0.000	7.962	(0.248)	(0.466)	(0.684)	(0.902)	
Total HRA Reserves			(83.066)	0.000	30.488	(52.578)	(35.127)	(21.512)	(21.730)	
Total Reserves			(276.926)	0.000	79.089	(197.837)	(131.213)	(110.892)	(108.992)	