

Report of:	Meeting	Date
Councillor Alan Vincent, Resources Portfolio Holder and Clare James, Corporate Director Resources	Cabinet	18 November 2020

Medium Term Financial Plan 2020/21 to 2024/25
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1. Purpose of report

- 1.1 To consider the council's Medium Term Financial Plan for the financial years 2020/21 to 2024/25.

2. Outcomes

- 2.1 The ability to demonstrate good financial management by ensuring that the council's Medium Term Financial Plan, budgets and capital programme are soundly based and designed to deliver its strategic priorities.

3. Recommendations

- 3.1 Members are requested to:
- a. Consider the attached Medium Term Financial Plan and the consequential action required in order to address the issues resulting from the five year Financial Forecast (current year plus four years);
 - b. Note the revised expenditure projections incorporating the slippage from 2019/20, and the resulting impact on the level of the council's Reserves and Balances at 31 March 2020; and,
 - c. Agree the top-up and use of all Reserves and Balances as indicated in Appendix 3 to the Medium Term Financial Plan.

4. Background

- 4.1 The council's comprehensive, Medium Term Financial Plan, essentially a five year financial forecast, complements the Annual Revenue Budget process and should be considered in conjunction with the Council's Business Plan, its capital investment plans and the Asset Management Plan. It provides detailed proposals for corporately managing the council's resources in the years ahead.

- 4.2 The council’s financial plans support the delivery of strategic plans for assets either through investment, disposals, rationalisation or more efficient asset use. Financial plans show how the financial gap between the need to invest in assets and the budget available will be filled over the long term (for example through prudential borrowing, rationalisation of assets, capital receipts, etc.).

5. Key issues and proposals

5.1 The last Plan was based on the Revenue Budget for 2019/20 and it was recognised that it would be subject to continuous monitoring to ensure its effectiveness. Since the Plan was last considered there have been regular monitoring reports to Members on both the Revenue and Capital Budgets and the 2020/21 Budgets for both of these have been approved. The Outturn figures for 2019/20 (pre audit), were presented to the Audit Committee on 4 August 2020. Attached, at Appendix A, is a copy of the updated Plan, which includes the latest five year financial forecast.

5.2 Based on the detailed appendices to this report, over the forthcoming MTFP period, savings would be required of:

- £612,000 for 2021/22
- £1,164,000 for 2022/23
- £2,355,000 for 2023/24
- £2,552,000 for 2024/25

These are expressed on an assumption that any savings in each year are one-off and non-recurring. Therefore, as an example, should recurring savings be found in 2021/22 of £500,000 then the required savings to be found in each subsequent year would be reduced initially by that same £500,000 (being recurring in nature).

Financial and legal implications	
Finance	Considered in detail in the appendices attached.
Legal	None arising directly from the report.

Other risks/implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
sustainability	✓
health and safety	x

risks/implications	✓ / x
asset management	x
climate change	x
ICT	x
data protection	x

Processing Personal Data

In addition to considering data protection along with the other risks/ implications, the report author will need to decide if a 'privacy impact assessment (PIA)' is also required. If the decision(s) recommended in this report will result in the collection and processing of personal data for the first time (i.e. purchase of a new system, a new working arrangement with a third party) a PIA will need to have been completed and signed off by Data Protection Officer before the decision is taken in compliance with the Data Protection Act 2018.

report author	telephone no.	email	date
Clare James	01253 887308	clare.james@wyre.gov.uk	22.10.20

List of background papers:		
name of document	date	where available for inspection
None		

List of appendices

Appendix A – Medium Term Financial Plan 2020/21 to 2024/25

dem/cab/cr/181120



Medium Term Financial Plan 2020/21 to 2024/25

Wyre Council
Civic Centre
Breck Road
Poulton-le-Fylde

October 2020

The Medium Term Financial Plan for Wyre Council

1. Strategic Objectives

- 1.1 The Council's Business Plan sets out its vision, objectives and actions for a five year period, highlighting the issues upon which we have decided to focus in order to ensure that our vision is realised. Our vision is 'Wyre is a healthy and happy place where people want to live, work, invest and visit'.

Economy

Our ambition – A strong local economy
Work with the Fylde Coast Economic Prosperity Board to support economic growth and attract investment to Wyre
Collaborate with our partners to facilitate vibrant town centres
Support businesses to grow and prosper
Work with transport authorities to improve infrastructure and connectivity across the Fylde Coast
Maximise commercial opportunities and deliver efficiencies

People

Our ambition – Empowered communities
Collaborate with residents and local stakeholders to support and maximise opportunities for improving health and wellbeing across our communities
Transform the way customers access our services through making better use of technology
Explore opportunities for communities and partners to deliver initiatives that build resilience and sustainability
Work with partners to support and raise the aspirations of young people

Place

Our ambition – A quality local environment for all to enjoy
Utilise Wyre's USP – the Great Outdoors – supporting residents and visitors to maximise the opportunities from coast to countryside
Collaborate with our partners to respond to a range of climate change issues, including our commitment to carbon footprint reduction and tackling flood risk across Wyre
Work with residents, Parish and Town Councils and businesses to plan, protect and enhance the quality of our neighbourhoods

2. Background

- 2.1 The council's comprehensive, Medium Term Financial Plan is a five year financial forecast which complements the Annual Revenue Budget process and should be considered in conjunction with the Council's Business Plan, its capital investment plans and the Asset Management Plan. It provides detailed proposals for corporately managing the council's resources in the years ahead.

- 2.2 Without a resilient Business Plan, priorities can be championed that have little or no reference in relation to the needs of local communities, which can lead to a lack of value for money, direction and public satisfaction.
- 2.3 The council continues to face many significant challenges ahead and will have to manage a wide and diverse range of services with decreasing resources and heightened customer expectations.
- 2.4 The council recognises and welcomes the resources that are made available through contributions from other public and private partner organisations, as well as the voluntary sector. These form a key part of the council's application of resources, duly reflected in its key documents, which are shared with those bodies to achieve the most effective mix of contributions to achieve shared aims and objectives.

3. Links to Corporate Priorities

- 3.1 Obviously, the council cannot do everything it would like to do, or indeed, everything its customers and partners would like it to do. The council, in the same way as other organisations, is restricted by the amount of money (revenue and capital) it has to spend. As such, it has to set priorities. These priorities, which are reflected in the Business Plan, are based on clear evidence of community needs and aspirations determined through prior research and local consultation. The 2020 Business Plan update was also influenced by the views of Overview and Scrutiny Committee who were consulted as part of the drafting process.
- 3.2 In order to respond effectively to the diverse needs of the community the council needs to be using resources effectively, delivering the best outcomes for local people and actively seeking new ways to improve the wellbeing of the community.
- 3.3 This process will be achieved through the following mechanisms:

Engagement with Residents using existing mechanisms and groups – The council is keen to ensure that the aspirations and needs of local people are met and continues to use the Together We Make a Difference Network to ensure better and more effective methods of achieving two-way communication.

The Council's Business Plan - outlines our vision, objectives and actions for the period 2019 to 2023 and demonstrates our commitment to make a positive difference to the lives of people living in Wyre.

Medium Term Financial Plan (MTFP) – reflects the budgetary requirements of the Business Plan and is communicated to staff and stakeholders.

Annual Service Plans – contain detailed action plans for the forthcoming year for each service including performance targets.

Team and Individual Objectives – ensures that each member of staff knows how their job helps to deliver a better Wyre. A staff appraisal system helps to assess everyone's contribution.

Performance Management Framework – a tool that underpins all of the above and allows everyone to track performance.

- 3.4** New schemes requiring funding are referred to Corporate Management Team (CMT) for detailed consideration against corporate priorities. (The Detailed Business Case template for Revenue and Capital projects can be seen at Appendix 1.) Once scrutinised by CMT, successful business cases are then submitted to the relevant Portfolio Holder for approval. Further scrutiny takes place when Cabinet consider the Capital Programme as part of the council's Estimates Process. In addition, every year, Overview and Scrutiny review the schedule showing planned investment in our assets (although this has not yet happened in 2020/21 owing to the pandemic). This ensures that, often difficult, decisions are taken in consideration of the council's duty to promote the wellbeing of the community, as well as service specific needs.
- 3.5** Before detailed business cases are submitted for consideration however, there must be:
- A clear rationale for the project and identification of the corporate priority to which the request relates;
 - Identification of stakeholders;
 - An options appraisal which also considers the impact on the organisation, staffing, technology etc.;
 - Consideration of the benefits, both tangible and intangible that the project could achieve and how these will be measured;
 - Consideration of the financial impact of the expenditure e.g. one off and recurring financial consequences
 - Awareness of the risks attached to the project and how these could be mitigated and/or managed.
- 3.6** Ordinarily, capital receipts can only be used to fund capital expenditure or be set aside to repay debt. However, as part of the multi-year 2016/17 local government finance settlement, greater flexibility to allow council's to use these receipts to generate ongoing revenue efficiencies was announced although published guidance must be followed. This flexibility was extended in February 2018 to include every financial year up to 2021/22.
- 3.7** This guidance advises that: "The Secretary of State believes that individual authorities and groups of authorities are best placed to decide which projects will be most effective for their areas. The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to an authorities', or several authorities, and/or to another public sector body's net service expenditure."
- 3.8** The Guidance also recommends that the Strategy setting out details of projects to be funded through flexible use of capital receipts be prepared prior to the start of each financial year and/or should be presented to full Council or the equivalent at the earliest possible opportunity.
- 3.9** At the present time, there is no intention to make use of this flexibility owing to the significant schedule of works required to maintain and invest in our assets and as such no Strategy has been approved by Council.
- 3.10** The council is keen to strengthen the link between investment and return by encouraging the development and reporting of indicators that can demonstrate how

individual schemes have contributed to the achievement of its priorities, i.e. what the community can expect the investment to achieve in terms of outputs and outcomes.

4. Budget Management and Monitoring

- 4.1** In order to ensure that the council is able to demonstrate an effective approach to managing its financial performance, monitoring reports, highlighting any significant deviations from the plan, are submitted to the Executive on a regular basis in respect of both revenue and capital expenditure. This information is informed by regular budgetary reviews undertaken by Spending Officers and the Financial Services Team. Any changes to the phasing of capital schemes and any significant variations to scheme costs are formally reported to Cabinet throughout the year. This process balances the need for a consistent and corporate approach to programme management generally with the responsiveness and flexibility required to manage, often complex, schemes.
- 4.2** The release of funds from the Capital Budget, following a scheme's inclusion in the Capital Programme, is subject to a comprehensive report to the appropriate Portfolio Holder, by the relevant Corporate Director who is responsible for managing the scheme from development through to implementation and review. (This requirement may be relaxed for those schemes where the delay between the date of inclusion in the capital programme and the project start date is less than 9 months and the exact nature of the capital investment requires no further Member approval). The Members' role in performance management and monitoring is supported by the Council's Financial Regulations and Financial Procedure Rules which state the key controls surrounding the capital programme as follows:
- a) a scheme and estimate, including project plan, progress targets and associated revenue expenditure is prepared for each capital project, for approval by the executive
 - b) specific approval by the full Council for the programme of capital expenditure
 - c) expenditure on capital schemes is subject to the approval of the relevant Portfolio Holder prior to scheme commencement
 - d) proposals for improvements and alterations to buildings must be approved by the Corporate Property Officer
 - e) schedules for individual schemes within the overall budget approved by the full council must be submitted to the relevant Portfolio Holder for approval (for example, Refurbishment of Playgrounds)
 - f) the development and implementation of asset management plans
 - g) accountability for each proposal is accepted by a named manager
 - h) monitoring of progress in conjunction with expenditure and comparison with approved budget.
- 4.3** Capital costs must be within approved budgets, the tender process being conducted in accordance with Financial Regulations and Financial Procedure Rules which set out the circumstances for reporting overspends to the Executive.
- 4.4** The Prudential Code for Capital Finance aims to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable. The Code sets out indicators that can be used and requires local authorities to set relevant limits and ratios. These include a three year forward looking estimate of financing costs to the net revenue stream ratio as well as a backward looking prior year actual financing costs to the net revenue stream ratio.

Responsibility for setting and agreeing the prudential indicators rests with the full Council further reinforcing the Members' role in the management of the Capital Programme.

- 4.5** In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued a revised Treasury Management Code and Cross Sectoral Guidance Notes and a Revised Prudential Code. The Prudential Code was further updated in 2018.
- 4.6** A particular focus of these revised codes was how to deal with local authority investments which are not treasury type investments e.g. by investing in purchasing property in order to generate income for the authority at a much higher level than can be attained by treasury instruments. One recommendation was that local authorities should produce a new report to Members to give a high level summary of the overall capital strategy and to enable Members to see how the cash resources of the authority have been apportioned between treasury and non-treasury investments. This report went before Council on 17 September 2020 (delayed owing to the pandemic) to ensure compliance with the codes.

5. Basis of Budgetary Forecast

- 5.1** The projections incorporate the final position in respect of the 2019/20 financial year with the Statement of Accounts (subject to audit) approved by Audit Committee (held under emergency powers) on 4 August 2020. The Accounts and Audit Regulations 2015 require the council's responsible financial officer to certify that the accounts 'present a true and fair view of the financial position' for the 2019/20 financial year by 31 May 2020. The council is then normally formally required to approve and publish the Statement of Accounts no later than 31 July 2020. Owing to the pandemic this deadline was relaxed with the Statement of Accounts for 2019/20 now required to be formally approved by 30 November 2020. It is the role of the Audit Committee, independent from the Executive and Overview and Scrutiny functions, to 'review the annual Statement of Accounts considering whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council'. The Audit Committee (held under emergency powers) approved the Statement of Accounts, subject to audit, at their meeting on 4 August 2020. It is intended that the audited accounts and the report from the External Auditor, referred to as the ISA260 Report will be considered at the 26 November meeting.
- 5.2** The Local Government Association (LGA) has confirmed that the Pay Award for the National Joint Council for Local Government Services has been agreed for 2020/21 only. The one-year agreement means relevant staff will receive a pay increase of 2.75 per cent from 1 April 2020. For the three years from 2021/22 an estimated 3% pay award has been included in the forecast.
- 5.3** Provision for inflation has been included where it is considered to be a contractual obligation and where known inflationary pressures exist. In preparing a prudent budget, the council should also reflect the current economic climate and its potential impact; this has been considered as part of the Risk Assessment at Appendix 5.
- 5.4** Although the income projected from fees and charges should follow the principles of the Audit Commission publication "The Price is Right", the objective being to

maximise support to the Revenue Budget, it has been assumed that additional income generated during 2020/21 will be offset by similar increases in other costs. Where a specific policy decision has already been taken, however, in relation to future levels of charging this has been reflected in the plan. The council's Charging Policy is attached at Appendix 2.

5.5 The financial projections reflect all known implications arising from published strategies and plans across the council and joint plans agreed with partners and other stakeholders which include the following:

- Business Plan 2019-2023;
- Waste Management Strategy 2008-2020;
- Digital Transformation Strategy - #DigitalWyre 2017 – 2020
- Disabled Facilities Grants Policy; and
- Local Plan

5.6 As part of the annual budget cycle, and in determining the MTFP, the council continues to identify actions that will improve efficiency, quantifying the expected gains that assist the council in effectively prioritising its finite resources. These efficiency targets, detailed within the council's 'Annual Efficiency Programme' which is published along with the Revenue Budget papers considered by Cabinet, will assist the delivery of the council's corporate priorities supporting the continued improvement of services for our residents. Savings and efficiency gains identified for the year are monitored throughout the period by the Executive to ensure their achievement. Target efficiency savings will only be reflected in the MTFP, however, as they are realised.

5.7 Following the outcome of the Referendum in June 2016 to leave the European Union, the General Election in December 2019 and the ongoing coronavirus pandemic there remains uncertainty around the government's approach to funding local government. The Spending Review announcement on 4 September 2019 indicated that a one year settlement would be announced in December for 2020/21 and the Fair Funding Review, full Spending Review and Business Rates Reform would all be postponed and not implemented until 2021/22. It is likely that this timetable will be delayed again as a result of the pandemic. If implemented, a delay would allow for the full impact of the pandemic on the current year to be understood before further reform takes place. In October it was announced that the Spending Review for 2021/22 would be a one year review. As the final values for the 2020/21 settlement, published in February 2020, are the latest known values, these have been used for the purposes of forecasting.

5.8 From 1 April 2014 the accounting arrangements for pensions changed and rather than a single percentage contribution rate being calculated to determine the employers' payment into the scheme, the charges are split with a future service contribution rate being set and charged to services together with a cash deficit recovery contribution being charged to Non Distributed Costs. The employers' equated superannuation rate, effective for the financial year commencing 1 April 2020, is 18.3% and reflects a future service contribution rate of 18.3% and a deficit recovery contribution of nil. The past service deficit contribution was originally meant to increase by 4.1% per annum. However, the outcome of the latest triennial review for 2020/21 to 2022/23 and the decision to pre-pay our pension contribution has resulted in an overall estimated surplus position which is helping to offset the future service cost %. This option to pre-pay the council's pension contribution for the next three years, delegated to the s.151 Officer, and thereby pay a reduced

amount, is estimated to save over £228,000. The next triennial review by the Actuary will be based on data at 31 March 2022 and will be effective for the three years commencing 1 April 2023 (discussions are under way to modify future review periods but this remains the current position). The government have been consulting on extending the review period to up to five years but the outcome of this is not yet known. The plan assumes a future service rate of 18.8%. This is based on the estimated rate of 18.3% provided by the actuary in December 2019 plus a 0.5% provision for the impact of the recent McCloud judgment which is expected to increase costs.

- 5.9** With effect from the 2007/08 financial year, the council once again become reliant on borrowing to support capital expenditure. The council has borrowed £3.552m to date and this value is used to calculate the minimum revenue provision (MRP) which must be reflected in the accounts. The borrowing to date is as follows:

Date	Loan Ref	Value (£)	Period	Rate (%)	Maturing
05.03.08	494403	1,000,000	3	4.18	Sept' 2010
05.03.08	494404	552,000	30	4.48	Sept' 2037
05.03.08	494405	1,000,000	50	4.41	Sept' 2057
09.03.09	495360	1,000,000	4	2.05	Sept' 2012

Whilst there is no interest paid on the two loans that have matured, the charge to the revenue account reflecting the principal element of the repayment is calculated based on the number of years that the asset will be in operation. Interest paid on long term borrowing in 2020/21 is expected to be £68,830 and principal repayments are £95,559 – a total cost of £164,389. This cost will not reduce until 2024/25 when assets with a 15 year life span fall out of the MRP calculation and the MRP reduces to £89,994 (£158,824 including interest).

- 5.10** In an effort to reduce the council's reliance on borrowing and following concerns about the sustainability of continuing to borrow in the current economic climate, a Capital Investment Reserve was created as part of the 2009/10 closure of accounts. The balance remaining on this reserve at 31 March 2020, totalling £563,319, is substantially committed.

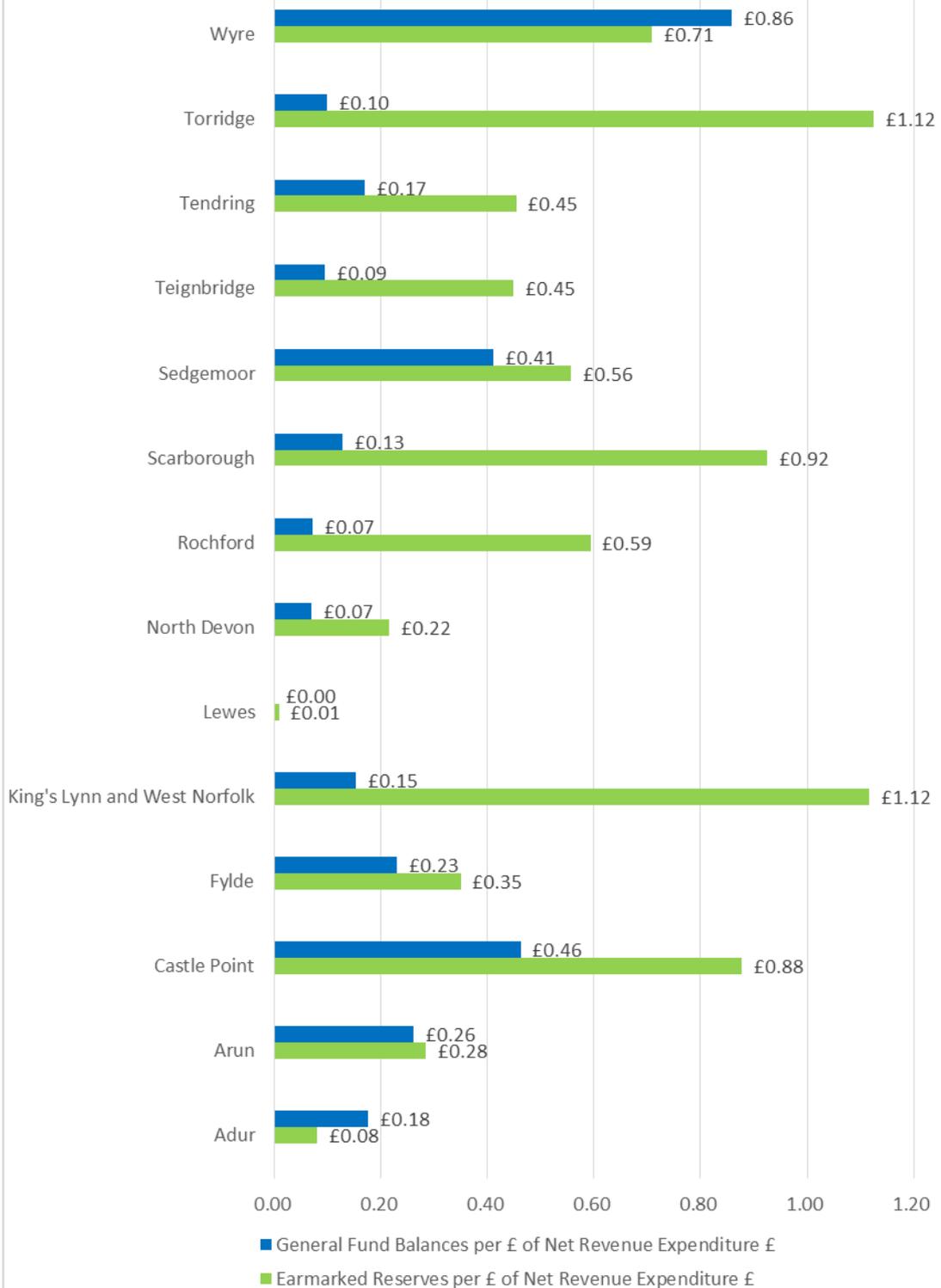
6. Basis of Resources Forecast

- 6.1** The extent of the growth in the tax base of the authority obviously has an impact on the projections of future Council Tax income. An increase of 1.2% has been anticipated in 2020/21 and 0.9% for each subsequent year.
- 6.2** New provisions for council tax referendums were introduced by the Localism Act with effect from 2012/13 to replace capping. The council increased its share of the council tax in 2020/21 by £5 or 2.5%. As part of the Local Government Finance Settlement, the Government announced a 2% trigger for local referenda on council tax increases but also allowed any shire district council to charge a de-minimis £5 more in council tax without triggering the referendum. For the purpose of the MTFP a £5 increase in council tax has been assumed in 2021/22 and beyond. If the £5 threshold were withdrawn then the forecast position would worsen. Conversely, if the 2% threshold was returned to 3% and members were supportive of this increase, the position would improve.
- 6.3** The current Business Rates Retention Scheme was introduced in 2013/14 and essentially allows councils to keep a share of any business rate growth. A baseline

level of funding has been set which, in effect, replaces the grant support that would otherwise have been awarded. Under the national scheme, the council is allowed to keep 40% of any additional funds that it generates (with 50% being paid to the Government, 9% to Lancashire County Council and 1% to the Fire Authority) but this is normally regulated by the payment of a levy at 50%.

- 6.4** Following a one-year 75% retention pilot pool in 2019/20, with effect from 1 April 2020, the council was designated as belonging to the 50% Business Rates Pool of Lancashire. This results in the County Council being paid 10% of the retained levy (prior to the cost of administering the pool) with Wyre retaining 90% of the levy previously payable.
- 6.5** A consequence of being part of the Pool arrangement is that the council will no longer be eligible to receive a safety net payment should the business rate base in the area decline and fall below 92.5% of the baseline funding level. The entire Pool would have to drop below the safety net level of 92.5% for any additional support to be paid over.
- 6.6** The council no longer receives revenue support grant and the forecast assumes that the funding level will increase by a modest 1.5% pending further information on the Spending Review and other reforms.
- 6.7** The requirement for financial reserves is acknowledged in statute. The Local Government Finance Act 1992 requires billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. The council's minimum prudent level of balances, calculating the requirement at 5% of net expenditure before other government grants (£668,900) together with the element of the reduction in business rates that authorities must meet before the Government would consider any safety net payment (£255,695 in 2020/21), is now £924,595. Balancing the annual budget by drawing on general reserves may be viewed as a convenient short-term option but where reserves are deployed to finance recurrent expenditure this should be made explicit by the Section 151 officer. **Members must note that the continued use of balances is not sustainable and a significant re-prioritisation exercise, whereby all services are subject to a critical evaluation, must be undertaken to alleviate serious financial problems in future years. A high level review of statutory and non-statutory services has been carried out. The financial projections indicate that further annual savings will be required in future years.** It is important that the council considers its future budgets and continues to monitor closely the MTFP. The value of reserves and balances at the end of March 2020, and projected for the future, can be seen at Appendix 3. The identification of earmarked reserves often takes account of risk assessments and contingency planning with funding being provided for known events such as the Borough Election and the rolling replacement of ICT equipment and vehicles. The level of general balances also supports contingency planning and recognises anticipated future financial pressures on revenue resources and the difficulties of securing immediate savings. The council's Policy on the Level of Reserves and Balances is included at Appendix 4.
- 6.8** A comparison has been undertaken of our earmarked and general balances as at 31 March 2020 (provisional data) with those of our CIPFA family group. This is a group of authorities that best compare to Wyre in respect of a number of indices and the table shows that Wyre's Usable Reserves are currently above average for our family group.

Usable Reserves per £ of Net Revenue Expenditure as at 31 March 2020



- 6.9** The council's capital spending is constrained by the availability of appropriate resources including capital receipts, capital grants, borrowing and revenue funding. The council has previously adopted a policy of ensuring that assets with the shortest charge life are financed from capital receipts rather than borrowing to minimise the revenue impact. The council submits a variety of external funding bids, many of which are coordinated by the Engineering, Parks and Open Spaces and Economic Development Teams and all funding bids are agreed with Financial Services prior to submission. The council has an excellent track record of securing external grants and continues to seek funding to facilitate investment in the borough.
- 6.10** On 23 March 2020 the coronavirus pandemic resulted in a national lockdown, the impact of which is still being felt in terms of local restrictions, the economy, statutory deadlines and service priorities to name a few. The evolving financial impact on the council is still being assessed with monthly returns being submitted to central government. There is still great uncertainty over the 2020/21 and ongoing financial position with announcements around funding and new responsibilities being made on a regular basis and further detail expected on key funding streams. As a result, the impact of the pandemic is not reflected in the mid-year MTFP. Instead, this will be reflected in the February 2021 Cabinet report as part of the budget setting process and following the Local Government Finance Settlement expected in December. To provide some reassurance, based on the current level of funding received, known expenditure commitments and income losses there is no requirement for significant in-year service cuts and the position is being continually monitored.

7. Risk Assessment

- 7.1** An assessment of the risks associated with the MTFP has been carried out. This includes the likelihood, severity and level of risk together with the risk management procedures in place to control and monitor them. The guidance framework for Corporate Governance in local authorities highlights the need to have these risk management procedures in place.

The table below explains the scoring matrix that is used to calculate the level of risk.

Likelihood	Severity	Risk = Likelihood x Severity
Low (1)	Low (1)	1 – 2 = Low
Medium (2)	Medium (2)	3 – 4 = Medium
High (3)	High (3)	6 – 9 = High

Action to be taken after scoring is as follows:

- High = Review existing practices/proposed recommendations and act.
- Medium = Review control mechanisms.
- Low = Limited immediate action; continue to monitor.

- 7.2** Appendix 5 lists the major risks associated with the MTFP and the controls in place to alleviate the risks.

8. Executive Summary

8.1 Aims

- To improve the quality of services through the strategic planning process and the targeting and prioritising of investment to meet local and national objectives.
- To provide a clear and consistent framework for financial decision-making and management at both the corporate and service level, subject to continuous monitoring to ensure its effectiveness.

8.2 Delivery

The council strives to ensure that its resources:

- Continue to be guided by the key principles underpinning our corporate objectives and contribute effectively to their achievement, through Corporate Service and Financial Planning.
- Are robustly reviewed on a regular basis identifying potential efficiency savings.
- Add value to those provided by partners and other agencies in the Borough to provide joined up solutions.
- Optimise opportunities for corporate working across services and operational strategies, to achieve wider, defined objectives.
- Are not accepted as the only source of funding for services and continues to explore the possibility of attracting funding from external sources.
- Are supported by the achievement of maximum income levels in relation to fees and charges levied for services provided.
- Maximise and make best use of the council's assets.

List of Appendices:

Appendix 1 – Detailed Business Case Template

Appendix 2 – Charging Policy

Appendix 3 – Summary Financial Forecast (including Reserves and Balances)

Appendix 4 – Policy on the Level of Reserves and Balances

Appendix 5 – Risk Assessment



Detailed Business Case

Topic Name: <Insert Topic Name Here>

Prepared by: <Insert Name>

Date: <Insert Date>

Version Control

Version	Date	Author	Change Description
0.1	<Date>	<Name>	<First Draft – Not yet for publication>

Distribution List

Name	Role
<Insert Name 1>	<Insert involvement in this work, not necessarily job title>

Executive Summary

[Insert a summary of the contents of this document – usually this section is completed last]

Background

[Insert the background of the project, aimed at readers who may not know much about the topic]

Reasons for Project

[Insert information on why the project is needed]

Stakeholders

[Use the table below to list the internal and external stakeholders of this project]

Stakeholder	Interest and Involvement

Options Appraisal

[Typically, there will be a number of options available. Insert details, including an economic appraisal, of the different options available. Often doing nothing is included as the first option to show remaining as-is will NOT be a good way forward. One option will then be selected and used in the rest of the business case. In some cases, the benefits, saving, risks and costs will vary depending on the option chosen. In which case, these can be incorporated into each option, rather than included in the separate sections below. If there are not multiple options, this section can be deleted and the information can be incorporated within the Reasons for Project section above.]

Equipment and Technology Considerations

[This section should explain any considerations with regards to technology. Many new initiatives rely on technology to manage or monitor various business functions. Key features of any contract should be included, such as contract terms, payment mechanism and procurement.]

Organisation and Staffing

[With many new products or services there may be a need for additional staffing or for a restructure in order to accommodate the change.]

Benefits Realisation

[Insert the project benefits. These can be tangible and intangible. Where possible, include details of suitable measures, so the reader is clear on how you will know when you have achieved the objective. Typically, many of the benefits will not be realized until long after the project has closed. For example, if the project was to build a children's play area, user numbers could not be measured until it has been open for a number of months.]

The benefits the project will bring are:

No.	Benefit Description	Measure
1	<Insert>	<Insert>
2	<Insert>	<Insert>
3	<Insert>	<Insert>

Financial Assessment

[Insert details of the cashable and efficiency saving which can be made (if applicable). Please remove sections and rows which are not required. Work out the savings over one year and then over many years. The number of years chosen will differ depending on your project, but will typically be between 3-10 years. You may wish to include a representative from Finance at this point to help you financially model a number of scenarios.]

A summary of the potential savings are shown in the tables below.

Cashable Savings - Item	Savings P.A. £	Savings over <X> years £
TOTAL	<Total>	<Total>
Efficiency Savings - Item	Savings P.A. £	Savings over <X> years £
TOTAL	<Total>	<Total>
OVERALL TOTAL	<Total>	<Total>

Cost

The main costs for this project are summarised below:

ITEM	Costs in year 1 £	Costs over <X> years £
TOTAL COST	<Total>	<Total>

Anticipated savings less costs =	<Savings - Costs>
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Risks

The risks associated with delivering the business case are as follows. These will be transferred to the project issues and risks log for ongoing management purposes.

Risk	Potential Impact	Mitigation
<Insert the nature of the risk>	<Explain the potential impact>	<Explain the steps taken to reduce the risk>

Recommendations

[Insert the business case recommendations, including the recommended option from those stated above]

Timescales

[Insert a brief project timetable, or alternatively use the document '[2 Project Plan](#)' or the 'Project In a Box' software to draw a timeline which can then be attached as a link to this document]





Charging Policy 2021/22

Wyre Council
Civic Centre
Breck Road
Poulton-le-Fylde

October 2020

Charging Policy 2021/22

1. Background

- 1.1 The Cabinet last formally considered its charging policy at its meeting on the 16 October 2019.
- 1.2 In September 1999 the Audit Commission published “The Price is Right” which advised councils to focus attention on charges and addresses the following issues:
 - Establish clear principles for charging;
 - Integrate charging into service management and forge links with corporate objectives;
 - Set clear objectives and targets to qualify success in charging;
 - Build an understanding of users and markets;
 - Improve decision making by taking into account the likely impact of changes to charges; and
 - Innovate via imaginative use of charging structures.
- 1.3 In January 2008, the Audit Commission published a further report entitled “Positively Charged”, which identified how different councils' use their powers to charge for services and draws conclusions that support their earlier publication in that:
 - Charging for local services makes a significant contribution to council finances and for district councils charges make the greatest contribution to service delivery;
 - Councils use charges to influence individuals' choices and to bring benefits to local communities. Charges can be set to encourage or discourage people to use services and through concessions to pursue local objectives; and
 - Councils need to understand better the likely impact of charges on users and on patterns of service use.
- 1.4 The report recommends, amongst other things, that where there is a subsidy to provide a service, this is transparent as part of the decision making process; that service managers should be aware of both users and non-users of the service being charged for; to engage service users and taxpayers more in decisions about charging levels and that there should be regular debate on charges and charging policy.
- 1.5 A new briefing entitled ‘Income from Charging’ was issued by the Audit Commission in September 2013 which uses data from the value for money profiles and presented a high level analysis of councils’ income from charging and the contribution it makes to service spending and allowed comparisons to other councils of the same type and changes over time. The data was the subject of a value for money review undertaken as part of the Overview and Scrutiny work programme and was considered at the meeting 15 December 2014. Having fully explored and investigated the variances, it was felt that the value of the research was limited with the additional benefit not being sufficient to justify the exercise being repeated.
- 1.6 The level of income generated by fees and charges, and in particular projected increases which the council can influence, forms a key part of the council’s financial planning and is therefore reflected in the Medium Term Financial Plan.

2. The Council’s Policy

- 2.1 The council needs to maximise its income whilst ensuring that its services are not compromised, taking into account competition from other providers. Indeed, if services are subsidised purely to maintain a competitive price then a fundamental review of the service

should be carried out resulting in the justification of the approach or recommending alternative action.

- 2.2 The council is keen to encourage a shared responsibility for improving neighbourhoods and wherever possible will consult local people and communities on charging policies. Information obtained from satisfaction surveys can also help to monitor performance.
- 2.3 The reasoning behind both service provision and the charge levied should be justified each time that charges are re-assessed. For example, there may well be a desire to use a charging policy to meet other objectives such as increasing usage of recreational assets.
- 2.4 Decisions regarding pricing should be taken in the full knowledge of the pricing policies of alternative providers and information should be provided to ensure that Members are sufficiently briefed.
- 2.5 Clear targets should be set for income levels in advance of any review of pricing and achievement of these targets should be monitored using the council's established performance management arrangements.
- 2.6 When considering pricing policies Service Managers should be encouraged to be innovative and flexible in determining the basis for the charge.

3. Impact

- 3.1 The table attached identifies the range of services for which the council currently levies a charge and the value of the income estimated for the current year. The table also details those areas where the fee is externally set, as is currently the case with Planning Fees, or where we must ensure a break-even position, with the charge being set at a level sufficient to recover associated costs.

APPENDIX 2 - Charging Policy

Service Area	Determined by WBC √ or X	Estimated Value 2020/21 £	Able to Influence £	Unable to Influence £
<u>Resources</u>				
Electoral Services	√	1,800	1,800	
Other Legal Fees	√	21,600	21,600	
National Non-Domestic Rates (Court Costs)	√	13,000	13,000	
Photocopying	√	500	500	
Council Tax (Court Costs)	√	333,750	333,750	
Hire of Committee Rooms	√	8,100	8,100	
	Sub Total	378,750	378,750	-
<u>Communities</u>				
Planning	X	800,000		800,000
Development Control	√	12,130	12,130	
Renovation Grants (Fee Income)	√	233,020	233,020	
Houses in Multiple Occupation	√	12,750	12,750	
Building Control #	√/X	198,780	880	197,900
Land Charges #	X	75,790		75,790
Street Nameplates and Numbering	√	5,000	5,000	
Leisure Centres (including pools) **	√	-	-	
Care and Repair Service	√	109,820	109,820	
Handyperson (Fee Income)	√	-	-	
Marine Hall	√	153,800	153,800	
Thornton Little Theatre	√	56,000	56,000	
Mount Grounds	√	1,000	1,000	
Marsh Mill	√	1,000	1,000	
Poulton Market*	√	30,000	30,000	
Fleetwood Market*	√	519,910	519,910	
Cleveleys Market*	√	4,060	4,060	
	Sub Total	2,213,060	1,139,370	1,073,690
<u>Environment</u>				
Estates use of land for commercial events	√	1,000	1,000	
Animal Licensing #	√	11,370	11,370	
Taxi Licensing #	√	93,230	93,230	
Licensing Act #	X	87,000		87,000
Gambling Act Licensing #	X	25,240		25,240
Other Licensing *** #	√	5,110	5,110	
Pest Control	√	37,670	37,670	
Private Water Supplies	√	870	870	
Food Safety	√	9,280	9,280	
Contaminated Land	√	600	600	
Pollution Prevention Control	X	7,940		7,940
Car Parking	√	495,180	495,180	
Residents Parking Permits	√	8,500	8,500	

Penalty Charge Notices (Off street parking) #	X	50,990		50,990
MOT Test Centre	√	26,480	26,480	
Cemeteries	√	286,560	286,560	
Countryside	√	3,030	3,030	
Wyre Estuary Country Park	√	1,350	1,350	
Rossall Point	√	30	30	
Dog Warden Service	√	2,000	2,000	
Street Cleansing	X	27,500		27,500
Public Conveniences	√	53,200	53,200	
Outdoor Leisure	√	8,610	8,610	
Bulky Household Waste	√	50,000	50,000	
Green Waste Removal	√	751,360	751,360	
Waste Container Delivery Administration Costs	√	48,000	48,000	
	Sub Total	2,092,100	1,893,430	198,670
	Total	4,683,910	3,411,550	1,272,360

* Fleetwood, Poulton and Cleveleys Market Rents are set under Officer Delegated Powers.

** Involved in agreeing charges but income retained by contractor.

*** WBC is able to influence ear piercing, performance of plays, public entertainment, second hand goods dealers, scrap metal operators' and street trading licences.

Indicates a break even position is required.

<u>Revenue Budgets</u>	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Base Borough Requirements, increased for prior year inflation, but excluding Use/Top-up of Balances (shown below)	13,378	13,385	13,845	14,319	14,807
<u>Inflationary Assumptions on the above Base</u>					
Pay: Officers - from 21/22 3% ongoing; Member Allowances - from 21/22 3% ongoing	(26)	328	338	348	359
Prices, Specific Contracts and Other Costs (Variable)/Energy	33	132	136	140	145
<u>Expected Future Changes on the above Base</u>					
Revenue slippage	1,718	0	0	0	0
Capital Programme revenue implications		24	24	30	32
Employee (incl. Member Allowances) and related cost - NI changes;					
Pension contributions; Protection; FTCs; long service awards and restructures		16	22	78	81
External Grant and Grant Aided schemes - DWP		47	47	47	47
Other Services including - National Fraud Initiative, Citizens Advice Bureau; Marine Hall; Borough Elections; Foreshore/Promenade Fleetwood; Marine Lake; Memorial Park; Contaminated Land; Licensing; Asset Maintenance Review; IT Hardware Review and Life in Wyre Survey	73	(89)	(96)	66	(84)
Regeneration/Economic situation changes - Local Plan; Depots and Fleetwood Market		21	76	76	77
Waste Management - Waste Collection Contract and Green Waste		0	0	0	0
Capital Programme - Cost of Borrowing and Investment Income		(6)	(30)	(30)	(35)
Capital Programme - Revenue Funding Contributions	3,007	(363)	(580)	(492)	(339)
Reserve Contribution Changes	(3,113)	(831)	(597)	(242)	(231)
Baseline Funding - External Government Grant (all per final Local Government Finance Settlement)	(3,409)	(3,460)	(3,512)	(3,565)	(3,618)
NDR income lower than Baseline costs borne by Wyre	281	0	0	0	0
New Homes Bonus - Government Grant	(1,280)	(698)	(354)	0	0
Non-Domestic Rates - Government Grant	(2,058)	0	0	0	0
Non-Domestic Rates - Levy	746	0	0	0	0
Non-Domestic Rates - Retained Levy (Lancashire Pool)	(671)	0	0	0	0
Collection Fund Adjustment - Council Tax prior year	(44)	0	0	0	0
Collection Fund Adjustment - Non-domestic Rates re prior year	168	0	0	0	0
Enterprise Zone growth to be transferred to a ringfenced reserve	(47)	0	0	0	0
Net Wyre Requirement met by Council Tax and Balances	8,756	8,506	9,319	10,775	11,241
Base 20/21 and Forecast Cost met by Council Tax	<u>7,637</u>	<u>7,894</u>	<u>8,155</u>	<u>8,420</u>	<u>8,689</u>
Net Spending change i.e. need to Use/Top Up (-) Balances	1,119	612	1,164	2,355	2,552

	<u>2020/21</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2023/24</u>	<u>2024/25</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
General Balances as at 1 April	13,906	12,787	12,175	11,011	8,656
Add Top Up of Balances	0	0	0	0	0
Less Use of Balances	(1,119)	(612)	(1,164)	(2,355)	(2,552)
Estimated Balances Surplus/(Deficit) at 31 March	12,787	12,175	11,011	8,656	6,104
NB Prudent level of Balances £924,595					

Tax base	37,300	37,636	37,975	38,317	38,662
Forecast Council Tax £	£204.74	£209.74	£214.74	£219.74	£224.74
Annual Council Tax Increase £ - higher of £5 or 1.99%	£5.00	£5.00	£5.00	£5.00	£5.00
Annual Council Tax Increase %	2.50%	2.44%	2.38%	2.33%	2.28%
Council Tax Income	£7,636,802	£7,893,775	£8,154,752	£8,419,778	£8,688,898
Additional Annual Council Tax Income		£256,973	£260,977	£265,026	£269,120

<u>Assumptions - Net Service Expenditure</u>	
Inflation - Pay Award:	20/21 +2.75% (NJC agreed 21 Aug 20), 21/22 onwards 3%
Inflation - Other costs:	21/22 onwards electricity and gas 5%, other costs 2%
<u>Assumptions - Financing Sources</u>	
Revenue Support Grant:	nil in all years
Govt Support: Baseline Funding	1.5% increase
Council Tax:	higher of £5 or 1.99%
Council Tax Base:	circa 0.9% annual increase

2019/20 Outturn Position

	Opening Balance as at 01/04/2019 £	Transfers in (‘top-up’) £	Transfers out (to fund expenditure) £	Closing Balance as at 31/03/2020 £
<u>Earmarked Reserves</u>				
Building Control	5,109	5,206	-	10,315
Capital Investment	1,155,728	488,771	(1,081,180)	563,319
Elections	112,493	41,217	(153,710)	-
Insurance	83,645	40,000	(17,631)	106,014
Investment - I.T. Strategy	316,698	353,977	(189,805)	480,870
Land Charges	23,383	-	(5,432)	17,951
Leisure Management	265,770	8,200	(67,889)	206,081
New Homes Bonus	2,274,996	-	(568,749)	1,706,247
Non-Domestic Rates Equalisation	2,854,747	2,608,339	(1,562,478)	3,900,608
Performance Reward Initiatives	28,599	-	(4,035)	24,564
Property Investment Fund	1,000,000	-	-	1,000,000
Value for Money	602,940	305,679	(106,037)	802,582
Vehicle Replacement/Street Cleansing Maintenance	3,192,705	5,519	(280,567)	2,917,657
TOTAL Earmarked Reserves	11,916,813	3,856,908	(4,037,513)	11,736,208
<u>Ring-fenced Reserves</u>				
Enterprise Zone Growth	231,674	966,682	(37,449)	1,160,907
TOTAL Ring-fenced Reserves	231,674	966,682	(37,449)	1,160,907
TOTAL Reserves	12,148,487	4,823,590	(4,074,962)	12,897,115
<u>Balances</u>				
General Fund	12,187,663	1,718,370	-	13,906,033
TOTAL Balances	12,187,663	1,718,370	-	13,906,033
TOTAL Reserves and Balances	24,336,150	6,541,960	(4,074,962)	26,803,148

2020/21 Estimated Position

	Opening Balance as at 01/04/2020 £	Transfers in (‘top-up’) £	Transfers out (to fund expenditure) £	Closing Balance as at 31/03/2021 £
<u>Earmarked Reserves</u>				
Building Control	10,315	-	-	10,315
Capital Investment	563,319	-	(105,379)	457,940
Elections	-	41,217	-	41,217
Insurance	106,014	40,000	-	146,014
Investment - I.T. Strategy	480,870	660,685	(341,802)	799,753
Land Charges	17,951	-	-	17,951
Leisure Management	206,081	7,380	-	213,461
New Homes Bonus	1,706,247	-	(568,749)	1,137,498
Non-Domestic Rates Equalisation	3,900,608	1,984,015	(1,292,269)	4,592,354
Performance Reward Initiatives	24,564	-	(3,000)	21,564
Property Investment Fund	1,000,000	-	-	1,000,000
Value for Money	802,582	47,143	(153,486)	696,239
Vehicle Replacement/Street Cleansing Maintenance	2,917,657	578,838	(3,185,160)	311,335
TOTAL Earmarked Reserves	11,736,208	3,359,278	(5,649,845)	9,445,641
<u>Ring-fenced Reserves</u>				
Enterprise Zone Growth	1,160,907	46,989	(369,950)	837,946
TOTAL Ring-fenced Reserves	1,160,907	46,989	(369,950)	837,946
TOTAL Reserves	12,897,115	3,406,267	(6,019,795)	10,283,587
<u>Balances</u>				
General Fund	13,906,033	599,608	(1,718,370)	12,787,271
TOTAL Balances	13,906,033	599,608	(1,718,370)	12,787,271
TOTAL Reserves and Balances	26,803,148	4,005,875	(7,738,165)	23,070,858

2021/22 Estimated Position

	Opening Balance as at 01/04/2021 £	Transfers in (‘top-up’) £	Transfers out (to fund expenditure) £	Closing Balance as at 31/03/2022 £
<u>Earmarked Reserves</u>				
Building Control	10,315	-	-	10,315
Capital Investment	457,940	-	-	457,940
Elections	41,217	41,217	-	82,434
Insurance	146,014	40,000	-	186,014
Investment - I.T. Strategy	799,753	33,630	(86,000)	747,383
Land Charges	17,951	-	-	17,951
Leisure Management	213,461	7,380	-	220,841
New Homes Bonus	1,137,498	-	(568,749)	568,749
Non-Domestic Rates Equalisation	4,592,354	-	-	4,592,354
Performance Reward Initiatives	21,564	-	-	21,564
Property Investment Fund	1,000,000	-	-	1,000,000
Value for Money	696,239	-	(50,500)	645,739
Vehicle Replacement/Street Cleansing Maintenance	311,335	580,149	(278,495)	612,989
TOTAL Earmarked Reserves	9,445,641	702,376	(983,744)	9,164,273
<u>Ring-fenced Reserves</u>				
Enterprise Zone Growth	837,946	-	(49,950)	787,996
TOTAL Ring-fenced Reserves	837,946	-	(49,950)	787,996
TOTAL Reserves	10,283,587	702,376	(1,033,694)	9,952,269
<u>Balances</u>				
General Fund	12,787,271	-	(612,000)	12,175,271
TOTAL Balances	12,787,271	-	(612,000)	12,175,271
TOTAL Reserves and Balances	23,070,858	702,376	(1,645,694)	22,127,540

2022/23 Estimated Position

	Opening Balance as at 01/04/2022 £	Transfers in (‘top-up’) £	Transfers out (to fund expenditure) £	Closing Balance as at 31/03/2023 £
<u>Earmarked Reserves</u>				
Building Control	10,315	-	-	10,315
Capital Investment	457,940	-	-	457,940
Elections	82,434	41,217	-	123,651
Insurance	186,014	40,000	-	226,014
Investment - I.T. Strategy	747,383	51,425	(86,000)	712,808
Land Charges	17,951	-	-	17,951
Leisure Management	220,841	7,380	-	228,221
New Homes Bonus	568,749	-	(568,749)	-
Non-Domestic Rates Equalisation	4,592,354	-	-	4,592,354
Performance Reward Initiatives	21,564	-	-	21,564
Property Investment Fund	1,000,000	-	-	1,000,000
Value for Money	645,739	-	(50,500)	595,239
Vehicle Replacement/Street Cleansing Maintenance	612,989	578,679	(61,000)	1,130,668
TOTAL Earmarked Reserves	9,164,273	718,701	(766,249)	9,116,725
<u>Ring-fenced Reserves</u>				
Enterprise Zone Growth	787,996	-	(49,950)	738,046
TOTAL Ring-fenced Reserves	787,996	-	(49,950)	738,046
TOTAL Reserves	9,952,269	718,701	(816,199)	9,854,771
<u>Balances</u>				
General Fund	12,175,271	-	(1,164,000)	11,011,271
TOTAL Balances	12,175,271	-	(1,164,000)	11,011,271
TOTAL Reserves and Balances	22,127,540	718,701	(1,980,199)	20,866,042

2023/24 Estimated Position

	Opening Balance as at 01/04/2023 £	Transfers in (‘top-up’) £	Transfers out (to fund expenditure) £	Closing Balance as at 31/03/2024 £
<u>Earmarked Reserves</u>				
Building Control	10,315	-	-	10,315
Capital Investment	457,940	-	-	457,940
Elections	123,651	41,217	(164,868)	-
Insurance	226,014	40,000	-	266,014
Investment - I.T. Strategy	712,808	49,930	(86,000)	676,738
Land Charges	17,951	-	-	17,951
Leisure Management	228,221	1,240	-	229,461
New Homes Bonus	-	-	-	-
Non-Domestic Rates Equalisation	4,592,354	-	-	4,592,354
Performance Reward Initiatives	21,564	-	-	21,564
Property Investment Fund	1,000,000	-	-	1,000,000
Value for Money	595,239	-	-	595,239
Vehicle Replacement/Street Cleansing Maintenance	1,130,668	575,685	(149,500)	1,556,853
TOTAL Earmarked Reserves	9,116,725	708,072	(400,368)	9,424,429
<u>Ring-fenced Reserves</u>				
Enterprise Zone Growth	738,046	-	(49,950)	688,096
TOTAL Ring-fenced Reserves	738,046	-	(49,950)	688,096
TOTAL Reserves	9,854,771	708,072	(450,318)	10,112,525
<u>Balances</u>				
General Fund	11,011,271	-	(2,355,000)	8,656,271
TOTAL Balances	11,011,271	-	(2,355,000)	8,656,271
TOTAL Reserves and Balances	20,866,042	708,072	(2,805,318)	18,768,796

2024/25 Estimated Position

	Opening Balance as at 01/04/2024 £	Transfers in (‘top-up’) £	Transfers out (to fund expenditure) £	Closing Balance as at 31/03/2025 £
<u>Earmarked Reserves</u>				
Building Control	10,315	-	-	10,315
Capital Investment	457,940	-	-	457,940
Elections	-	41,217	-	41,217
Insurance	266,014	40,000	-	306,014
Investment - I.T. Strategy	676,738	49,930	(86,000)	640,668
Land Charges	17,951	-	-	17,951
Leisure Management	229,461	-	-	229,461
New Homes Bonus	-	-	-	-
Non-Domestic Rates Equalisation	4,592,354	-	-	4,592,354
Performance Reward Initiatives	21,564	-	-	21,564
Property Investment Fund	1,000,000	-	-	1,000,000
Value for Money	595,239	-	-	595,239
Vehicle Replacement/Street Cleansing Maintenance	1,556,853	575,668	(302,500)	1,830,021
TOTAL Earmarked Reserves	9,424,429	706,815	(388,500)	9,742,744
<u>Ring-fenced Reserves</u>				
Enterprise Zone Growth	688,096	-	(49,950)	638,146
TOTAL Ring-fenced Reserves	688,096	-	(49,950)	638,146
TOTAL Reserves	10,112,525	706,815	(438,450)	10,380,890
<u>Balances</u>				
General Fund	8,656,271	-	(2,552,000)	6,104,271
TOTAL Balances	8,656,271	-	(2,552,000)	6,104,271
TOTAL Reserves and Balances	18,768,796	706,815	(2,990,450)	16,485,161

2019/20 Revised Estimate and Actuals

* as approved by Council 5th March 2020 (Cabinet meeting 12/2/20 - Appx 5)

	2019/20 Revised Estimate *		2019/20 Actual	
	£	£	£	£
BUILDING CONTROL				
Chargeable work 2019/20 net surplus.		130		5,206
CAPITAL INVESTMENT				
Top Up - YMCA equipment contribution, Cab.22/10/14 (final part year 2019/20).		82,990		82,990
Top Up - to fund Capital Asset Improvement Programme.		560,000		405,781
Purchase of wheeled bins. Cabinet 11/7/18.		(825,000)		(782,531)
Reception refurb Works Garstang Swim Pool - Resources PH Report 21/03/19		(45,947)		(37,065)
Roofing Works to the Civic Centre, Poulton-le-Fylde - PH 9/8/19		(100,000)		(91,300)
Roofing Works to Copse Road Depot, Vehicle Maintenance Unit - PH 9/8/19		(15,785)		(8,770)
Reclassification of Reserves - re 2018/19 Capital Slippage		(188,960)		-
Boiler Replacement Fwd Leis Centre - PH 1/11/19		(158,200)		(161,514)
		(690,902)		(592,409)
ELECTIONS				
Reduced Annual provision May 2019 Borough Elections.		41,217		41,217
Use of Reserve for Borough Elections in 2019.		(153,710)		(153,710)
		(112,493)		(112,493)
INSURANCE				
Annual set aside for possible claims.		40,000		40,000
Use - to cover new claims.		(11,060)		(17,631)
		28,940		22,369
INVESTMENT - I.T. STRATEGY				
Top Up from IT general savings per latest review.		28,970		128,682
Top Up re CCTV investment net Fylde contribution. Cabinet 3/12/14.		9,510		9,510
Top Up to fund rolling replacement programme.		200,000		200,000
Top Up from General Balances to fund Tablet Devices for Councillors.		22,330		15,785
Use of Reserves to fund purchase of Tablet Devices.		(22,330)		(15,785)
CCTV Investment.		(38,020)		(38,020)
Additional Rolling Replacement Hardware Programme.		(136,000)		(136,000)
		64,460		164,172
LAND CHARGES				
Chargeable work 2019/20 net deficit.		(3,320)		(5,432)
LEISURE MANAGEMENT				
Annual Top Up for Exercise Equipment at Garstang Leisure Centre (Year 1 of 4)		6,150		8,200
Exercise Equipment - Garstang Leisure Centre - Cabinet 26/6/19		(29,527)		(29,380)
Essential Equipment - Garstang Pool - PH 14/11/19		(5,790)		(6,999)
Essential Repairs - Thornton Leisure Centre - PH 4/12/19		(31,510)		(31,510)
		(60,677)		(59,689)
NEW HOMES BONUS				
Fund Council Taxpayer income foregone from 11/12 freeze.		(176,689)		(176,689)
Fund Council Taxpayer income foregone from 12/13 freeze.		(176,166)		(176,166)
Fund Council Taxpayer income foregone from 13/14 freeze.		(71,250)		(71,250)
Fund Council Taxpayer income foregone from 14/15 freeze.		(72,037)		(72,037)
Fund Council Taxpayer income foregone from 15/16 freeze.		(72,607)		(72,607)
		(568,749)		(568,749)
NON-DOMESTIC RATES EQUALISATION				
Top-Up - s31 Local Government Act 2003 Grant net of related NDR Levy.		2,397,452		2,608,339
Transfer to General Fund, NDR Income less than Baseline Funding Level.		(235,513)		(235,513)
Transfer to General Fund, 2017/18 part Reserve Top Up.		(1,326,965)		(1,326,965)
		834,974		1,045,861
PERFORMANCE REWARD INITIATIVES				
Volunteer Wyre Project, Cab.19/6/13, incl. slippage from 16/17 and to future years.		(1,960)		(4,035)
PROPERTY INVESTMENT FUND		0		0
VALUE FOR MONEY				
Universal Credit Delivery (UC) Partnership Agreement with DWP.		40,740		40,736
New Burden Support for Additional Costs DWP grant.		32,590		32,590
Reclassification of Reserves - re 2018/19 Capital Slippage		187,790		187,790
Procurement and Implementation of a Citizen Access Portal.		(210,440)		(96,643)
Cash Receipting System Upgrade		(34,140)		(9,394)
Procurement of new IT Service Management Software		(5,140)		-
Restructure of IT and Telephony Services to create new ICT and digital department.		(36,210)		-
Other DWP grants		-		44,563
		(24,810)		199,642
VEHICLE REPLACEMENT/STREET CLEANSING MAINTENANCE				
Aggregate set-aside after 2018/19 outturn.		249,157		-
Aggregate set-aside for replacement of vehicles, Period 5 review, Cabinet 17/10/18.		8,466		-
Aggregate set-aside for replacement of vehicles, Qtr3 review, Cabinet 16/1/19.		511		-
Reclassification of Reserves - re 2018/19 Capital Slippage		1,170		-
Use of Reserve 2017/18 Outturn, to fund replacement of refuse collection vehicles.		(1,915,000)		-
Use of Reserve 2018/19 Outturn, to fund replacement of refuse collection vehicles.		(585,000)		-
Use of Reserve to fund vehicle replacements/adaptations.		(344,500)		(280,567)
Use of Reserve to fund MOT Test Centre Copse Road.		(1,170)		-
Additional Income MOT Centre Top Up Reserve to replace equipment.		2,260		-
2018/19 Year end - Vehicle Fleet Replacement Programme ongoing latest review		(210,500)		-
Top up street cleansing maintenance		-		5,519
		(2,794,606)		(275,048)
RINGFENCED - ENTERPRISE ZONE GROWTH				
Top Up from Growth identified in NNDR1/NNDR3 Returns		966,682		966,682
Use of Growth monies to fund expenditure		(63,580)		(37,449)
		903,102		929,233
2019/20 TOTAL NET TRANSFER TO / (FROM) RESERVES		(2,425,911)		748,628

Updated 2020/21 Estimate

* as approved by Council 5th March 2020 (Cabinet meeting 12/2/20 - Appx 5)

	Current *		Latest	
	2020/21 Estimate	2020/21 Estimate	2020/21 Estimate	2020/21 Estimate
	£	£	£	£
<u>BUILDING CONTROL</u>				
Chargeable work 2020/21 net nil.		-		-
<u>CAPITAL INVESTMENT</u>				
Boundary Wall Works to St Chad's Church (PH decision 28/5/20)	-		(62,910)	
Purchase of wheeled bins (19/20 capital slippage)	-		(42,469)	
		0		(105,379)
<u>ELECTIONS</u>				
Reduced Annual provision May 2023 Borough Elections.		41,217		41,217
<u>INSURANCE</u>				
Annual set aside for possible claims.		40,000		40,000
<u>INVESTMENT - I.T. STRATEGY</u>				
Top Up from IT general savings per latest review.	51,425		51,425	
Top Up to fund rolling replacement programme.	360,000		360,000	
Additional Rolling Replacement Hardware Programme.	(86,000)		(86,000)	
Replacing core IT network (PH decision 25/6/20)	-		(249,257)	
Tablet devices for Councillors (19/20 capital slippage)	-		(6,545)	
Top up to fund IT network works	-		249,260	
		325,425		318,883
<u>LAND CHARGES</u>				
Chargeable work 2020/21 net nil.		-		-
<u>LEISURE MANAGEMENT</u>				
Annual Top Up for Exercise Equipment at Garstang Leisure Centre (Year 2 of 4)		7,380		7,380
<u>NEW HOMES BONUS</u>				
Fund Council Taxpayer income foregone from 11/12 freeze.	(176,689)		(176,689)	
Fund Council Taxpayer income foregone from 12/13 freeze.	(176,166)		(176,166)	
Fund Council Taxpayer income foregone from 13/14 freeze.	(71,250)		(71,250)	
Fund Council Taxpayer income foregone from 14/15 freeze.	(72,037)		(72,037)	
Fund Council Taxpayer income foregone from 15/16 freeze.	(72,607)		(72,607)	
		(568,749)		(568,749)
<u>NON-DOMESTIC RATES EQUALISATION</u>				
Top Up - s31 Local Government Act 2003 Grant net of related NDR Levy.	1,984,015		1,984,015	
Use of 17/18 Non-Domestic Rates Equalisation Reserve Top Up	(2,641)		(2,641)	
Use of 18/19 Non-Domestic Rates Equalisation Reserve Top Up	(1,289,628)		(1,289,628)	
		691,746		691,746
<u>PERFORMANCE REWARD INITIATIVES</u>				
Fleetwood Beach Wheelchair (PH decision 3/8/20)		-		(3,000)
<u>PROPERTY INVESTMENT FUND</u>				
<u>VALUE FOR MONEY</u>				
New Burdens - Universal Credit	16,537		16,537	
New Burdens - Support for Other Benefits Costs	30,606		30,606	
Procurement and Implementation of a Citizen Access Portal.	(18,840)		(18,840)	
Migration to hosted Revs & Bens software system (PH decision 28/7/20)	-		(33,030)	
Procurement and Implementation of a Citizen Access Portal (19/20 capital slippage).	-		(76,870)	
Cash Receiving System Upgrade (19/20 capital slippage)	-		(24,746)	
		28,303		(106,343)
<u>VEHICLE REPLACEMENT/STREET CLEANSING MAINTENANCE</u>				
Refuse Collection Vehicles - Top Up Cabinet 11/7/18 (Year 1 of 8).	239,375		239,375	
Aggregate set-aside after 2017/18 outturn.	255,096		255,096	
Aggregate set-aside for replacement of vehicles, Period 5 review, Cabinet 17/10/18.	8,466		8,466	
Aggregate set-aside for replacement of vehicles, Qtr3 review, Cabinet 16/1/19.	511		511	
Aggregate set-aside after 2018/19 outturn (Year 1 of 8)	73,130		73,130	
Use of Reserve to fund vehicle replacements/adaptations.	(641,700)		(685,160)	
Additional Income MOT Centre Top Up Reserve to replace equipment.	2,260		2,260	
Use of Reserve 2017/18 Outturn - refuse collection vehicles (19/20 capital slippage)	-		(1,915,000)	
Use of Reserve 2018/19 Outturn - refuse collection vehicles (19/20 capital slippage)	-		(585,000)	
		(62,862)		(2,606,322)
<u>RINGFENCED - ENTERPRISE ZONE GROWTH</u>				
Top Up from Growth identified in NNDR1/NNDR3 Returns	46,989		46,989	
Use of Growth monies to fund expenditure	(49,950)		(49,950)	
Hillhouse EZ infrastructure funding (PH decision 20/8/20)	-		(320,000)	
		(2,961)		(322,961)
2020/21 TOTAL NET TRANSFER TO RESERVES		499,499		(2,613,528)

Updated 2021/22 Estimate

* as approved by Council 5th March 2020 (Cabinet meeting 12/2/20 - Appx 5)

	Current *		Latest	
	2021/22 Estimate		2021/22 Estimate	
	£	£	£	£
<u>BUILDING CONTROL</u>				
Chargeable work 2021/22 net nil.		-		-
<u>CAPITAL INVESTMENT</u>		-		-
<u>ELECTIONS</u>				
Reduced Annual provision May 2023 Borough Elections.		41,217		41,217
<u>INSURANCE</u>				
Annual set aside for possible claims.		40,000		40,000
<u>INVESTMENT - I.T. STRATEGY</u>				
Top Up from IT general savings per latest review.		33,630		33,630
Additional Rolling Replacement Hardware Programme.		(86,000)		(86,000)
		(52,370)		(52,370)
<u>LAND CHARGES</u>				
Chargeable work 2021/22 net nil.		-		-
<u>LEISURE MANAGEMENT</u>				
Annual Top Up for Exercise Equipment at Garstang Leisure Centre (Year 3 of 4)		7,380		7,380
<u>NEW HOMES BONUS</u>				
Fund Council Taxpayer income foregone from 11/12 freeze.		(176,689)		(176,689)
Fund Council Taxpayer income foregone from 12/13 freeze.		(176,166)		(176,166)
Fund Council Taxpayer income foregone from 13/14 freeze.		(71,250)		(71,250)
Fund Council Taxpayer income foregone from 14/15 freeze.		(72,037)		(72,037)
Fund Council Taxpayer income foregone from 15/16 freeze.		(72,607)		(72,607)
		(568,749)		(568,749)
<u>NON-DOMESTIC RATES EQUALISATION</u>		-		-
<u>PERFORMANCE REWARD INITIATIVES</u>		-		-
<u>PROPERTY INVESTMENT FUND</u>		-		-
<u>VALUE FOR MONEY</u>				
Migration to hosted Revs & Bens software system (PH decision 28/7/20)		-		(50,500)
<u>VEHICLE REPLACEMENT/STREET CLEANSING MAINTENANCE</u>				
Refuse Collection Vehicles - Top Up Cabinet 11/7/18 (Year 2 of 8).	239,375		239,375	
Aggregate set-aside after 2017/18 outturn.	255,668		255,668	
Aggregate set-aside for replacement of vehicles, Period 5 review, Cabinet 17/10/18.	8,466		8,466	
Aggregate set-aside for replacement of vehicles, Qtr3 review, Cabinet 16/1/19.	510		510	
Aggregate set-aside after 2018/19 outturn (Year 2 of 8)	73,130		73,130	
Use of Reserve to fund vehicle replacements/adaptations.	(276,000)		(275,500)	
Use of Reserve to fund vehicle replacement/adaptations, P5 review, Cabinet 17/10/18.	(2,995)		(2,995)	
Additional Income MOT Centre Top Up Reserve to replace equipment.	3,000		3,000	
		301,154		301,654
<u>RINGFENCED - ENTERPRISE ZONE GROWTH</u>				
Top Up from Growth identified in NNDR1/NNDR3 Returns		-		-
Use of Growth monies to fund expenditure		(49,950)		(49,950)
		(49,950)		(49,950)
2021/22 TOTAL NET TRANSFER (FROM) RESERVES		(281,318)		(331,318)

Updated 2022/23 Estimate

* as approved by Council 5th March 2020 (Cabinet meeting 12/2/20 - Appx 5)

	Current *		Latest	
	2022/23 Estimate		2022/23 Estimate	
	£	£	£	£
<u>BUILDING CONTROL</u>				
Chargeable work 2022/23 net nil.		-		-
<u>CAPITAL INVESTMENT</u>		-		-
<u>ELECTIONS</u>				
Reduced Annual provision May 2023 Borough Elections.		41,217		41,217
<u>INSURANCE</u>				
Annual set aside for possible claims.		40,000		40,000
<u>INVESTMENT - I.T. STRATEGY</u>				
Top Up from IT general savings per latest review.	51,425		51,425	
Additional Rolling Replacement Hardware Programme.	(86,000)		(86,000)	
		(34,575)		(34,575)
<u>LAND CHARGES</u>				
Chargeable work 2022/23 net nil.		-		-
<u>LEISURE MANAGEMENT</u>				
Annual Top Up for Exercise Equipment at Garstang Leisure Centre (Year 4 of 4)		7,380		7,380
<u>NEW HOMES BONUS</u>				
Fund Council Taxpayer income foregone from 11/12 freeze.	(176,689)		(176,689)	
Fund Council Taxpayer income foregone from 12/13 freeze.	(176,166)		(176,166)	
Fund Council Taxpayer income foregone from 13/14 freeze.	(71,250)		(71,250)	
Fund Council Taxpayer income foregone from 14/15 freeze.	(72,037)		(72,037)	
Fund Council Taxpayer income foregone from 15/16 freeze.	(72,607)		(72,607)	
		(568,749)		(568,749)
<u>NON-DOMESTIC RATES EQUALISATION</u>		-		-
<u>PERFORMANCE REWARD INITIATIVES</u>		-		-
<u>PROPERTY INVESTMENT FUND</u>		-		-
<u>VALUE FOR MONEY</u>				
Migration to hosted Revs & Bens software system (PH decision 28/7/20)		-		(50,500)
<u>VEHICLE REPLACEMENT/STREET CLEANSING MAINTENANCE</u>				
Refuse Collection Vehicles - Top Up Cabinet 11/7/18 (Year 3 of 8).	239,375		239,375	
Adjusted set-aside after 2017/18 outturn.	254,198		254,198	
Aggregate set-aside for replacement of vehicles, Period 5 review, Cabinet 17/10/18.	8,466		8,466	
Aggregate set-aside for replacement of vehicles, Qtr3 review, Cabinet 16/1/19.	510		510	
Aggregate set-aside after 2018/19 outturn (Year 3 of 8)	73,130		73,130	
Use of Reserve to fund vehicle replacements/adaptations.	(61,000)		(61,000)	
Additional Income MOT Centre Top Up Reserve to replace equipment.	3,000		3,000	
		517,679		517,679
<u>RINGFENCED - ENTERPRISE ZONE GROWTH</u>				
Top Up from Growth identified in NNDR1/NNDR3 Returns		-		-
Use of Growth monies to fund expenditure	(49,950)		(49,950)	
		(49,950)		(49,950)
2022/23 TOTAL NET TRANSFER (FROM) RESERVES		(46,998)		(97,498)

Updated 2023/24 Estimate

* as approved by Council 5th March 2020 (Cabinet meeting 12/2/20 - Appx 5)

	Current *		Latest	
	2023/24 Estimate		2023/24 Estimate	
	£	£	£	£
<u>BUILDING CONTROL</u>				
Chargeable work 2023/24 net nil.		-		-
<u>CAPITAL INVESTMENT</u>		-		-
<u>ELECTIONS</u>				
Reduced Annual provision May 2023 Borough Elections.	41,217		41,217	
Use of Reserve for Borough Elections in 2023.	(164,868)		(164,868)	
		(123,651)		(123,651)
<u>INSURANCE</u>				
Annual set aside for possible claims.		40,000		40,000
<u>INVESTMENT - I.T. STRATEGY</u>				
Top Up from IT general savings per latest review.	49,930		49,930	
Additional Rolling Replacement Hardware Programme.	(86,000)		(86,000)	
		(36,070)		(36,070)
<u>LAND CHARGES</u>				
Chargeable work 2023/24 net nil.		-		-
<u>LEISURE MANAGEMENT</u>				
Annual Top Up for Exercise Equipment at Garstang Leisure Centre (Final part year transfer)		1,240		1,240
<u>NEW HOMES BONUS</u>		-		-
<u>NON-DOMESTIC RATES EQUALISATION</u>		-		-
<u>PERFORMANCE REWARD INITIATIVES</u>		-		-
<u>PROPERTY INVESTMENT FUND</u>		-		-
<u>VALUE FOR MONEY</u>		-		-
<u>VEHICLE REPLACEMENT/STREET CLEANSING MAINTENANCE</u>				
Refuse Collection Vehicles - Top Up Cabinet 11/7/18 (Year 4 of 8).	239,375		239,375	
Aggregate set-aside for replacement of vehicles, Qtr3 review, Cabinet 16/1/19.	260,180		260,180	
Aggregate set-aside after 2018/19 outturn (Year 4 of 8)	73,130		73,130	
Use of Reserve to fund vehicle replacements/adaptations.	(150,500)		(149,500)	
Additional Income MOT Centre Top Up Reserve to replace equipment.	3,000		3,000	
		425,185		426,185
<u>RINGFENCED - ENTERPRISE ZONE GROWTH</u>				
Top Up from Growth identified in NNDR1/NNDR3 Returns	-		-	
Use of Growth monies to fund expenditure	(49,950)		(49,950)	
		(49,950)		(49,950)
2023/24 TOTAL NET TRANSFER TO RESERVES		256,754		257,754

Updated 2024/25 Estimate

* as approved by Council 5th March 2020 (Cabinet meeting 12/2/20 - Appx 5)

	Current *		Latest	
	2024/25 Estimate		2024/25 Estimate	
	£	£	£	£
<u>BUILDING CONTROL</u>				
Chargeable work 2024/25 net nil.		-		-
<u>CAPITAL INVESTMENT</u>		-		-
<u>ELECTIONS</u>				
Reduced Annual provision May 2027 Borough Elections.		41,217		41,217
<u>INSURANCE</u>				
Annual set aside for possible claims.		40,000		40,000
<u>INVESTMENT - I.T. STRATEGY</u>				
Top Up from IT general savings per latest review.	49,930		49,930	
Additional Rolling Replacement Hardware Programme.	(86,000)		(86,000)	
		(36,070)		(36,070)
<u>LAND CHARGES</u>				
Chargeable work 2024/25 net nil.		-		-
<u>LEISURE MANAGEMENT</u>		-		-
<u>NEW HOMES BONUS</u>		-		-
<u>NON-DOMESTIC RATES EQUALISATION</u>		-		-
<u>PERFORMANCE REWARD INITIATIVES</u>		-		-
<u>PROPERTY INVESTMENT FUND</u>		-		-
<u>VALUE FOR MONEY</u>		-		-
<u>VEHICLE REPLACEMENT/STREET CLEANSING MAINTENANCE</u>				
Refuse Collection Vehicles - Top Up Cabinet 11/7/18 (Year 5 of 8).	239,375		239,375	
Aggregate set-aside for replacement of vehicles, Qtr3 review, Cabinet 16/1/19.	260,180		260,163	
Aggregate set-aside after 2018/19 outturn (Year 5 of 8)	73,130		73,130	
Use of Reserve to fund vehicle replacements/adaptations.	(150,500)		(302,500)	
Additional Income MOT Centre Top Up Reserve to replace equipment.	3,000		3,000	
		425,185		273,168
<u>RINGFENCED - ENTERPRISE ZONE GROWTH</u>				
Top Up from Growth identified in NNDR1/NNDR3 Returns	0		0	
Use of Growth monies to fund expenditure	(49,950)		(49,950)	
		(49,950)		(49,950)
2024/25 TOTAL NET TRANSFER TO RESERVES		420,382		268,365



Policy on the Level of Reserves and Balances

Wyre Council
Civic Centre
Breck Road
Poulton-le-Fylde

October 2020

Policy on the Level of Reserves and Balances

1. Legislative/Regulatory Framework

- 1.1 The requirement for financial reserves is acknowledged in statute. Sections 31A, 32, 42A and 43 of the Local Government Finance Act 1992 require billing and precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 1.2 There is also a requirement reinforced by section 114 of the Local Government Finance Act 1988 which requires the chief financial officer to report to all the authority's councillors if there is or is likely to be unlawful expenditure or an unbalanced budget. This would include situations where reserves have become seriously depleted and it is forecast that the authority will not have the resources to meet its expenditure in a particular financial year.

2. Role of the Finance Director

- 2.1 Within the existing statutory and regulatory framework, it is the responsibility of the finance director (Corporate Director Resources) to advise the local authority about the level of reserves that should be held and to ensure that there are clear protocols for their establishment and use.
- 2.2 There are no statutory minimum levels imposed and it is not considered appropriate or practical for the Chartered Institute of Public Finance and Accountancy (CIPFA), or other external agencies, to give prescriptive guidance on the minimum, or maximum, level of reserves required either as an absolute amount or a percentage of the budget.

3. Types of Reserves

- 3.1 Reserves can be held for three main purposes:
 - A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of general reserves and is commonly referred to as 'balances';
 - A contingency to cushion the impact of unexpected events or emergencies – this also forms part of general reserves or 'balances';
 - A means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements – earmarked reserves are accounted for separately but remain legally part of the General Fund.
- 3.2 For each reserve held by a local authority there should be a clear protocol setting out:
 - The reason for/purpose of the reserve;
 - How and when the reserve can be used;
 - Procedures for the reserve's management and control; and
 - A process and timescale for review of the reserve to ensure continuing relevance and adequacy.

4. Principles to Assess Adequacy

- 4.1 In order to assess the adequacy of unallocated general reserves when setting the budget or the MTFP, the Chief Finance Officer should take account of the strategic, operational and financial risks facing the authority. The assessment of risks should include external risks, such as flooding, as well as internal risks, for example, the ability to deliver planned efficiency savings. The following factors should be considered:

Budget Assumptions	Financial Standing and Management Assessment/Impact
The treatment of inflation and interest rates	The overall financial standing of the authority (level of borrowing, debt outstanding, council tax and business rate collection rates, etc.), commodity prices e.g. fuel, the cost of borrowing and anticipated investment returns
Estimates of the level and timing of capital receipts	The authority's track record in budget and financial management including the robustness of the medium term financial plans
The treatment of demand led pressures	The authority's capacity to manage in-year budget pressures
The treatment of planned efficiency savings/gains	The strength of the financial information and reporting arrangements
The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments	The authority's virement and end of year procedures in relation to budget under/over spends at authority and directorate level and any contract provisions, designed to safeguard the authority's position
The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions	The adequacy of the authority's insurance arrangements to cover major unforeseen risks
The general financial climate to which the authority is subject.	External factors such as future funding levels, referenda principles/limits and the authority's ability to replenish reserves once used

- 4.2 The council's minimum prudent level of balances, calculating the requirement at approximately 5% of net expenditure before other government grants (£668,900) together with the element of the reduction in business rates that authorities must meet before the Government would consider any safety net payment (£255,695 in 2020/21), is now £924,595. This is reviewed annually as part of the budget process.

4.3 A review of the level of earmarked reserves is also undertaken as part of the annual budget preparation and as part of the closure of accounts process. The council does not regularly monitor the opportunity costs of maintaining its levels of earmarked reserves as these are generally not held as a form of investment but to meet a recognised need.

5. Reporting Framework

5.1 The level and utilisation of general and earmarked reserves is determined formally by Cabinet in October (November in 2020 owing to pandemic), with the approval of the MTFP, and in February, at the annual budget setting meeting, informed by the advice and judgement of the finance director.

5.2 Both reports include a statement showing the estimated opening general and reserve fund balances for the year ahead, the additions/withdrawals, and the estimated end of year balances. A statement is also included commenting on the adequacy of the general and earmarked reserves in respect of the forthcoming financial years.

6. Reserves Protocol

Reserve as at 31.03.20	Purpose	How and When Used	Procedures for management and control	Timescale for review
Building Control	Fundamental principle of the Building Regs. Scheme introduced 1 April 1999, subsequently amended by the 2010 Regulations.	3 to 5 year rolling accounting period over which costs should equate with charge income.	Managed by the Corporate Director Resources	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Capital Investment	To fund capital investment avoiding the need to borrow.	Used to finance the council's capital investment needs.	Managed by the Corporate Director Resources	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process. Also subject to individual reports on proposals for usage.
Elections	To meet the cost of the Borough Election.	Used to smooth the impact of the Borough Election which occurs every four years and is next due in May 2023.	Managed by the Corporate Director Resources	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Enterprise Zone (EZ) Growth	Established in 2018/19 to hold business rates growth from the EZ	Ring-fenced for investment in the EZ, primarily for infrastructure improvements	Managed by the Corporate Director Resources	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Insurance	To meet the cost of insurance claims.	Used to fund the cost of insurance excess and any associated costs not covered by any premium.	Managed by the Corporate Director Resources	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Investment – ICT Strategy	Established to renew ICT equipment on a rolling replacement in accordance with the ICT Plan.	Used to smooth the revenue impact of ensuring that the ICT infrastructure and equipment remains 'fit for purpose'.	Managed by the Corporate Director Resources	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.

Reserve as at 31.03.20	Purpose	How and When Used	Procedures for management and control	Timescale for review
Land Charges	Compliance with guidance issued by the Lord Chancellor (Section 13A, LLCA 1975).	Councils are required to assess the cost of providing a service, the projected take-up of that service and thus the charge that should be made over a period of between one and three years.	Managed by the Corporate Director Resources	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Leisure Management	To meet the council's share of the cost of Leisure Management in excess of the agreed target cost/ fund reinvestment.	Partnering arrangement whereby the partners share financial risk and reward – See Legal Agreement.	Managed by the Corporate Director Resources	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process. Also subject to individual reports on proposals for usage.
New Homes Bonus (2011/12, 2012/13 and 2013/14 Awards only, plus 2016/17 top-up from general underspends)	To encourage local authorities to facilitate housing growth.	Supports the shortfall in income, resulting from the decision to freeze the level of council tax, through to the end of 2024/25.	Managed by the Corporate Director Resources	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Non-Domestic Rates Equalisation	To protect against volatility associated with the new Business Rate Retention Scheme.	Section 31 grant receipts, net of NDR levy, used to cushion the council against future reductions in business rate income, including the financial impact of successful appeals as notified by the Valuation Office.	Managed by the Corporate Director Resources	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process.
Performance Reward Initiatives	To assist the delivery of Shaping Your Neighbourhood projects.	Used to support the delivery of the local projects developed as part of the Shaping Your Neighbourhood Initiative.	Managed by the Corporate Director Resources	Annually and subject to individual reports on proposals for usage.
Property Investment Fund	Established in 2018/19 initially as a two year pilot to explore investing in commercial property.	A Property Investment Board is responsible for making decisions on how the fund is utilised.	Managed by the Corporate Director Resources in conjunction with the Property Investment Board	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process. Also subject to individual reports on proposals for usage.
Value For Money	Invest to save projects	Originally created to fund VFM initiatives, which may incur up-front costs and now incorporates supplementary grants awarded for the administration of council tax, NDR, housing benefit and LCTS.	Managed by the Corporate Director Resources	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process. Also subject to individual reports on proposals for usage.
Vehicle Replacement/ Street Cleansing Maintenance	Replacement of the council's vehicle fleet and smoothing the maintenance cost for the street cleaning vehicles.	Funding to meet current and anticipated vehicle/ plant requirements - ultimately charging the cost to revenue over the life of the asset. Also includes maintenance of street cleansing vehicles and set-up costs for MOT station.	Managed by the Corporate Director Resources	Undertaken as part of the annual budget preparation, the updating of the MTFP and as part of the closure of accounts process as well as subject to individual reports on proposals for usage.

Appendix 5

Type of Risk	Likelihood	Severity	Level of Risk	Control	Review	Responsible	Reports To
Financial Forecast is wrong.	Low (1)	High (3)	Medium (3)	Review the base budget and adjust for known and likely variations impacting on the forecast.	Ongoing	Head of Finance	Management Board; Cabinet.
Expenditure greater than budget.	Low (1)	High (3)	Medium (3)	Budget monitoring of revenue spend. Budget monitoring of capital spend. 5-Year Financial Forecast.	Monthly Quarterly 6 Monthly	Cost Centre Managers; Financial Services Spending Officers and Head of Finance Head of Finance	Management Board Cabinet Management Board
Unforeseen expenditure, new schemes/initiatives.	Low (1)	High (3)	Medium (3)	Maintenance of a general contingency and review of priorities.	Ongoing	Head of Finance	Management Board
Over dependence on use of reserves and balances.	Medium (2)	Medium (2)	Medium (4)	Compliance with CIPFA guidance on local authority reserves and balances. Adequacy assessed as part of budget process, MTFP and closure of accounts.	Ongoing	Corporate Director Resources (S151 Officer)	Cabinet; Council.
Income targets not achieved owing to economic climate impacting on demand.	Low (1)	Medium (2)	Low (2)	Risk assessment of major income generators during budget preparation – realistic targets built into budget. Regular monitoring of income as part of budget monitoring.	Annually Monthly	Financial Services	Management Board; Cabinet.
Efficiency savings not achieved.	Medium (2)	High (3)	High (6)	Regular review as part of budget monitoring.	Monthly	Management Team	Management Board
Income from investments is lower than expected.	Low (1)	Low (1)	Low (1)	Budget monitoring.	Monthly	Head of Finance	Management Board; Cabinet.
Changes in Government Funding e.g. cessation of Revenue Support Grant and reduction in New Homes Bonus.	Medium (2)	High (3)	High (6)	Limit reliance on this type of funding and review other options, highlighting sensitivities in the MTFP.	Ongoing	Corporate Director Resources (S151 Officer)	Management Board
Changes to Local Government Finance resulting from Business Rates Retention Scheme e.g. unfavourable variations in reliefs, decline in RVs, growth, collection rates, beneficial impact of pooling is not realised, etc.	Medium (2)	High (3)	High (6)	Close monitoring of current and any new arrangements and establishment of an earmarked reserve to cushion against volatility.	Ongoing	Corporate Director Resources (S151 Officer) and Head of Finance	Management Board

Type of Risk (Cont'd)	Likelihood	Severity	Level of Risk	Control	Review	Responsible	Reports To
Potential volatility of the fuel/energy market adding further increases to fuel, heating and lighting.	Low (1)	Medium (2)	Low (2)	Close monitoring of revenue spend. Re-negotiation of energy contracts when they fall due.	Monthly	Head of Finance	Management Team
Capital receipts are not realised from asset disposals.	Medium (2)	Medium (2)	Medium (4)	Prioritisation of disposals and effective marketing of sites.	Ongoing	Head of Built Environment	Management Team
Potential volatility concerning aspects of the Localised Council Tax Support Scheme in conjunction with the Universal Credit rollout e.g. caseload, collection rates, etc.	Medium (2)	Medium (2)	Medium (4)	Close monitoring of new arrangements.	Monthly	Corporate Director Resources (S151 Officer) and Head of Finance	Management Board
New cost pressures are devolved by Central Government as part of the 75% or 100% Business Rates Retention Scheme without the necessary funding.	Medium (2)	Medium (2)	Medium (4)	Early monitoring of situation allowing the development of plans to mitigate financial impact.	Ongoing	Corporate Director Resources (S151 Officer) and Head of Finance	Management Board
Significant sources of revenue income cease (COVID-19 pressures)	Medium (4)	Medium (4)	Medium (4)	Early monitoring of situation allowing the development of plans to mitigate financial impact.	Ongoing	Corporate Director of Resources (S151 Officer) and Head of Finance	Management Board