

## APPENDIX 5 RESERVES

The projected reserve balances at March 2025 in this table reflect the budgeted transfers to/from reserves as presented in Appendix 1 and the relevant portfolio budgets. Further reserve transactions may arise during 2024/25 subject to the approval of the Director of Finance and Support Services and will be reported via the Performance and Resources Report accordingly.

Reserve	Balance at 31 March 2023 £000	Projected Balance at 31 March 2024 £000	Projected Balance at 31 March 2025 £000	Description
<b>Reserves to Fund Contractual Commitments</b>				
Crawley Schools PFI	-267	-179	-179	Holds the surplus of government credits and other sources of finance over unitary charge payments and other expenditure in the early years of the respective contracts, to meet future expenditure over the life of the PFI arrangements. This equalises the costs to the taxpayer of building and maintaining the facilities over the duration of the contracts, and is underpinned by detailed financial models to ensure that the scheme remains solvent throughout its duration.
Recycling & Waste PFI	-10,428	-10,264	-10,100	
Street Lighting PFI	-23,019	-23,050	-21,169	
Waste Materials Resource Management Contract	-22,597	-20,997	-16,997	An investment fund to meet the 25-year Materials Resource Management Contract (MRMC) with Biffa Waste Services Ltd for the treatment and disposal of waste, including the development of appropriate facilities.
<b>Total Reserves to Fund Contractual Commitments</b>	<b>-56,311</b>	<b>-54,490</b>	<b>-48,445</b>	
<b>Reserves to Fund Service Commitments</b>				
Ash Dieback	-1,200	-1,200	-800	Held to mitigate against budgetary pressures arising from the need to accelerate critical tree felling work. Although there is no planned use in 2023/24, there may be a call on this reserve. It is expected to be fully spent over the medium term.
Business Infrastructure	-312	0	0	Intended to pump-prime local economic developments, through developing the broadband network, facilitating new business start-ups, and financing internal infrastructure improvements using local contractors where appropriate.
Contracts	-349	0	0	Provides for potential claims arising from the settlement of contractual arrangements.
Economic Growth	-1,792	-1,359	-1,359	This reserve holds the monies to support the delivery of the Economic Growth Plan 2018-2023, including the progression of the economic priorities within the Coast to Capital Local Enterprise Partnership.
Elections	-200	-400	-400	The County Council elections are held every four years - the next is planned in 2025. Each year there is a revenue contribution from the base budget which will be used to finance administrative costs in an election year.
Highways Commuted Sums	-8,366	-8,859	-7,323	This reserve holds contributions received from developers in respect of future maintenance costs of non-standard highways infrastructure.
Highways On-Street Parking	-1,342	-1,242	-1,242	The income generated from on street parking can only be used to fund eligible on street parking developments and transport network expenditure. Any surplus income is held within this reserve for future expenditure or to manage future income shortfalls.
Inflation Contingency	-4,787	0	0	Created using the unspent element of the base contingency budget in 2021/22. Held to supplement the inflation allowance built into subsequent years' base budgets, in recognition of accelerating inflationary pressures and general economic uncertainty. In 2023/24, the reserve will be utilised to fund the pay award.
Infrastructure Works Feasibility	-2,041	-2,564	-2,564	This reserve is used to fund revenue costs for feasibility works to support the development of the Council's capital programme - i.e. costs that cannot be capitalised.
Investment Property Sinking Fund	-300	-400	-500	This reserve is held to meet one off expenses associated with the maintenance of the Council's commercial investment property portfolio.
Miscellaneous Service Carry Forwards	-730	-80	-80	Unspent budget in a year can be carried forward in exceptional cases and by agreement with the Director of Finance and Support Services. These miscellaneous carry forwards are individually immaterial and plans are in place for the monies to be spent in future years.

**APPENDIX 5  
RESERVES**

Reserve	Balance at 31 March 2023 £000	Projected Balance at 31 March 2024 £000	Projected Balance at 31 March 2025 £000	Description
One Public Estate	-222	-122	-122	Reserve established to hold the balance of Government grant funding received to develop plans for rationalising the public estate together with partners including District Councils, Health and Sussex Police.
Service Transformation Fund	-11,825	-5,286	-7,286	This reserve is held to meet the cost of major organisational change and service redesign. It is used to fund short-term costs in order to deliver on-going savings, and as a source of investment to finance improvements to services so that they become more efficient and provide better outcomes. Whilst no application is budgeted in 2024/25, the Council is facing a significant financial challenge over the medium term, and delivering cost reductions of this scale will require changes in the way services are delivered. £2m has been diverted from the Budget Management Reserve for this purpose.
Statutory Duties Reserve	-2,114	-1,694	-1,344	Holds funding to meet statutory obligations over and above that which the Authority has made provision for.
Street Works Permit Scheme	-376	-176	-176	The income generated through Street Works Permits can only be used to fund eligible expenditure. Any surplus income is held within this reserve to support the delivery of eligible schemes in line with legislation.
<b>Total Reserves to Fund Service Commitments</b>	<b>-35,956</b>	<b>-23,382</b>	<b>-23,196</b>	
<b>Reserves for Government Grants</b>				
Covid-19 Fund	-1,351	0	0	Holds the unspent balance of unringfenced monies allocated by central government to support local authorities with pressures arising from the coronavirus pandemic. This is expected to be fully spent by 2024.
Domestic Abuse	-2,775	-3,350	-3,350	Holds the unspent balance of grant monies received from central government to support the Authority in its duties to provide support to victims of domestic violence and their children under the Domestic Abuse Act 2021.
Unapplied Revenue Grants	-2,492	-467	-467	Represents the unspent balance on revenue grants which are received for specific purposes but where there are no outstanding conditions on the grant which could require its repayment. The grant has therefore been recognised in full in the revenue accounts, but the unapplied balance is held in a reserve to fund future expenditure plans relevant to the purpose of the grant.
<b>Total Reserves for Government Grants</b>	<b>-6,618</b>	<b>-3,817</b>	<b>-3,817</b>	
<b>Reserves to Manage Risk and Uncertainty</b>				
Adult Social Care Reform Risk	-19,963	0	0	This reserve was established in 2020/21 to support the implementation of the Social Care reforms due for implementation in October 2023. It was announced in the 2022 Autumn Statement that these reforms would be delayed until 2025. Financial plans assume that these social care reforms will be fully funded through Government grant but this assumption will remain under review in the approach to 2025. This reserve was re-purposed to manage the pressures and risks within social care as part of the 2023/24 budget.
Budget Management	-40,380	-42,429	-25,811	This reserve is held to guard against uncertainty and volatility over future Local Government Finance Settlements, as well as mitigation towards the risk of slippage and re-phasing of savings and unforeseen service pressures. Planned application of the reserve in 2024/25 includes £3m towards an additional investment into highways and roads, and a further £3m to meet one-off spending pressures. Additionally, £5m is being transferred into the Interest Smoothing Account and £2m into the Service Transformation Fund, and £3.6m is to be used to balance the budget.
Business Rates & Collection Fund Smoothing	-11,657	-16,311	-16,311	Held to manage short-term fluctuations in income from council tax and business rates which may vary as a result of factors outside of the Council's control, such as changes in the tax base, collection rates or economic conditions. The reserve may also be used to mitigate the outturn 2023/24 overspend, which was projected in the Q2 Performance and Resources Report to be £4.4m.
Insurance	-6,408	-5,000	-5,000	Held in respect of the Authority's self-funding insurance scheme, and provides for the risk of unknown future claims (i.e. in excess of the known claims as provided for in the insurance provision). Projected balances will be subject to change as part of outturn to fund additional claims arising during the year, but this cannot be forecasted with accuracy and so no movement has been budgeted.

**APPENDIX 5  
RESERVES**

<b>Reserve</b>	<b>Balance at 31 March 2023 £000</b>	<b>Projected Balance at 31 March 2024 £000</b>	<b>Projected Balance at 31 March 2025 £000</b>	<b>Description</b>
Interest Smoothing Account	-2,778	-2,778	-7,778	Held to meet temporary shortfalls arising from fluctuations in interest rates, such as a reduction in investment returns or increased costs of borrowing. £5m is to be transferred from the Budget Management Reserve in 2024/25 as contingency for realisable losses on pooled investment funds, with the statutory override due to expire in March 2025.
Schools Sickness & Maternity Insurance Scheme	-1,403	-1,403	-1,403	Holds the accumulated surplus on the Sickness and Maternity Insurance Scheme operated by the Authority for its maintained schools.
Social Care Pressures	-5,028	0	0	Reserve established as part of 2022/23 budget preparation to guard against volatile and uncertain demographic and market pressures and adults and children's social care. The balance was applied to offset overspending within the Children and Young People portfolio during 2023/24.
<b>Total Reserves to Manage Risk and Uncertainty</b>	<b>-87,617</b>	<b>-67,921</b>	<b>-56,303</b>	
<b>TOTAL EARMARKED RESERVES (COUNTY COUNCIL)</b>	<b>-186,502</b>	<b>-149,610</b>	<b>-131,761</b>	
<b>Reserves Held for Other Bodies or With Shared Responsibility</b>				
Business Rates Pilot Fund	-16,707	-16,632	-15,072	This reserve holds the gains arising from the 75% local retention pilot scheme in 2019/20. The fund will be invested jointly by the County Council and its billing authorities on project work with economic benefit, but the income is initially recognised in the County's accounts as the lead authority for the Pilot.
Lane Rental Scheme	-1,153	-5,653	-7,653	The Lane Rental Scheme reserve holds the proceeds of charges raised to promoters of street and road works for the time their works occupy the highway network, pending application of those proceeds towards eligible highways network improvement schemes.
School Balances	-24,171	-23,487	-23,487	The School Balances reserve holds net underspending on locally managed school budgets.
<b>Total Reserves Held for Other Bodies or With Shared Responsibility</b>	<b>-42,031</b>	<b>-45,772</b>	<b>-46,212</b>	
<b>TOTAL EARMARKED RESERVES</b>	<b>-228,533</b>	<b>-195,382</b>	<b>-177,973</b>	
General Fund	-20,286	-36,286	-36,286	The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority are to be met, except to the extent that statutory rules might provide otherwise. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment. The County Council is facing a period of financial uncertainty over the medium term, and therefore the level of working balance held has been increased to approximately 5% of gross expenditure which is considered to be a prudent level.
<b>Capital</b>				
Capital Receipts Reserve	-6,020	0	0	Holds the balance of receipts generated through the disposal of assets which have yet to be applied to finance spend via the capital programme.
Capital Grants Unapplied	-21,346	0	0	Holds the unspent balance on capital grants which are received for specific purposes where there are no outstanding conditions on the grant.
<b>TOTAL CAPITAL RESERVES</b>	<b>-27,366</b>	<b>0</b>	<b>0</b>	
<b>TOTAL USABLE RESERVES</b>	<b>-276,185</b>	<b>-231,668</b>	<b>-214,259</b>	