

## APPENDIX C – RESERVES BALANCES

Earmarked reserves are one-off balances set aside for investment towards agreed priorities. A key element in handling the Council's earmarked reserves is that the principles of the Camden Plan are incorporated: namely, confidence that the Council is spending and investing resources on the delivery of outcomes. This will be even more a point of focus as the organisation move to deliver the next round of MTFS savings. **Table 1** below sets out the forecast reserve position over the next 5 years.

Based on current projections the Council's earmarked reserves are forecast to dip sharply over the next two years as the organisation looks to support the delivery of MTFS projects whilst dealing with pressures arising from the current cost of living crisis and the legacy impact of Covid-19. The overall earmarked reserve balances are then set to recover but only forecasted to reach current levels towards the end of 2025/26. Officers have still used the approach of a prudent forecast to show the worst-case scenario and where external funding is available this would always be utilised first before a call on Council resources.

The Housing Revenue Account unearmarked reserve balances is showing steady forecasted growth over the next five years reflecting plans to rebuild the reserve over the medium term. The forecast to support school activities remains stable.

**Table 1 – Forecast Reserve Balances**

Earmarked Reserves	Reserve s 31/03/ 22	Forecast Reserve s 31/03/ 23	Forecast Reserve s 31/03/ 24	Forecast Reserve s 31/03/ 25	Forecast Reserve s 31/03/ 26	Forecast Reserve s 31/03/ 27
<b>Reserves to support Council Priorities</b>						
(a) Multi Year Budget Reserve	37,971	36,804	39,315	41,760	44,536	46,536
Education Commission	14	14	14	14	14	14
Cost of Change/Camden Plan	5,504	7,212	8,192	9,172	10,152	11,132
(b) Supported Housing Reserves	811	0	0	0	0	0
<b>Sub Total</b>	<b>44,299</b>	<b>44,029</b>	<b>47,520</b>	<b>50,945</b>	<b>54,701</b>	<b>57,681</b>
<b>Reserves with Conditions</b>						
Dedicated Schools Grant	13,203	15,730	15,730	15,730	15,730	15,730
Mayor's Charity Reserve	12	12	12	12	12	12
(a) Multi Year Budget Reserve	14,973	14,093	13,743	13,513	13,513	13,513
<b>Sub Total</b>	<b>28,188</b>	<b>29,835</b>	<b>29,485</b>	<b>29,255</b>	<b>29,255</b>	<b>29,255</b>
<b>Reserves to Support Capital Activity &amp; Asset Management</b>						
Future Capital Schemes	16,983	14,455	19,672	23,482	27,715	32,236
Haverstock PFI Funding Reserve	1,108	978	848	848	718	588
Schools PFI Equalisation Reserve	3,167	3,334	3,501	3,668	3,835	4,002

Building Schools for the Future	814	764	764	764	764	764
Accommodation Strategy	6,643	6,143	5,143	4,143	3,143	3,143
<b>Sub Total</b>	<b>28,715</b>	<b>25,674</b>	<b>29,928</b>	<b>32,905</b>	<b>36,175</b>	<b>40,733</b>
<b>Reserves to Manage Future Risk</b>						
Self-Insurance Reserve	2,500	2,500	2,500	2,500	2,500	2,500
Business Rates Safety Net	38,547	16,608	13,131	16,454	19,777	23,100
GF Future Cost Reserve	22,063	22,063	22,063	22,063	22,063	22,063
<b>Sub Total</b>	<b>63,110</b>	<b>41,171</b>	<b>37,694</b>	<b>41,017</b>	<b>44,340</b>	<b>47,663</b>
<b>Total Earmarked Reserves</b>	<b>164,312</b>	<b>140,709</b>	<b>144,627</b>	<b>154,122</b>	<b>164,471</b>	<b>175,332</b>
General Balances	14,859	16,346	17,346	18,346	19,346	20,346
Housing Revenue Account un-earmarked	2,999	3,599	8,475	12,613	15,987	20,987
Housing Revenue Account earmarked	14,266	24,580	24,005	24,005	24,005	24,005
Schools Balances	17,471	17,471	17,471	17,471	17,471	17,471
<b>Total General Balances</b>	<b>49,594</b>	<b>61,996</b>	<b>67,297</b>	<b>72,435</b>	<b>76,809</b>	<b>82,809</b>
Public Health Grants	4,012	1,375	1,375	1,375	1,375	1,375
Recovery and Renewal	8,551	0	0	0	0	0
<b>Total Covid Related Reserves</b>	<b>12,563</b>	<b>1,375</b>	<b>1,375</b>	<b>1,375</b>	<b>1,375</b>	<b>1,375</b>
<b>Total Earmarked Reserves</b>	<b>226,469</b>	<b>204,079</b>	<b>213,298</b>	<b>227,931</b>	<b>242,654</b>	<b>259,515</b>

**Table 2** below sets out the in-year movement across earmarked and other reserves. The net movement to the group supporting council priorities is due primarily to a £8.8m forecasted drawdown from the Future Capital Scheme reserve to support the capital programme. There is also a significant movement in the manage future risk group due to a contribution to deal with the organisation's collection fund deficits

**Table 2 – Forecast Movement in Reserves**

Earmarked Reserves	Actual Reserves	Forecast Out of Reserves	Forecast Into Reserves	Forecast Reserves	2022/23 Net Movement
	31/03/22	Reserves	Reserves	31/03/23	Movement
	£m	£m	£m	£m	£m
Reserves to support Council Priorities	52.850	-13.925	2.898	41.823	-11.027
Reserves with Conditions	32.200	-1.781	2.997	33.416	1.216
Reserves to Support Capital Activity & Asset Management	28.715	-9.509	6.468	25.674	-3.041
Reserves to Manage Future Risk	63.110	-21.939	0.000	41.171	-21.939
<b>Total Earmarked Reserves</b>	<b>176.875</b>	<b>-47.154</b>	<b>12.363</b>	<b>142.084</b>	<b>-34.791</b>

General Reserves	Actual Reserves 31/03/22	Forecast Out of Reserves	Forecast Into Reserves	Forecast Reserves 31/03/23	2022/23 Net Movement
	£m	£m	£m	£m	£m
General Balances	14.859	0.000	1.488	16.347	1.488
Housing Revenue Account	17.265	-11.108	22.022	28.179	10.914
Schools Balances	17.471	0.000	0.000	17.471	0.000
<b>Total Reserves</b>	<b>226.469</b>	<b>-58.262</b>	<b>35.873</b>	<b>204.080</b>	<b>-22.389</b>