

## APPENDIX B3

### RESERVES

1. The council has made ambitious investments to help enable the delivery of a balanced budget whilst ensuring a prudent and affordable approach to delivering the medium-term financial strategies. The council has set aside and increased the balance of reserves as outlined in the table below.

2. The expected balance of these reserves at the beginning of 2022/23 is;

Reserves	1st April 2022 £000s
<b>General Fund Balance</b>	<b>(4,129)</b>
Change Management Reserve	(250)
VAT Shelter Income - Capital/revenue financing	(9)
Non-Recurring Expenditure - Revenue resources for capital financing	(335)
Market Walk - Income Equalisation Reserve	(467)
Market Walk - Asset Management	(104)
Section 31 Grant - Empty property/small business rate relief	(29)
Section 31 Grant - EU Exit Preparation Grant	(35)
Business Rates Exceptional Payments Reserve	(165)
Business Rates Retention - Surplus on levy payment	(1,415)
Income Generation Reserve	(391)
LCC Transition Fund	(50)
Market Walk / DOP Works	(391)
Green Agenda	(580)
Logistics House Income Equalisation Reserve	(450)
Covid Recovery Reserve	(300)
ICT Capital Programme Reserves	(821)
Capacity to deliver corporate priorities	(200)
Support for Apprentices, Graduates, Training Posts	(200)
Investment in Play & Open Space Across the Borough	(200)
Queens Jubilee Events	(30)
Check Out Chorley	(30)
<b>Non-Directorate Reserves</b>	<b>(6,452)</b>
<b>Policy &amp; Governance</b>	<b>(191)</b>
<b>Commercial &amp; Property</b>	<b>(520)</b>
<b>Customer &amp; Digital Services</b>	<b>(186)</b>

<b>Planning &amp; Development</b>	<b>(118)</b>
<b>Communities</b>	<b>(280)</b>
<b>Directorate Reserves</b>	<b>(1,294)</b>
<b>Earmarked Reserves (Directorate and Non-Directorate)</b>	<b>(7,746)</b>
<b>Total Reserves - General and Earmarked</b>	<b>(11,876)</b>
<b>Provisions</b>	
Insurance Provision - Potential MMI clawback	(14)
<b>Total Provisions</b>	<b>(14)</b>

- These reserves are available to assist in mitigating any financial impact from the uncertainty that the council faces, such as the reforms to future funding levels and the impact of the recovery from Covid-19 on its residents and local businesses.

#### ***Income Reserves***

- The council has set aside over £450k to manage any one-off reductions in income from Market Walk, it is budgeted to utilise £135k of this reserve in 2022/23.
- The council has set aside £1.4m to manage any one-off reductions in business rates such as unbudgeted changes to valuations or the implementation of future expected government reforms. This represents 27% of the forecast business rates in 2022/23.

#### ***Asset Maintenance Reserves***

- Whilst continuing to deliver a large and ambitious capital programme, which will evolve over the course of the MTFS period as new schemes are presented for consideration, the council sets aside sufficient budget to manage the maintenance of its existing assets; for example additional reserves are set aside to fund unexpected maintenance including a £104k reserve for the Market Walk site.

#### ***Other Reserves***

- To implement the transformation of services and generate additional income, the council has set aside £391k of revenue reserves to explore income generating projects as well as £250k reserves to manage any one-off costs of implementing changes to staffing structures.
- The council continues to support its local businesses with £187k in reserves to attract businesses to the borough, as well as supporting existing businesses in the town centre and other areas of the borough. These grants enable the council to match fund local business investment to expand local businesses and job opportunities. The council will increase this reserve by £200k to further support local businesses with a total fund of £387k.

9. The council will continue to set aside funds to obtain greater influence around planning decisions. The council invests £100k per year to the review the local plan, with reserves set aside to further support the council to defend locally made planning decisions.
10. The council set aside £500k of reserves to implement its Green Agenda with £263k already committed to date. Use of this reserve includes investment in planting trees as well offering free trees to residents. The council will increase this reserve back to £500k to continue its ambition to become carbon neutral by 2030. Reducing the carbon footprint is a national and global issue; we will seek to attract support and funding from our partners, including the government, to assist us in achieving this priority objective.
11. There is £300k of Covid-19 recovery reserves set aside to fund expenditure across the borough
12. Two additional reserves will be created; £200k to support both investment in play and open space not owned by the council and £200k to support apprenticeships, graduate positions and other additional training opportunities at the council.

### ***General Reserves***

13. The council has currently set aside £4.329m in general funds, which represents approximately 30% of the annual net expenditure budget of the council. This can be used to manage future uncertainty in expenditure and income over the medium-term. The council does not intend, nor has it budgeted, to utilise this reserve to manage budget deficits, however this will be reviewed as part of the council's budget management process.