NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

CABINET – TUESDAY, 18 JUNE 2019

Title of report	**PROVISIONAL FINANCIAL OUTTURN 2018/19**
Key Decision	a) Financial Yes b) Community Yes
Contacts	Councillor Nick Rushton 01530 412059 nicholas.rushton@nwleicestershire.gov.uk Strategic Director of Housing and Customer Services 01530 454819 glyn.jones@nwleicestershire.gov.uk Head of Finance 01530 454707 tracy.bingham@nwleicestershire.gov.uk
Purpose of report	To present the Provisional Financial Outturn for 2018/19.
Reason for Decision	Requirement of Financial Procedure Rules
Council Priorities	Value for Money
Implications: Financial/Staff Link to relevant CAT Risk Management Equalities Impact Screening Human Rights Transformational Government	 Financial issues are contained within the report. None. There are significant financial risks to manage which were fully considered during the budget process. Not required. No implications. No implications.
Comments of Head of Paid Service	The report is satisfactory
Comments of Section 151 Officer	The report is satisfactory

Comments of Monitoring Officer	The report is satisfactory
Consultees	CLT 22 May 2019
Background papers	None
Recommendations	**THAT THE FINANCIAL PERFORMANCE FOR 2018/19, INCLUDING THE IMPACT ON RESERVES AND BALANCES AS AT 31 MARCH 2019 IS APPROVED.**

1. INTRODUCTION

1.1 The Council is required to produce Financial Statements each year which "give a true and fair view" of the financial position and transactions of the Council. The accounts have been prepared under International Financial Reporting Standards since 2010/11.

1.2 This report summarises the main elements of our financial performance in 2018/19 and the results are referred to as 'provisional' as they are still subject to external audit and may change.

1.3 The 2018/19 accounts will be considered and approved by the Audit and Governance Committee on 24 July 2019 after they have been audited.

1.4 During the 2018/19 year, the Finance team introduced a new 'Finance Business Partnering' approach in delivering financial management support to budget holders. The new approach has seen budget holders and finance colleagues meeting in 'finance clinics', on at least a quarterly basis. They key areas of focus within finance clinics is review budgetary variances and revise in year forecasts, identify and manage key budget lines that contribute to the volatility of the council's outturn position and manage the timely expenditure of earmarked reserves. The purpose of this new approach is to drive value for money and in particular, reduce unexpected results in respect of the General Fund.

1.5 Similarly, budget holders have been more closely supported in creating the budget proposals for the current 2019/20 financial year that were agreed by Council in February 2019.

1.6 Financial performance in 2018/19 has continued to improve. Variances between budget and outturn on expenditure (net cost of services) and funding or rental income having reduced compared to previous years on both the General Fund and Housing Revenue Account (HRA).

1.7 Additional surpluses have arisen on both revenue accounts which have for the most part been forecast throughout the year and report to Cabinet via the quarterly performance management reports. On the General Fund it is proposed that the majority of this surplus is contributed to the Self-Sufficiency reserve, specifically set up to protect the Council from projected future deficit years and the risk of being unable to deliver a balanced

budget. The additional surplus on the HRA means that the Council now has the full £13m of funds in place to repay maturity loans due for redemption in 2022, well ahead of the anticipated 2020 target date.

1.8 As part of the annual review of earmarked reserves, for which the S151 Officer has delegated authority, a number of new requests and existing reserves requested to be carried forward were not approved on the basis that criteria in respect of timing and known commitments was not met. As a result of a greater emphasis on robust challenge earmarked reserves are now at their lowest level since 2015/16. More detail in respect of reserves can be found in section 6.

1.9 The Council is currently awaiting the publication of the Chartered Institute of Public Finance and Accounting (CIPFA) Code on Financial Management. All Local Authorities are expected to adopt the Code from 2020. As part of its continued journey of improvement, the Council plans to adopt this Code and present its plan for ensuring a continuous improvement in its financial management approach going forward. Building on the launch of the finance business partnering approach, this plan will focus on ensuring that the extended leadership team have the necessary skills to manage finances in support of optimum financial health of the council. At the time of writing this report, it is anticipated that a full update will be presented alongside the Review of the Medium Term Financial Strategy to Cabinet in July.

2. GENERAL FUND

2.1 The expected final position on the General Fund is set out in Table 1 of this report. The provisional surplus for the year is £1.525m, compared to a budgeted surplus of £299k.

2.2 The latest forecast outturn position reported to Cabinet was at quarter 3 and was a surplus of £1.1m, therefore the variance upon outturn compared to this position is £425k.

2.3 Details in respect of the treatment of this surplus can be found 2.8 below. The most significant variances for 2018/19 are explained below and summarised in Table 2, also below, along with specific commentary regarding the most significant of these variances.

Line No.	Table 1 General Fund	Original Estimate	2018/19 Provisional Outturn	Variance
	TOTAL DISTRICT EXPENSES	**£'000**	**£'000**	**£'000**
1	Chief Executive	287	280	-7
2	Human Resources & Organisational Development	558	507	-51
3	Legal & Commercial Services	1,309	1,267	-42
4	Strategic Director of Place	341	269	-72
5	Community Services	5,640	5,892	252
6	Planning and Infrastructure	435	195	-240
7	Economic Development	743	657	-86
8	Joint Strategic Planning	8	8	0
9	Customer Services	2,195	1,826	-369
10	Finance	826	914	88
11	Housing & Asset Management	648	634	-14
12	Other	281	115	-166
13	Corporate And Democratic Core	45	30	-15
14	Non-Distributed Costs	87	248	161
15	Net Recharges	-1,273	-1,298	-25
16	Net Financing Costs	1,080	1,024	-56
17	Investment Income	-145	-269	-124
18	Localisation Of Council Tax Grant	139	139	0
19	Revenue Contribution To Capital	0	78	78
20	Debt Restructuring Premium	0	23	23
21	Transfer to Self Sufficiency Fund	299	1,424	1,125
22	Transfer Earmarked Reserves	0	101	101
23	Transfer To S106	0	385	385
24	Section 106	0	-422	-422
25	**Net cost of service after recharges**	**13,503**	**14,027**	**524**
26	Revenue Support Grant	235	235	0
27	New Homes Bonus	2,905	2,905	0
28	Transfer From Collection Fund	289	289	0
29	Other Grants	0	8	8
30	Council Tax	5,210	5,210	0
31	Levy account surplus	0	36	36
32	National Non Domestic Rates Baseline	4,864	5,344	480
	Total Funding	**13,503**	**14,027**	**524**

2.4 **Analysis of budgetary variances**

TABLE 2 - Major Variances	£'000	£'000
Adverse		
Non-Distributed Retirement Benefit	-98	
Leisure Centres	-246	
Revenue Contribution to Capital	-78	
		-422
Favourable		
Business Rates	480	
Salary Savings	430	
Recycling Income	56	
Investment Income	124	
Planning Income	130	
Licensing Income	39	
Rent Allowances and Rebates	240	
Phase 1 Restructure Savings	115	
Phase 2 Restructure Savings	33	
Net Financing Costs	56	
Planning Appeals and Associated Costs under Budget	60	
		1,763
Deminimus Variances		
Deminimus Non-Salary Variances	-115	
		-115
Total		**1,226**

2.5 Business Rates

2.5.1 Of the variances contributing to this position is the favourable movement in the level of business rates collected compared to the budgeted level.

2.5.2 The current 50% Business Rates Retention system has been in place since April 2013. The level of business rates yield has a direct impact on the council's funding, with both the significant risks and rewards of business rate growth and contraction currently being shared between central Government, the County Council and Leicestershire Fire and Rescue, with 40% being retained by NWLDC which is then subject to a tariff and further adjustments.

2.5.3 As well as an ever-changing business rates base, the Council also shares the costs of appeals, debt write-offs and so on. The Council participates in a County Pool, which is a local mechanism for retaining business rate income within Leicestershire rather than

divert it back to Central Government, and mitigate against the risk of under achievement on income targets. Councils are continuing to develop their systems for projecting and monitoring this major and often volatile income stream.

2.5.4 Best practice on forecasting and accounting for business rates advocates accuracy and transparency. Previously, unanticipated additional business rates collected was not taken into the accounts and were instead set aside to smooth the effect of adverse volatility in future years (for example, in 2014/15 £2.5m was set aside and not reported and subsequently transferred back into the accounts in 2015/16 and 2016/17). Since 2017/18, the Council has not sought to smooth the reported business rates funding position and has instead focussed on refining its budgeting and forecasting methodology.

2.5.5 In 2018/19 an additional £480k Business Rates has been received by the Council compared with the original budget. This is largely due to additional Section 31 grant forecasts compared to the budgeted position. The finance team will undertake additional monitoring in respect of Section 31 grants to ensure that outturn is more accurately predicted.

2.5.6 In June 2018, Cabinet approved the creation of a £614k reserve funded by the 2017/18 surplus, for the purposes of a holding local provision for future business rates appeals against the 2017 rating list and new government appeals process. The S151 Officer has now adopted a different approach in calculating the likely business rates appeals, with additional provision now a feature of the main appeals provision. This means that the reserve established in 2018 can be released as it is no longer required due to full provision being made in the business rates system.

2.6 Other favourable variances

2.6.1 Rent allowances and Rent rebates was underspent by £240k as a result of less benefits paid than budgeted for (the budget was based on the 2017/18 mid-year subsidy estimate submitted in August 2017), differences in overpayments recovered and a reduction in the bad debt provision for overpayment invoices. Monitoring will be reviewed in this area, moving forward with Revenues and Benefits Partnership colleagues to ensure that outturn position is accurately forecast throughout the year.

2.6.2 Salary underspends were achieved of £115k and £33k as a result of the phase 1 and 2 management restructure and £430k savings as a result of vacant posts, staff turnover and reduction in hours. These significant underspends were reported to members throughout the year via the quarterly performance reports.

2.6.3 Investment income was £124k higher than budgeted chiefly because the budget for the financial year was not reflective of the actual level of investment income anticipated and higher interests rates were achieved.

2.6.4 Additional planning income of £130k was achieved as a result of a large planning application being received during the year. Additional recycling income of £56k was achieved due to an increase in recycling tonnage within the District and additional licence fee income of £39k due to additional applications for Taxi, Alcohol and entertaining licences.

2.6.5 The Council has benefitted from a lower number of planning appeals which has provided a £60k saving in the cost of legal and technical fees.

2.7 Adverse variances

2.7.1 On the adverse side there was additional expenditure of £98k on non-distributed retirement benefits which relates to the capital costs for employees who have retired early. There was £256k adverse variance in respect of leisure services as a result of £142k increased expenditure and £85k less income than budgeted.

2.7.2 There was additional expenditure of £78k relating to a revenue contribution to capital for a purchase of land.

2.8 Surplus allocation

2.8.1 In line with the decision made by Council on 27 February 2018 the self-sufficiency reserve was created and the reserve currently stands at £2.76m. The principle purpose of this reserve is that it is to be used to support meeting the projected deficits arising over the 5 year period of the council's Medium Term Financial Strategy (to 2024) and maximise income generating opportunities for ongoing self-sufficiency. As part of this decision, members have also committed to contributing any surplus arising on the 2018/19 year into the reserve.

2.8.2 It is proposed that £1.42m of the £1.525m surplus is transferred to the Self-Sufficiency reserve. It is proposed that the remaining £100.5k is transferred to earmarked reserves for the purposes of:

- Creation of an ear-marked reserve of £20k for the purposes of funding consultancy fees to undertake an options appraisal for Moira Furnace and its surrounding land;
- Creation of an ear-marked reserve of £20k for additional capacity to support elements of the EMEG Access to Work and Skills agenda and admin support to deliver the three funding programmes (frontages, Phase 3 Enterprise and the Market Traders relocation project);
- Creation of an ear-marked reserve of £30.5k for the commission of a Carbon Footprint report;
- Creation of an ear-marked reserve of £30k to undertake a food waste pilot in the depot.

2.9 Financial management performance and learning specific to the General Fund

2.9.1 Whilst the variance on outturn compared to the annual budgeted surplus (£1.2m increase on the £299k budgeted position) is above an acceptable tolerance, the result is largely a result of the complex accounting arrangements for business rates income and salary savings relating to the Senior Management restructure and related posts that were approved in February 2018 and therefore not included as part of the base budget.

2.9.2 The surplus reported represents the true position for the 2018/19 year. There have been no material additional set aside of forecast surpluses within the year or excessive amounts of earmarked reserves approved, both of which serve to artificially suppress an outturn surplus via the creation of new earmarked reserves.

2.9.3 Variance on the net cost of service position for 2018/19 (which includes all expenditure and local income) and represents the lowest variance since 2014/15. Similarly, the variance on funding is also at its lowest, demonstrating that the council's financial management arrangements are improving.

2.9.4 As detailed in 2.5.4 above, unanticipated additional business rates collected were historically not taken into the accounts and were instead set aside to smooth the effect of adverse volatility in future years. The Council now takes a different approach in refining its forecasting and budgeting methodology in respect of business rates and is therefore subject to the full variance against the budgeted position (albeit these variances are now less volatile than the historic position).

2.9.5 Specifically, the additional amounts of business rates received in 2018/19 were due to Section 31 grants received. The Finance team will be revising their budgeting and forecasting methodology to ensure that this part of the business rates calculation is forecast more accurately going forward.

2.9.6 As detailed in 1.9 above, it is anticipated that further improvements around organisational financial management will be programmed for the forthcoming years in line with the planned adoption of the CIPFA Financial Management Code.

3. HOUSING REVENUE ACCOUNT (HRA)

3.1 The financial performance of the HRA is summarised in Table 3.

3.2 The expected final position is a surplus of £4.9m, compared to a budgeted surplus position of £2.95m, representing a £1.94mincrease. The latest forecast outturn position for the Housing Revenue Account reported to Cabinet was at quarter 3 and was a surplus of £3.3m, therefore the variance upon outturn compared to this position is £1.6m.

3.3 The surplus on the account has been added to the HRA balance which stood at £14.3 million at 31 March 2019, which is split between £13.0 million for the Loan Redemption Reserve and £1.3 million remains as working balances for the account.

Table 3	2018/19		
	Approved Budget	Provisional Outturn	Provisional Variance
	£'000	£'000	£'000
HOUSING REVENUE ACCOUNT			
Repairs and Maintenance	5,505	4,850	-655
Supervision and Management	2,688	2,157	-531
Provision for Doubtful Debts	100	-4	-104
Capital Financing (Depreciation, Impairment & Debt Management)	3,090	2,578	-512
Total Expenditure	11,383	9,581	-1,802
Less Rental Income & Service Charges	-17,634	-17,699	-65
Net Cost of Service	-6,251	-8,118	-1,867
Capital Financing (Principal & Interest)	3,382	3,374	-8
Investment Income	-84	-130	-46
Premature Loan Redemption Premiums	7	-14	-21
NET (SURPLUS) / DEFICIT	-2,946	-4,888	-1,942

3.4 Favourable Variances

3.4.1 The significant variance seen this year is the result of a number of favourable variance during the year detailed below.

3.4.2 Savings on employee costs (salary, national insurance and pension contributions) of £656k. This is largely due to vacant posts and is offset by £433k spent on agency staff and advertising. This brings the net savings down to £223k.

3.4.3 Depreciation costs of our properties being £535k less than we had budgeted for.

3.4.4 Greater use of our In-house Repairs Team to complete both repairs work and capital improvement works on our properties. The team generated a profit of £385k from this internal work, which gets recycled back into the HRA account.

3.4.5 Spending £276k less on re-painting the exterior of our houses than originally planned.

3.4.6 Releasing £231k of unused earmarked reserves following a review that is discussed in section 6 of this report.

3.4.7 The cost of gas and electricity that we are liable for (e.g. for communal areas) coming £129k under the original budget.

3.4.8 Increases in rental income of £113k, which is largely due to reducing the length of time our properties are empty between tenancies.

3.5 Adverse Variances

3.5.1 These favourable variances were also offset by a small number of adverse variances, the most significant of which were:

3.5.2 Unbudgeted costs of £126k for ill health retirements.

3.5.3 Lower than expected income from our service charges, garage rents and other charges of £73k.

3.6 Surplus allocation

3.6.1 Of the £4.888m surplus on the HRA for 2018/19, it is proposed that £4.617m is transferred to the Loan Redemption Reserve for the purposes of repayment of two maturing loans due in 2022 of £10m and £3m respectively. This will bring the balance of the Loan Repayment Reserve up to the target of £13m. Following Council's decision to use surpluses more flexibly in the future, it is proposed that the remaining £271k of surplus is transferred to the HRA general working balance; bringing the total working balance to £1.27m.

3.7 Financial management performance and learning specific to the Housing Revenue Account

3.7.1 Whilst the additional £1.95m surplus is a favourable result, this is part of a long-term trend of higher than anticipated surpluses on the Housing Revenue Account which limits our ability to make robust strategic decisions, such as deciding how much of the surplus to put into our capital programme and how much to put in our debt repayment reserve.

3.7.2 The HRA surplus figure is very sensitive to movements within our balance sheet. This means some significant movements are not known about until year end, such as the movement in depreciation noted in paragraph 3.4.3. In 2018-19, £1.3m of the variance arose at year-end.

3.7.3 Work is already underway to improve our financial management within the HRA. For 2019-20 we will focus on identifying variances from budget earlier so we have more time to manage the variances if required. This includes a detailed review of whether variances that occurred within 2018-19 will reoccur in 2019-20 and plans to profile our budgets on a monthly basis to identify underspends earlier and feed learning into the 2020-21 budget setting process.

4. SPECIAL EXPENSES

4.1 The expected final position on Special Expenses is an over spend of £7k. The budgeted contribution to Special Expenses reserves was £14k and the actual outturn was a transfer out of reserves of £5k. This movement was a result of additional £16k on approved schemes during the year. These have all been reported to the Coalville Special Expenses Working Party. Table 4 below gives further details.

Table 4 **Special Expenses**	**Original Budget £'000**	**Provisional Outturn £'000**	**Provisional Variance £'000**
Special Expenses	539	532	-7
Net Financing costs	-26	-28	-2
Contribution to Earmarked Reserves	0	28	28
Expenditure Requirement	513	532	19
Precept	463	463	0
Localisation of Council Tax Support Grant	64	64	0
Transfer from/to Reserves	**-14**	**5**	**19**

4.2 The opening Special Expenses Reserves Balance was £83k and following the deficit of £7k for the year less £2.7k released back from ear marked reserves in relation to the Coalville Memorial repairs, this now stands at £80k.

5. CAPITAL

5.1 The Council's capital spending is detailed in Table 5.

TABLE 5	Original Budget	Prior Year c/fwd	In Year			Revised Budget	Provisional	
			Approvals /funding	Slippage	Acceler-ation		Outturn	Variance
Scheme	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
GENERAL FUND								
Disabled Facilities Grants	762	6	(50)	(25)	0	693	693	0
Parks, open spaces and Recreation Grounds	30	0	76	0	0	106	106	0
IT & Software (Inc Finance Review & WIFI)	573	0	(312)	(163)	0	98	68	(30)
Transport Account Vehicles	1,095	734	10	0	154	1,992	1,992	0
Leisure Centres	42	399	0	(399)	0	42	0	(42)
Car Parks (inc Ashby Health)	65	663	(100)	(25)	0	603	526	(77)
Coalville Market Provision	0	11	589	(280)	0	320	320	0
Coalville Park-Reconfigure Depot, replace building	0	104	0	0	0	104	104	0
Swannington Depot Demolition	0	35	0	0	0	35	20	(15)
Various Property Works	570	0	178	(431)	0	317	73	(244)
Marlborough Square	0	0	1,226	(1,226)	0	(0)	0	0
Memorial Clock Tower	0	120	40	(13)	0	147	147	
	3,137	**2,071**	**1,656**	**(2,562)**	**154**	**4,456**	**4,048**	**(408)**
SPECIAL EXPENSES								
Parks, open spaces and Recreation Grounds	50	0	1	0	0	51	51	0
	50	**0**	**1**	**0**	**0**	**51**	**51**	**0**
HOUSING REVENUE ACCOUNT								
Improvements and Modernisation	6,246	730	0	0	0	6,976	4,891	(2,085)
New Build	3,839	1,000	0	0	0	4,839	2,731	(2,108)
	10,085	**1,730**	**0**	**0**	**0**	**11,815**	**7,622**	**(4,193)**
TOTAL CAPITAL PROGRAMME	**13,272**	**3,801**	**1,657**	**(2,562)**	**154**	**16,322**	**11,721**	**(4,601)**

5.2 The General Fund capital budget was underspend by £400k compared to a revised budget of £4.5m. The main reasons for this underspend are:

5.2.1 30k savings for IT & Software as the planned move to a hosted environment for the IDOX Platform was not completed as the works were not deemed value for money;

5.2.2 £42k underspend in relation to the Leisure Services. Two schemes at Hermitage Leisure Centre totalling £32k were below the capital threshold level and the schemes were funded from revenue and there was also a £10k saving at HPLC as the planned replacement of the learner pool boiler was not completed;

5.2.3 £77k underspend in relation to the council's car parks. The capital programme included re-surfacing works for three of the car parks, however the car park condition survey identified that only maintenance was required and this was funded from revenue;

5.2.4 The Swannington Depot demolition was £15k under budget; and

5.2.5 £244k saving in relation to property works, as the planned extension to the Linden Way Depot to allow for 8 wheeler vehicles was no longer required.

5.3 The final Housing Revenue Account capital budget was under spent by £4.2m compared to the total approved budget of £11.8m. The main reasons for this under spend are:

- £2.1m of New Build expenditure has been re-profiled into future years.
- Re-profiling of £2.0m home improvement and non-decency programme into future years.
- Re-profiling of £0.4m for the new housing IT systems into 2019-20
- The £0.3m budgeted contingency funding not being required.

5.4 These underspends were partially offset by accelerating the air source heat pump programme, which increased expenditure by £1.0m.

6. RESERVES

6.1 The council holds reserves that are earmarked for a particular purpose and are set aside in order to meet known or predicted future expenditure in relation to that purpose. The reserves are monitored alongside the budget as part of monthly monitoring.

6.2 As part of the year end close down earmarked reserves are requested by various departments. Requests are either to carry forward existing reserves that remain unspent or to create new reserves from under spends within the current budget year if that under spend is from a budget area that aligns with the purpose of the reserve to be carried forward. These reserves are checked by the Finance team for accuracy before being presented to the S151 Officer for approval under delegated powers.

6.3 Additional requests for the creation of reserves that are not from a specific budget area are presented to Cabinet for approval (such as those detailed in 2.8.2 above).

6.4 Assuming that reserves are utilised in line with the timescales agreed as part of their approval, reserves represent an effective means of utilising surpluses and underspends and ensuring delivery of projects.

6.5 General Fund reserves has risen year on year since as far back as 2013 as a result of in-year underspends and the subsequent allocation of these funds to projects. During this time, there has been limited utilisation of these reserves.

6.6 Best practice indicates that reserves, if set aside for specific purposes, should be spent in accordance with projections. As detailed in paragraph 1.4 above, finance clinics now focus on ensuring that earmarked reserves are expended in a timely manner in line with the purposes in which they have been set aside.

6.7 Earmarked Reserves spent in 2018/19

6.7.1 In 2018/19, £2.8m of £9.7m existing General Fund earmarked reserves were spent, representing the highest level of reserve expenditure since 2015/16.

6.7.2 The Housing Revenue Account spent £252k of £617k of existing earmarked reserves and unutilised reserves have been returned to the HRA general balances as referenced in 3.7 above.

6.8 Amounts approved to be carried forward as Earmarked Reserves

6.8.1 For 2018/19, £8.4m of earmarked reserve requests were received by the Section 151 Officer, compromising of:

- £8.06m General Fund;
- £164k HRA;
- £148k Asset Protection; and
- £24k Special Expenses.

6.8.2 In consultation with the Corporate Portfolio Holder and the Leader, £7.28m of these reserves have been approved as follows:

- £6.96m General Fund;
- £146k HRA;
- £148k Asset Protection; and
- £24k Special Expenses.

6.8.3 A number of existing General Fund reserves were not requested or approved, meaning there is a further £1.1m of reserves held as unallocated (which currently includes £100k for the reserve subject to approval as part of report, referred to in paragraph 2.8.2 above), taking the total General Fund balance of Earmarked Reserves to £8.05m. Please see section 6.9 below.

6.8.4 As a result of greater and more robust challenge on earmarked reserves, the combined level of new reserves approved to be carried forward into 2019/20 is £8.38m. This balance now at its lowest level since 2015/16.

6.9 Unallocated reserves and further proposals for Cabinet approval

6.9.1 At 31 March 2019 unallocated reserves stood at £1.1m. Assuming the proposals detailed in paragraph 2.8.2 above are approved at this meeting, and that Cabinet approved an allocation of £100k to fund professional fees associated with the Belvoir Shopping Centre land disposal at its meeting on 10 June 2019, there remains £0.9m of unallocated reserves.

6.9.2 From this amount, it is proposed that the unallocated reserve is utilised for the following purposes:

6.9.2.1 **Local Centres Frontage Improvement Scheme - £200,000**

This new scheme would be aimed at improving the frontages of commercial properties in the following centres: Castle Donington; Kegworth; Ibstock; and Measham. The scheme will launch towards the end of 2019/20. There is already a Coalville Frontage Improvement Scheme in place that is due to be relaunched in July 2019.

6.9.2.2 **Health and Safety Improvements - £30,000**

This allocation will be used to fund improvements that the Council needs to put in place for health and safety following the recent internal audit report. Further amounts may be required in the future and it is likely that a further request for funding will be presented back to Cabinet later in the 2019/20 financial year.

6.10 **Self-Sufficiency Reserve**

6.10.1 The Self Sufficiency reserve which is a separately maintained reserve is now £4.19m following the transfer of £1.42m of the surplus on the General Fund for 2018/19. This means that there is now a healthy reserve available to manage the future deficit years predicted to arise from 2021 on the General Fund medium term financial plan which total £5.2m to 2024.

6.11 **Other Reserves**

6.11.1 The additional HRA surplus contributed to the Loan Redemption reserve means that the Council now has the full £13m of funds in place to repay maturity loans due for redemption in 2022, well ahead of the anticipated 2020 target date.

6.11.2 Both the General Fund and HRA exceed their agreed minimum level of balances.

6.11.3 Table 6 below summarises the position in respect of earmarked reserves and other reserves held by the council.

Table 6

Reserve	£'m
General Fund Earmarked Reserves	8.05
Special Expenses Earmarked Reserves	0.03
Housing Revenue Account Earmarked Reserves	0.15
Asset Protection Fund	0.15
Other General Fund Reserves	0.53
General Fund General Reserves (agreed minimum balance)	1.54
Self-Sufficiency Reserve (General Fund)	4.19
HRA minimum working balance	1.27
HRA Loan Redemption Reserve	13.00
Special Expenses Reserves	0.08
S106	1.26
Other	0.02
Total Reserves	**30.27**