

RESERVES AND PROVISIONS

	Reason for/purpose	How & when it be used	Management & control	Reviewed	Recommendations
Capital Reserves					
Marsh Capital	The monies held in this reserve came from the proceeds of land sold at Willow Lane on the Marsh, as set out by the Lancaster Corporation Act 1900. The Act determines that the interest generated on this reserve be applied in perpetuity to the payment to the freemen of the City.	Investment interest generated on the reserve is used to make the annual payments to the freemen of the City.	Financial Services	Outturn	Retain.

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Revenue Reserves					
Industrial Aid	This reserve was established to provide economic support to small businesses and organisations within the district.	Financial support in the form of grants is charged to revenue on an annual basis and funded by an appropriation from the reserve. Contributions to the reserve are to be approved by Cabinet.	Economic Development / Financial Services	Budget & Outturn	This reserve has been reclassified as a revenue reserve. The estimated contributions from the reserve will fully utilise the current balance by 2009/10. There are no recommendations to change this position.
Private Housing – Rental Deposits	The reserve has been established as a rental deposit guarantee for private landlords, against tenants who are financially unable to provide such a deposit.	The money is to be applied to fund any necessary repairs upon the vacation of a tenant for whom a guarantee has been provided. Contributions to the reserve are to be approved by Cabinet.	Health & Strategic Housing / Financial Services	Budget & Outturn	In view of previous demand for private landlord repairs, it is recommended that the reserve be maintained at its current level.
Building Regulations	This is a statutory reserve to which the annual surplus or deficit on the Building Control Account is transferred. In addition, the reserve may be used to finance expenditure which will make the Building Control function more efficient.	The surplus or deficit on the Building Control Account is appropriated to/from the reserve at the end of each financial year. In addition, it may be used to finance specific one-off Building Control expenditure, with Head of Financial Services approval (to reflect statutory usage), or with Cabinet approval for recurring items.	Planning & Building Control / Financial Services	Budget & Outturn	No recommendation – level of reserve will influence level of Building Control fees etc., depending on surplus / deficit position.

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City Contract Services	This reserve is maintained to support the trading activities of City Contract Services.	To cover future losses resulting from unforeseen expenditure / loss of income (i.e. not to support additional expenditure generally). Contributions to/from reserve to be approved by Cabinet.	City Contract Services / Financial Services	Budget & Outturn	It is recommended that the level of the reserve should be reviewed following the outcome of the Highways Partnership changes.
Risk Management	The reserve was established to finance any Risk Management initiatives.	Expenditure relating to risk management is charged to revenue and financed by an appropriation from the reserve. Its application must be in line with the Risk Management Policy. Contributions to the reserve are to be approved by Cabinet.	Financial Services	Budget & Outturn	Retain as currently budgeted.
Storm Damage	This reserve was established to cover the cost of any major storm damage repairs.	Storm damage costs are charged to revenue on an annual basis, and an equivalent amount is appropriated from the reserve.	Engineers / Financial Services	Budget & Outturn	At present it is proposed to maintain the reserve at its current level, with no other contributions being made.
Best Centres	The reserve was created from surpluses generated by the Best Centres, and is now maintained to support this activity.	To cover future losses resulting from unforeseen expenditure / loss of income (i.e. not to support additional expenditure generally). Contributions to/from reserve to be approved by Cabinet.	Economic Development / Financial Services	Budget & Outturn	This reserve will be fully utilised in 2005/06.

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Access to Services	To finance transitional costs associated with the Access to Services Review.	Contributions to the reserve to be approved by Cabinet. Use of the reserve to be determined by the Head of Corporate Strategy, following consultation with the Access to Services Board	Information Services / Financial Services	Budget & Outturn	This reserve would be fully utilised by 2007/08, however it is recommended that an additional £250K be added to the reserve in 2005/06.
Job Evaluation	To support development and modelling of pay structures.	Contributions to the reserve to be approved by Cabinet. Use of the reserve to be determined (and agreed) by both the Head of Human Resources & OD and Head of Financial Services	Human Resources / Financial Services	Budget & Outturn and on evaluation of pilots	At present there is a balance of £13K on the reserve, and it is recommended that a further £300K be added in 2005/06 to support the Job Evaluation process and any associated organisational change.
Allotment Improvements	To improve allotments across the district.	Surpluses on the allotments account to be contributed into the reserve on an annual basis and applied as determined by the Environmental Co-Ordinator.	Corporate Strategy / Property Services / Financial Services	Budget & Outturn	Retain as budgeted.
Happy Mount Park Water Feature	Future repair and maintenance.	Savings generated from reduced running costs be set aside for future maintenance requirements.	Leisure Services / Financial Services	Budget & Outturn	Retain as budgeted.

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Maintenance / Renewals					
Commuted Sums	This reserve receives all sums paid to the Council from third parties for the maintenance of open spaces adopted by the City Council. An amount is then transferred to revenue on an annual basis to cover the additional maintenance costs associated with the open space.	Lump sums are credited to revenue and appropriated to the reserve, and an annual contribution is made from the reserve to cover the additional grounds maintenance costs. The value of commuted sums due is to be agreed with Financial Services prior to the development agreement being completed. Budgets to be updated by Financial Services in consultation with CCS as sums received.	City Contract Services / Financial Services	Budget & Outturn	Retain as budgeted.
Graves Maintenance	This reserve holds monies donated to the City Council by individuals, specifically for the maintenance of graves.	The capital sum must be maintained at the original level of contribution, with interest earned being appropriated to revenue to offset maintenance costs.	Health & Strategic Housing / Financial Services	Outturn	Retain as budgeted.

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Engineers – Plant & Equipment	Contributions are made into the reserve in order to provide sufficient monies to renew vehicles or plant.	Contributions are made into the reserve on an annual basis, and transferred to revenue as and when purchases are made. Contributions to the reserve are to be approved by Cabinet.	Engineers / Financial Services	Budget & Outturn	Retain as budgeted.
Leisure / Property Services – Vehicles	Contributions are made into the reserve in order to provide sufficient monies to renew the Courier van and mopeds used for parks patrol, which have a relatively short life span.	Contributions are made into the reserve on an annual basis, and transferred to revenue as and when purchases are made. Contributions to the reserve are to be approved by Cabinet.	City Contract Services / Financial Services	Budget & Outturn	Balance retained to provide funding for any minor plant and vehicle acquisitions.
AONB – Vehicle	Contributions are made into the reserve in order to provide sufficient monies to renew vehicles or plant.	Contributions are made into the reserve on an annual basis, and transferred to revenue as and when purchases are made. Contributions to the reserve are to be approved by Cabinet.	Planning / Financial Services	Budget & Outturn	Retain as budgeted.
SMART Card Replacement	Contributions are made into the reserve in order to provide sufficient monies to renew the SMART Cards.	Contributions are made into the reserve on an annual basis, and transferred to revenue as and when purchases are made. Contributions to the reserve are to be approved by Cabinet.	Engineers/ Financial Services	Budget & Outturn	Retain as budgeted.

Note that the above schedule does not include the budget proposal regarding revenue support for Flood Alleviation Surveys.

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Provisions					
Bad Debts	This provision is used to write off all General Fund bad debts that have been approved.	The provision is funded by an annual contribution based on assessment of the level of debt outstanding.	Financial Services / Debt Management Group	Budget & Outturn	Retain as currently budgeted.
Insurance	The cost of insurance claims, premiums and brokerage are charged to the provision.	Contributions are made to the provision from individual services at a level sufficient to cover the anticipated claims experience and premiums.	Financial Services	Budget & Outturn	Retain as currently budgeted.
Provision for Write-Off / Obsolete Stock	The provision provides for obsolete stock or stock that has reduced in value.	The stock is valued as part of the closure of accounts process and adjustments made as appropriate.	City Contract Services / Financial Services	Outturn	Retain as currently budgeted.
Derelict Land Grant	This provision covers the cost of anticipated grant clawback in respect of land sales, previously financed from grant.	The provision currently holds monies due to be paid back to English Partnerships.	Financial Services	Outturn	Provision to be deleted as and when the final payment has been made.