



<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE</b>
<b>TO:</b>	<b>FINANCE COUNCIL</b>
<b>DATE:</b>	<b>1<sup>st</sup> March 2021</b>

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**SUBJECT: The Robustness of the 2021/22 Budget and the Recommended Level of Reserves**

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## **1. PURPOSE OF THE REPORT**

Section 25 of the Local Government Act 2003 places a statutory requirement on the Council's Chief Financial Officer to report on:

- a) the robustness of the estimates within the overall budget, and
- b) the adequacy of the proposed level of financial reserves

In setting the Budget for 2021/22, Council is required to have regard to this report when making its budget decisions.

## **2. RECOMMENDATIONS**

An overall assessment of the proposed 2021/22 budget, and the assumptions on which this is based, including assumptions regarding demand for services, cost pressures, income collection, inflation and the ongoing Covid-19 pandemic, has identified that whilst there are risks, the overall budget provisions for the year are considered sufficient to meet the Council's legal responsibilities and obligations.

A review of risks, mitigations and contingencies has also been undertaken alongside the review of reserves and provisions.

Finance Council is recommended to consider the assessment by the Director of Finance of;

- the robustness of the Revenue Budget and Capital Programme for 2021/22 (as outlined in the report of the Executive Member for Finance and Governance) and
- the adequacy and recommended level of proposed financial reserves (detailed in **Section 5.2** below).

## **3. RATIONALE**

The information provided below is to assist Members in their review of the overall Revenue Budget and Capital Programme, and to provide assurance to them that financial advice has been provided throughout the budget setting process.

## **4. POLICY IMPLICATIONS**

The Budget Strategy reflects the corporate priorities of the Council and policy requirements at both a corporate and departmental level.

## **5. FINANCIAL IMPLICATIONS**

### **5.1 Robustness of the 2021/22 Budget**

#### **5.1.1. Budget Strategy**

The Council's overall framework for its medium term budget is contained within the Medium Term Financial Strategy (MTFS).

Development of the medium term strategy has been frustrated, as due to the pressures of the pandemic, little movement has been made by the Government to progress their intention to significantly change the way in which Councils are funded. Once again, local government has only been provided with a one year settlement for 2021/22, with significant uncertainty regarding the income streams in future years.

Although the Government announced back in 2017/18 that consultations would be undertaken to progress local government funding reform, these have been slow to advance. The areas they have specifically stated will be subject to consultation and review include;

- a Fair Funding Review – resulting in the redistribution of funding across local government
- a review of a future Business Rates Retention mechanism
- a review of the provision and funding of Social Care

To date, all of these reviews remain outstanding.

As such, whilst the MTFS would normally cover the 3 year period beyond the end of the budget year, i.e. providing a strategy through to 2024/25, as for the MTFS reports presented to Finance Council since 2017, this MTFS is limited to 2 rather than 3 additional years, i.e. to 2023/24, given the lack of certainty over future funding and funding mechanisms; we must now wait until clarity is provided on the changes to the funding framework in order to provide more meaningful forecasts.

The strategy presented reflects Council-wide involvement across the portfolios and departments from both Members and Officers, as it is based on an integrated approach to the preparation of capital and revenue plans and the associated strategies of managing risk and maintaining effective internal control; this approach ensures strong financial management and governance.

#### **5.1.2 Budget and Tax Setting Process**

The annual budget preparation and tax setting process involves the development of robust medium term revenue forecasts and capital plans. In any financial year, the level of Government funding, additional cost pressures (including inflation, service specific

pressures and areas of investment and growth), together with an increasing demand for services, necessitates a re-appraisal of service delivery and identification of efficiency savings to address any funding shortfall in order to deliver a balanced budget. The Budget Strategy and proposals submitted have been formulated to reflect these issues. This year we also have to consider the ongoing response to and future recovery from the effects of the Covid-19 pandemic.

Throughout the formulation of the Budget Strategy, Portfolio Executive Members have been advised by the Chief Executive and Directors in relation to the operational requirements around policy and legislative initiatives. Likewise, the Director of Finance and senior finance representatives have advised on financial implications, and provided comprehensive input to demonstrate financial viability throughout the process. In doing so, and to ensure the robustness of the budget and the budget setting process, we have been mindful of;

- Availability of reliable information;
  - we have sought to ensure that the budget is based on the most up-to-date and realistic assumptions (for example Government and Bank of England forecasts for pay and price increases and interest rate movements);
  - we have incorporated information provided by Government on funding, as detailed within the one-year, 2021/22 Final Local Government Finance Settlement, which was laid before Parliament on 10<sup>th</sup> February 2021;
  - we have utilised demographic and trend data to project future levels of demand, given that demand in respect of adult social care and children's services are the biggest cost pressures and present the greatest financial risk to the Council at present;
  - we have reviewed and realigned portfolio budgets at the lowest transactional level within overall portfolio cash limits, to reflect changes over time to ensure budgets are broadly in line with current levels of income and expenditure;
  - we have considered the financial consequences of the ongoing Covid-19 pandemic and the additional funding currently made available by government.
  
- Council's guidance and strategy;
  - the Council's Constitution which contains a clear Budget and Policy framework
  - the Council's Budget Strategy and approach to budget setting which is clearly defined and communicated
  - consultation with residents, partners and businesses within the Borough and targeted engagement with service users. Over the year this has included consultation on;
    - support for community resilience activities and feedback on the Help Hub and feedback on our 'Picture This' communications campaign;
    - a Staff Security Awareness Questionnaire;
    - a National Highways and Transport Survey;
    - a Waste and Recycling Customer Panel Survey and
    - the Local Plan - Residents Survey
  
- Corporate approach and integration;
  - service departments have identified budget pressures and risks throughout the course of the year, not only in relation to their continued response to Covid-19 in 2021/22 and beyond, but also in respect of delivering their 'business as usual' service plans. These have been developed throughout the course of 2020/21 in readiness for 2021/22, with regular monitoring and progress

reporting by Officers at Management Board, and at Policy Development Sessions (PDS) with Portfolio Executive Members

- the system of controllable budgets for each Portfolio provides a transparent and accountable arrangement to budget setting; consideration is given to both service specific and corporate cost pressures when determining the allocated cash limit and each Portfolio is required to formulate a strategy to deliver savings and ensure a balanced budget
  - the Council continues to closely monitor and instigate early action to meet both its immediate and medium term financial challenges. This method has been effective in providing a level of resilience to address the Government's funding reductions over the period to date. Despite the redirection of resources and efforts to focus on the council's response to the pandemic, the approach has been no different in addressing the forecast budget gap for 2021/22 of £2.784 million that was presented to Finance Council in February 2020; through a combination of increases in income and cost reductions, that are contained within the proposals presented to Finance Council tonight, the forecast gap has been closed.
- Flexibility;
    - mechanisms to review options for service delivery are linked into the budget process
    - flexibility to free up resources to deliver service improvement and to deliver the Council's priorities
    - flexibility in budget management as included within the Council's Constitution

### **5.1.3 Capital Programme**

Affordability of capital expenditure plans is important in determining the overall robustness of the budget and adequacy of reserves to deal with potential variations.

The proposed Capital Programme for 2021 to 2024 of £38.797 million is included within the report from the Executive Member for Finance and Governance. This predominantly comprises of existing commitments including investment in:

- our local transport plan
- aids and adaptations through provision of disabled facilities grants
- regeneration of the borough, including our scheme at Blakey Moor to enhance the town centre in Blackburn and support the improvement of leisure facilities and a night time economy and Blackburn town centre redevelopment of the former Thwaites site
- facilitating housing and business growth
- support of continued investment in IT services to underpin our 'digital first' approach to delivering efficiencies and in turn, cash savings
- support of our accommodation review which again will drive efficiencies and savings through rationalisation and a more cost effective use of space.
- the existing schemes within the schools capital programme and creation of additional school places required within the Borough

Allocations are included for potential investment in existing assets.

Before projects are allocated funding however, they are subject to a rigorous business case approval process and detailed Member reports are produced in line with the Council's financial procedures as required.

These schemes will require strong project management and effective monitoring to ensure they are achieved on time and within budget. Failure to deliver against budget on such large schemes could lead to potential overspends which could impact on the overall future capital programme, as additional costs could put pressure on the funding available for delivery of other schemes within the programme. To mitigate this risk, sound systems of internal control are in place with project boards established to provide the necessary governance structure, ensuring appropriate and timely reporting mechanisms.

#### **5.1.4 In year financial Monitoring Process**

The Council continuously seeks to strengthen its financial processes and controls. This approach, combined with existing effective arrangements, will provide a strong foundation enabling Members and Officers to continue to deliver the demanding targets and plans set within the Budget Strategy and the challenges identified for future years. In any budget however there are likely to be risks. In year financial monitoring processes are in place to mitigate these;

- overall budget monitoring takes place throughout the year at both Portfolio and Executive Board level to identify potential areas of pressure and to develop and implement corrective action. This in itself provides a strong control environment and is commensurate with sound corporate governance.
- at the Management Board meetings, the Chief Executive and Directors review the Councils' overall financial position alongside progress made in delivering savings, identification of new and emerging financial pressures, as well as considering the impact of changes in the local government financial landscape
- the Policy & Corporate Resources Overview & Scrutiny Committee meets regularly with the Executive Member for Finance and Governance, along with the Director of Finance, to review the Council's budget position and to challenge delivery and performance across the portfolio and corporate budgets.
- other specific Boards and Groups such as the Growth Board, the Modern Working Design Authority, the Children's Corporate Support & Challenge Board and the Treasury Management Group, who each meet regularly to oversee the activities within their specific remit.
- the financial model that underpins the MTFS is subject to continuous review throughout the year to enhance forward planning, policy prioritisation, resource allocation and assess opportunities to invest in achieving future efficiency savings. The assumptions, variables and information within the model are regularly updated to ascertain the impact of known changes (e.g. legislative changes such as the National Living Wage), potential changes (such as adjustments to government funding and precept levels), and also for the refinement of variables (such as inflation, interest rates and employers pension rates) in light of emerging information.
- the Council adopts a risk based approach to financial management which provides added value to the governance process and identifies risks associated with both the revenue and capital programme. The provision of sufficient levels of Unallocated

Reserves, and for specific contingencies within the budget, mitigates against the financial risks from unforeseen financial issues so that these can be addressed in a responsive and controlled manner. As part of its approach to risk management the Council also makes provision for Earmarked Reserves, i.e. funding reserved to address specific future needs.

### 5.1.5 Risk

Ultimately the robustness of the budget is dependent on the strength of the arrangements in place to deliver the component parts and to manage the associated risks of these.

It must be recognised that given:

1. the significant reduction in resources over the past decade of austerity, and the resulting contraction and reconfiguration of the organisation and its services, together with
2. the public health, social, economic and financial impact of the global Covid-19 pandemic, both now and in the future,

the Council faces significant risks which impact upon the financial estimates included in this budget.

These risks, many of which have been exacerbated by the effects of the Covid-19 pandemic, include:

- potential increase in demand for services from residents, particularly social care services for the most vulnerable, which have been exacerbated by reductions in public sector expenditure in other areas such as the NHS and as a result of Welfare Reform,
- the ability to raise and collect revenue from taxes (both Business Rates and Council Tax), and from sales, fees and charges
- increases in the number of residents claiming Council Tax Support
- under-achievement against income targets given the exposure to external factors, principally stemming from the Covid-19 crisis, the impact of any resulting economic downturn and in any resulting change in consumer demand
- changes in statutory and legislative requirements, including employment law
- changes by government in funding
- contractual obligations
- the challenging timescales in which to deliver the reductions required
- potential loss of skilled and experienced staff
- the development of free schools and academies and further education reforms

Whilst the 4 year settlement, which covered the period 2016/17 to 2019/20, provided some stability to assist in financial planning, uncertainty has prevailed since 2020/21 with regards to the Government's plans for, and impact of;

- the development and implementation of a Business Rates Retention Scheme,
- the development and implementation of a new Fair Funding formula,
- the future of Government grant funding including Public Health Grant, Improved Better Care Fund and Social Care Grant
- plans for integration of the NHS and adult social care

- the impact of Brexit, including the potential change to former EU funding streams linked to the government's 'levelling up' agenda and proposed future shared prosperity funds
- devolution and potential local government reorganisation

The fact we have only received a one year settlement has exacerbated the uncertainty and the risk in our financial planning beyond 2021/22, and indeed in the absence of any figures, assumptions or framework, it has been almost impossible to prepare a credible financial strategy for the medium term with any degree of confidence in the underlying assumptions.

However, the approaches outlined in this paper in relation to risk management, scrutiny, continuous monitoring of both the current and forecast financial position, as well as regular modelling through the MTFS of the financial impact of changes in the external environment, should mitigate these risks; by identifying the risks and providing an assessment of exposure, magnitude and potential financial impact, plans can be developed and implemented to address them. Therefore this Budget Strategy, whilst undoubtedly challenging, is achievable with strong project and risk management and with effective financial control.

## **5.2 Adequacy of Proposed Financial Reserves**

Reserves are an essential part of good financial management; they help the Council to cope with unpredictable financial pressures, help to smooth the impact of known spending requirements over time and help to fund any in-year overspends.

There is no set formula for deciding an appropriate, or required, level of reserves and every Council is free to determine the level they hold; holding a low level of reserves offers little resilience to financial shocks and sustained financial challenges, however if reserves are too high, there may be opportunity costs of holding these, resulting in a lack of investment in services that could provide better outcomes for residents, and/or increased savings, and/or revenue generation.

The diminishing level of reserves, and the risks associated with this, have been widely reported across the Council over the past few years, a position that has arisen due to the ongoing impact of the Government's austerity programme since 2010/11. As funding levels have continued to reduce, the Council has had to utilise reserves to cover any shortfalls in-year to bridge the gap whilst cost and service reductions have been implemented to address the imbalance.

This position was clear in the recent publication of the CIPFA (Chartered Institute of Public Finance and Accountancy) Resilience Indicators, released on 19<sup>th</sup> February 2021. These indicators aim to show the level of financial resilience of each local authority across England, of which several of the measures relate to the level of reserves. As at 31<sup>st</sup> March 2020, when compared to all other 55 Unitary Authorities, Blackburn with Darwen had the 13<sup>th</sup> lowest level of reserves as a percentage net of revenue expenditure. Whilst this is an improvement in the ranking, compared to 5<sup>th</sup> position in the figures published in the previous year, these are still low compared to most other authorities delivering the same services. Reductions in funding, coupled with rising demand for services due to high levels of deprivation, have meant that reserves have been utilised in order to deliver services.

As such the level, purpose and planned use of reserves has been considered very carefully in developing the MTFs and the annual budget, however the conclusion reached is that the additional funding provided in 2020/21 and Government's ongoing support to assist in meeting the costs and losses of income due to Covid-19, gives reassurance that the authority will be able to maintain its reserves going forward. In addition, the Government's repeated commitments to implementing a Fair Funding formula, a new Business Rates Retention system, to review the provision and funding of social care, and importantly for Blackburn with Darwen, to ensure a 'levelling up' across the country for future years, also provides some comfort that the pressures on reserves that have been felt over the last 10 years will ease.

### **5.2.1 Unallocated Reserve**

A General or Unallocated Reserve has been established within the budget to provide a contingency to cushion the impact of unexpected events or emergencies and to meet potential, future liabilities.

The calculation to support the 2021/22 budget is detailed at **Appendix A**. This is based on a framework that has been developed to identify areas of risk, an estimate of their financial value and an assessed level of that risk coming to fruition. This process produces a value from which a risk assessed, minimum level of Unallocated Reserves can be determined. The calculation also allows for a further escalation of the current pressures on the Council's finances e.g. from additional costs and income losses in respect of Covid-19, both in the short and medium term, pressures in demand for social care, above and beyond those included within the portfolio cash limited budgets, and those included within Earmarked Reserves, e.g. the Earmarked Demand Reserve.

The sensitivity and risk analysis undertaken has identified that the minimum level of General Reserves required should be increased from the current level of **£4.0million to £6.0million**, to provide financial resilience in the event of unexpected spending pressures, particularly in light of the unknown financial consequences of Covid-19.

### **5.2.2 Earmarked Reserves and Provisions**

Earmarked Reserves are established to meet known or expected future liabilities where it is difficult to be specific about the exact financial amount of liability.

There are several categories of Earmarked reserves that the Council holds;

- sums set aside for specific significant schemes or projects such as the revenue costs of implementation of the digital programme and those to support business growth
- reserves to fund the cost of workforce reviews, reorganisation and the part year effect of delivering savings
- reserves specifically retained for service departments for example the Future Demand Reserve in respect of adult social care and children's services
- School balances

In 2021/22 we have introduced a further category of Earmarked reserves to hold the Government funding provided in both 2020/21 and 2021/22 to assist in addressing the additional costs and losses of income incurred in responding to the current and ongoing pressures of Covid-19, including planning for eventual recovery for our residents, communities and economy in the coming years; these reserves will be drawn down, as

required, to meet the ongoing direct and indirect costs of the pandemic over the short and medium term.

The current forecast for Earmarked reserves at 31<sup>st</sup> March 2021 comprises;

£36.325 million - total reserves of Council Use

£9.448 million – Other reserves (including Schools)

A full breakdown of the Earmarked Reserves is attached at **Appendix B**

A review of the Earmarked Reserves held by the Council has also been undertaken to establish the purpose of the reserves and the likely timescale for their use.

## **6. LEGAL IMPLICATIONS**

This report is a requirement under Section 25 of the Local Government Act 2003.

## **7. RESOURCE IMPLICATIONS**

There are no resource implications as a direct consequence of this report

## **8. EQUALITY IMPLICATIONS**

There are no equality implications as a direct consequence of this report

## **9. CONSULTATIONS**

None applicable to this report

Contact Officer: Louise Mattinson, Director of Finance

Date: 1<sup>st</sup> March 2021

Background Papers: Budget Papers elsewhere on this agenda

## GENERAL FUND UNALLOCATED RESERVES

General reserves are available to assist as working balances to help cushion the impact of uneven cash flows, and as a contingency against unexpected events or emergencies. They can also serve to provide short term funding in advance of funding allocations. The table below identifies a number of issues that pose risks against the budget. These figures have then been scaled back by a factor of 50% as it is unlikely that all these events would occur, or indeed happen at the same time.

<u>Risk Event</u>	<u>£ 000's</u>
<p><b>General budget risks</b></p> <ul style="list-style-type: none"> <li>• Demand pressures – significant parts of the Council's budget, particularly in Adults and Children's Social Care, are 'demand led' and can create significant demands for increased expenditure during the year</li> <li>• Overspend of budgets within service areas</li> <li>• Service specific cost increases e.g. large scale increases in gas and electricity, waste disposal, social care</li> <li>• Inflationary increases above those forecast which may arise due to the uncertainty of Brexit</li> <li>• Inflation cannot be contained within existing budgets</li> </ul>	3,000
<p><b>Savings</b></p> <p>Whilst the Council holds a 'Savings - Part Year Effect Reserve' to mitigate against the adverse financial impact arising from potential slippage in the delivery of any required savings programmes, and monitors and manages achievement of the these programmes through budget management at Director, Executive Member and Executive Board level, non-delivery or significant slippage presents a risk</p>	1,250
<p><b>Risk of reduced revenues from rents, fees and charges</b></p> <p>In addressing the reductions in funding, the Council has sought to maximise all available income streams to reduce the budget gap. Given the economic climate and residents and/or businesses may choose not to use council income generating services, along with the risk that as schools convert to Academies they will not require support from the Council, income streams could be at risk.</p>	500
<p><b>Interest rates</b></p> <p>Although interest rates have been historically low for several years, the difficulties in the global economy expose the UK to potential, but unexpected, interest rate changes. As such there is a risk that in relation to borrowing, rates are understated and interest receivable estimates are overstated.</p>	100
<p><b>Emergencies</b></p> <p>The Council is required to maintain provision to meet the cost of emergencies that cannot be met from budgets or by insurance cover. Significant costs on emergencies are met by Central Government under the "Bellwin" scheme but these are only triggered once the Council's expenditure has exceeded a pre-determined limit (0.1% of the revenue budget). Only 85% of the costs above this limit are then covered.</p>	250

<u>Risk Event</u>	<u>£ 000's</u>
<p><b>Contingent liabilities</b></p> <p>The Council does not maintain a 'general' contingency within its revenue budget but relies on in-year savings and balances to meet any unexpected demands. Unexpected demands, particularly those that result from a legal decision, a change in government legislation or a determination in government legislation, could present a risk to the Council's finances.</p>	1,500
<p><b>Welfare Reform and Universal Credit</b></p> <p>The impact of the changes on the Council's financial position are difficult to predict and therefore as the reforms and changes are rolled out, there is a risk of increase in demand for services from those hardest hit financially. The Council may well feel further impact from the Universal Credit reforms, as the number in receipt of this benefit is expected to increase over time, not just in line with the flow of residents moving on to UC from other legacy benefits, but due to the increase in the number of residents claiming UC as the economy recovers from the pandemic.</p>	500
<p><b>Litigation Claims</b></p> <p>As the Council faces reductions in resources for future provision of services there is an increased risk of litigation, albeit that robust risk assessment procedures and sufficient insurance policies are in place.</p>	400
<p><b>Risk of Business Rates and Council Tax collection shortfalls</b></p> <p>The risk of a reduction in collection rates;</p> <ul style="list-style-type: none"> <li>• in Business Rates - due to outstanding and potential future rating appeals and due to the economic climate</li> <li>• in Council Tax – due to the economic climate and the impact of Universal Credit on claimants who may not as readily claim Council Tax Support, as the usual referral route to this, i.e. through Housing Benefit claims, is no longer applicable to this group of individuals</li> </ul>	500
<p><b>Impact of Covid-19</b></p> <p>Additional costs, income losses and increases in demand for services over the short to medium term – financial risks may emanate from a further spike, if vaccinations are unable to address mutations in the virus and the current epidemic continues, the unknown impacts of long-Covid.</p>	4,000
<b>SUBTOTAL</b>	<b>12,000</b>
Adjustment to reflect the unlikely probability that all of these events take place simultaneously (50% likelihood)	- 6,000
<b>Recommended minimum level of Balances</b>	<b>6,000</b>

	<b>2021/22</b> <b>£'000</b>	<b>2022/23</b> <b>£'000</b>	<b>2023/24</b> <b>£'000</b>
<b>Projected level of balances at start of each year</b>	8,042	*8,094	*8,094
Budget proposals – contributions from (-) or to (+) balances	52	0	0
<b>Balances estimated at end of each year</b>	8,094	*8,094	*8,094

\* as noted in Appendix D of the Revenue Budget 2021/22, Medium Term Financial Strategy and Capital Programme 2021-2024 Report, the budget gaps of £5.6m in 2022/23 and £8.3m in

*2023/24 do not reflect the impact the Government's intention to change how local government is funded, and the distribution of this funding, specifically, Business Rates Retention and the future tariff and top-up system, the implementation of the Fair Funding Review, the future funding of adult social care and the potential integration of social care with health. Nor do they include any resultant savings required to ensure expenditure is commensurate with the funding available to the Council.*

*Until more detail is available on these proposals, and until this can be modelled to ascertain the impact on Blackburn with Darwen Borough Council, income and expenditure streams included in the MTFS are based on the best information available, and on a suite of conservative assumptions; it is assumed that any short term shortfalls will be addressed through the application of both ear-marked reserves and through the unallocated, general reserve, the allocation of which will be determined over the course of 2021/22 and will be reported to Council.*

## APPENDIX B

### EARMARKED RESERVES

The Council has a number of reserves which have been earmarked for specific purposes. These reserves are listed below, together with the purpose of the reserve and the amounts.

Name	Purpose	Balances estimated at 31 March 2021 £ 000's	Budget proposals – contributions from (-) or to (+) reserves £ 000's	Balances estimated at 31 Mar 2022 £ 000's
<b>Reserves held for discretionary use by the Council</b>				
Specific project/ expenditure reserves	Revenue savings that have been earmarked for specific projects or purposes in future years	10,700	2,126	12,826
Business Rates Section 31 Grant	Compensation for lost Business Rates income	8,413	(8,413)	0
Covid-19 Grant	Support for the additional costs / loss of income due to the pandemic	8,354	5,125	13,479
Support for Future Redundancy Costs	This reserve is to support future remodelling of services	279	0	279
Part Year Effect of Future Savings Plans	This reserve is to support the delivery of future budget reductions	2,187	0	2,187
Support for Future Cost Pressures	This reserve is to support unexpected cost pressures and/or income losses	1,000	0	1,000
Digital Programme	This reserve is to meet the costs and requirements of the Digital Programme	868	0	868
<b>Reserves held for specified (non-discretionary) purposes</b>		<b>31,801</b>	<b>(1,162)</b>	<b>30,639</b>
Maintenance of Wainwright Bridge	This reserve is the result of a contribution from Network Rail as maintenance of the Wainwright Bridge is the responsibility of the Council – the reserve will support the costs of once ongoing maintenance liabilities as they arise	268	(240)	28
Maintenance of Witton Park 3G Pitches	The reserve has been set aside as a result of conditions imposed by the grant funding body in respect of the associated capital scheme	75	50	125
Leisure Equipment	The reserve has been set aside to fund future equipment maintenance	30	30	60
S106 income (under the 1990 Town and Country Planning Act)	Developers' contributions to be applied to enhance or maintain infrastructure and facilities	3,163	(3,141)	22
Highways Claims	This reserve is required to support anticipated future highway claims in respect of current and previous years	300	0	300

<b>Name</b>	<b>Purpose</b>	<b>Balances estimated at 31 March 2021</b>	<b>Budget proposals – contributions from (-) or to (+) reserves</b>	<b>Balances estimated at 31 Mar 2022</b>
		<b>£ 000's</b>	<b>£ 000's</b>	<b>£ 000's</b>
Contingent liabilities – MMI scheme of arrangement	Following the liquidation of Municipal Mutual Insurance (MMI) in 1992, the Council will be liable for a share of claim liabilities in the event of an insolvent run-off.	250	0	250
Landfill Sites Remediation Costs	This reserve was established using funds from a former provision in order to supplement ongoing capital expenditure resources	400	0	400
Arts Acquisition Fund	This fund was established so that new pieces of art can be purchased as and when they become available	17	0	17
Winifred Ferrier Bequest	The money was bequeathed to the Council to enable the purchase and exhibiting of items associated with the life of Kathleen Ferrier	21	0	21
<b>TOTAL RESERVES FOR COUNCIL USE</b>		<b>36,325</b>	<b>(4,463)</b>	<b>31,862</b>
<b>Reserves held in respect of joint arrangements and charitable bodies</b>				
Darwen Market Traders	Funds held by the Council on behalf of Darwen Market Traders' Association	2	0	2
Joint Building Control Account	Accumulated surpluses in relation to the Joint Building Control agreement	131	0	131
Turton Tower Charity	Funds held by the Council in its role as trustee for the charity	66	0	66
Local Safeguarding Children's Board Fund	This fund was established from specific contributions to be used to support the LSCB	135	0	135
<b>Reserves held in relation to schools</b>				
Dedicated Schools Grant - surplus	DSG received but not yet deployed to meet eligible expenditure	3,840	0	3,840
LMS Schools balances	Funds held by schools under a scheme of delegation	*5,274	0	*5,274
<b>TOTAL OTHER RESERVES</b>		<b>9,448</b>	<b>0</b>	<b>9,448</b>

\*use of reserves to be determined through the Schools' Forum