

RESERVES, BALANCES AND PROVISIONS

Introduction

1. This report provides information on the estimated level of reserves, balances and provisions currently held and explains how some of these will be applied over the next three years to help support the revenue budget and capital programme.

NATIONAL GUIDANCE

2. In July 2014, CIPFA issued updated guidance on the establishment and maintenance of local authority reserves and balances, setting out the key factors that should be taken in account locally in making an assessment of the appropriate level of reserves and balances to be held.
3. In the written statement that accompanied the Provisional Police Grant report on 19th December 2017 the Minister stated '*You may be aware that police reserves currently stand at around £1.6bn, which compares to £1.4bn in 2011. We will be changing guidance to PCCs to ensure that police officers and the public have access to more detailed information on how PCCs intend to use this public money.*' This report complies with the new Ministerial requirement.

GENERAL REVENUE BALANCES

Background

4. In order to assess the adequacy of unallocated general reserves (otherwise known as general balances) when setting the budget the PCC, on the advice of the two chief finance officers, should take account of the strategic, operational and financial risks facing the authority. This assessment of risk should include external risks, such as flooding, as well as internal risks, for example the ability to deliver planned efficiency savings.
5. Table 1 examines how Thames Valley Police (TVP) currently complies with the 7 key CIPFA principles to assess the adequacy of reserves.

Table 1: Compliance with the 7 key principles

Budget assumptions	Current situation in Thames Valley
The treatment of inflation and interest rates	TVP makes full and appropriate provision for pay and price rises. We have provided for future pay awards at 2% per annum and general inflation is linked to CPI. An informed assessment is made of interest rate movements. All individual expenditure and income heads in the revenue budget are prepared and published at estimated outturn prices.
Estimates of the level and timing of capital receipts	TVP makes a prudent assumption of future capital receipts. Attached at Appendix 3 is a schedule of planned receipts over the next 3 financial years
The treatment of demand led pressures	The Force is required to operate and manage within its annual budget allocation. The Chief Constable retains 2 central reserves to help finance large scale or corporate

	<p>operations or issues. These are the 'Major Operations Reserve' and the 'Tasking Fund Reserve'. In addition the CCMT also holds a small reserve to deal with day to day changes in demand and pressure.</p> <p>The Force has been able to accommodate the additional costs arising from the various major incidents over the last 10 years without asking the PCC for additional reserve funding.</p> <p>The Force has already identified £12.8m of cash savings which will be removed from the budget over the next three years (2018/19 to 2020/21). This is over and above the £99m of cash savings that have been removed from the base budget in the last seven years (i.e. 2011/12 to 2017/18). This cumulative level of budget reduction (at least £112m) will inevitably mean that operational budgets will come under even greater pressure and/or risk of overspending in future years.</p> <p>Some government grants (e.g. DSP) are announced annually in advance and are cash limited. Any new policing pressures arising during the year will have to be funded from TVP's own resources.</p> <p>TVP has created a number of earmarked revenue reserves to help finance specific, ad-hoc, expenditure commitments. Appropriations are made to and from these reserves on an annual basis, as required.</p> <p>Finally, general balances are used as a last resort to manage and fund demand-led spending pressures.</p>
<p>The treatment of planned efficiency savings/productivity gains</p>	<p>The Force has consistently achieved its annual efficiency target.</p> <p>Although the £10.5m of planned productivity strategy savings removed from the budget in 2017/18 will not be fully achieved in-year, expectations are that they will be delivered in 2018/19, The MTFP has been updated accordingly. Savings elsewhere in the revenue budget have been identified to cover any shortfall and an underspend is forecast.</p> <p>As explained above, over £99m of cash savings has already been taken out of the base budget with a further £12.8m required over the next three years.</p>
<p>The financial risks inherent in any significant new funding partnerships, collaboration, major outsourcing arrangements or major capital developments</p>	<p>The financial consequences of partnership collaboration working, outsourcing arrangements or capital investment are reported to the PCC as part of the medium term planning process. Where relevant, any additional costs are incorporated in the annual revenue budget and/or capital programme.</p>

	<p>As explained in the separate report on the Medium Term Capital Plan a new Optimisation Bias Reserve is being created which will hold sufficient funds to mitigate against cost and time over-runs for major capital investment projects. The value of this fund will be reassessed on a regular basis to ensure it remains at an appropriate level for the size, scale and complexity of the approved capital programme.</p> <p>There is clearly a risk that local authority partners will continue to withdraw funding as their own budgets are squeezed, or that the continued financial viability of private sector commercial partners will be exposed to risk in the face of an economic recession.</p>
<p>The availability of reserves, government grants and other funds to deal with major contingencies and the adequacy of provisions</p>	<p>TVP has created a number of earmarked revenue reserves and provisions to meet specific expenditure items. These are referred to in more detail below.</p> <p>TVP maintains an insurance provision; the adequacy of which is determined annually by a firm of qualified insurance actuaries.</p> <p>The access criteria for special grants state that PCCs may be required to fund up to 1% of their net budget requirement themselves before Government considers grant aid. This applies on an annual basis.</p>
<p>The general financial climate to which the authority is subject.</p>	<p>On 19th December 2017 the Home secretary announce that core police grants would be maintained at the same cash level as in 2017/18 and that PCCs would be allowed to increase their council tax precept by up to £12 a year for a band D property. Subject to meeting national targets on efficiency and productivity the same funding settlement will also apply in 2019/20. .</p> <p>General inflation in the UK is higher than in recent years. CPI is currently 2.8% (Nov 2017). RPI is slightly higher at 3.9%.</p> <p>The 2017 police officer pay settlement included a non-consolidated 1% bonus. This cost £0.9m in 2017/18. The full year effect in 2018/19 is £0.65m.</p> <p>Base rate was increased for the first time in over a decade in November, raising it from 0.25% to 0.5%. The Governor of the Bank of England has indicated that any future increases will be minimal and gradual.</p> <p>The 3 year medium term financial plan reflects our local 'best estimate' of future inflation rates and increases in government grants and contributions.</p>

6. General balances are required to cover financial risks and uncertainties such:
- unforeseen emergencies, such as a terrorist incident or major investigation;
 - changes in the demand for policing;
 - managing the timing of making savings;
 - costs of national programmes; and
 - uneven cashflows
7. Home Office special grant rules require us to fund the first 1% of net revenue expenditure for each incident before we can submit a claim for financial assistance. As such, in an organisation the size of Thames Valley, with a net budget in excess of £405m, the current policy is to maintain general balances around a guideline level of 3% of annual net revenue expenditure budget, with an absolute minimum level of 2.5%. This is felt to be an appropriate percentage and cash sum.
8. The current and forecast level of general balances is set out in Table 2 below.

Table 2: Predicted level of general balances

	£m	% of 2018/19 Net Budget
Balance as at 31 March 2017	18.091	4.46%
Adjustment for late notification of c/tax changes	0.039	
Additional bank holidays	- 0.215	
Forecast revenue underspend 2017/18	0.455	
Forecast balance as at 31 March 2018	18.370	4.52%
Adjustment for late notification of c/tax changes	0.147	
Fewer bank holidays	0.215	
Fund police officer non-consolidated pay award	- 0.650	
Forecast balance as at 31 March 2019	18.082	4.45%
Forecast balance as at 31 March 2020	18.082	4.45%
Forecast balance as at 31 March 2021	18.082	4.45%

Commentary of the Table

9. The current forecast level of general balances at 31 March 2018 is £18.370m which equates to 4.52% of the net revenue budget requirement in 2018/19. There are proposals to use some of this money in 2018/19 to help fund one-off costs (e.g. the non-consolidated pay award) but the overall level remains above the agreed 3%. This is a healthy position to be given the planned reduction in earmarked reserves and the very difficult operational environment that the force continues to operate in.

Risk and Sensitivity Analysis

10. Attached at Appendix 1 is the Risk and Sensitivity Assessment for General Balances for 2018/19. This provides the PCC with more accurate, timely and risk based information on the type of issues that may have significant potential implications for the level of general reserves held, both now and in the near future.
11. The Appendix has been produced in accordance with the Force Risk Model and scores the likelihood of each risk occurring, and the impact that it would have on the level of general balances currently held, on a scale of 1-5 (with 5 being 'high risk' / 'high impact', respectively). The two scores are then multiplied to provide an

aggregate risk score. The risks in the Appendix are ranked in order, with high risk, high impact issues being shown at the top of the list.

12. The two biggest risks are (1) that the additional costs of one-off operational incidents or in-year emergencies cannot be contained within budget or be fully grant funded by Government and (2) that the Force fails to contain expenditure within agreed annual budget limits, including unfunded national pay increases.

EARMARKED REVENUE RESERVES

13. The predicted position at 31 March 2018 for each earmarked revenue reserve - which has a specific purpose and particular timescale for its expenditure - is shown in Table 3 below.
14. The predicted annual movement in each reserve over the next 4 years (including 2017/18) is shown in Appendix 2. This shows that by the end of 2020/21 the overall level of earmarked reserves will be £14.3m, including £2.1m in the Conditional Funding Reserve and the SEROCU which are not available to help with general operational policing.

Table 3: Earmarked reserves

Reserve	Balance at 1 April 2017 £m	Predicted Movement in year £m	Forecast Balance 31.3.18 £m	Purpose of Reserve
Risk management reserve	0.461	- 0.368	0.093	To help 'pump prime' future risk management or carbon reduction initiatives.
Transport reserve	0.265	- 0.197	0.068	TVP share of the Chiltern Transport Consortium (CTC) reserves
Improvement and Performance reserve	26.300	- 22.070	4.230	Used to help fund one-off initiatives such as capital investment and property maintenance
Optimisation Bias	0.000	12.001	12.001	To fund any cost over-runs on the capital programme
Insurance	1.175	- 1.074	0.101	Funds held in case insurance provision proves inadequate to meet known liabilities
Community safety	0.149	0.117	0.266	To fund the PCC's community safety initiatives
Sub-total	28.350	- 11.591	16.759	
SEROCU	0.665	- 0.181	0.484	Provision held on behalf of the hosted regional organised crime unit to support infrastructure investment and risk management against in year grant cuts.
Conditional Funding reserve	5.706	- 2.626	3.080	The Force is actively engaged in a number of projects which are funded by government grants, contributions from partner bodies and other agencies. Income received can only be spent on the specified purpose.
Total	34.721	- 14.398	20.323	

Commentary on Table 3 and Appendix 2

15. The **Risk Management Reserve** is being used to fund one-off expenditure items in the capital programme in 2017/18 and 2018/19. It will then be fully utilised and the reserve will be closed.
16. The **Chiltern Transport Consortium Board** has agreed to limit its reserves to 3% of the devolved recharge for each force. The CTC is currently forecasting an overspend in 2017/18 which will be funded by an appropriation from this reserve.
17. The **Improvement & Performance (I&P) Reserve** is being used to fund essential one-off expenditure items which will improve performance or deliver efficiency savings. The special grant income from Operation Hornet (£1.992m) will be paid into

this reserve, but £12.001m is being transferred to the new Optimisation Bias reserve. The remaining balance of £14.1m will be largely be applied in full over the next three years to fund one-off expenditure items in the revenue budget and capital programme.as shown in Table 4 below, leaving a small residual balance of £0.99m.

Table 4 – Proposed drawdown from the I&P Reserve

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Opening balance	26.300	4.230	0.774	0.040
Add special grant income from Op Hornet	1.992			
Transfer to the Optimisation Bias reserve	-12.001			
Kingfisher Court electricals		- 0.200		
Lodden Valley – lighting / asbestos		- 0.165		
Maidenhead – lighting / asbestos		- 0.415		
Newbury heating			- 0.130	
Meadow House air conditioning			- 0.440	
Temp CRED staff	- 0.770			
Force change initiatives	- 0.150			
UCI public enquiries	- 0.197	- 0.197		
ICT 2020	- 0.309			
ICT rationalisation	- 0.986	- 0.986	- 0.164	
Capital programme	- 9.649	- 1.493		
Annual drawdown to fund one-off items	-12.061	- 3.456	- 0.734	0.000
Closing balance	4.230	0.774	0.040	0.040

18. HM Treasury guidance on capital projects recognises that there is the potential for project costs to exceed the initial assessment. This is called **Optimisation Bias** and relates to any project type, although it can be particularly impactful when relating to the development of new technology. The value of this reserve will be assessed on a regular basis to ensure it remains appropriate given the scale and complexity of the medium term capital plan. Given that the size of the annual capital programme is likely to reduce beyond 2020/21, the value of the reserve should also fall in value.
19. The **Insurance Reserve** is being held as a contingency against future increases in premiums and/or increases in the value of assessed insurance liabilities (see paragraphs 23 to 25 below). Up to £1.074m may be required to fund the increase in actuarially assessed insurance liabilities as at 31st March 2018. Please see paragraphs 24 and 25 below.
20. The **Community Safety Reserve** will enable the PCC to invest in one-off community safety initiatives such as the Hate Crime campaign and also help fund the new victim service redesign. The fund will increase in value during 2017/18 due to underspends within the OPCC, but we plan to increase spending on community safety initiatives, in support of the Police and Crime Plan, by £0.1m in both 2018/19 and 2019/20.
21. The **SEROCU Reserve** is held on behalf of the regional organised crime unit and is for future development and investment in regional infrastructure in support of the unit, as well as being held to also support potential in year shortfalls in central grant allocations.
22. The **Conditional Funding Reserve** holds monies that can only be spent on specific purposes; it is not available to general operational policing. There are plans to spend monies of new digital safety cameras and other safer roads initiatives during 2017/18 which reduce the value of the fund considerably.

Compliance with Home Office guidance on police reserves

23. On 31st March 2018 the Minister for Policing and the Fire Service published new guidance on the information that each PCC must publish in terms of police reserves. One of the key requirements is that the information on each reserve should make clear how much of the funding falls into each of the following three categories:
- Funding for planned expenditure on projects and programmes over the period of the current medium term financial plan
 - Funding for specific projects and programmes beyond the current planning period
 - As a general contingency to meet other expenditure needs held in accordance with sound principles of good financial management
24. This information is provided in Appendix 3 which analyses the forecast balance of £39.440m on 31st March 2018 over the headings. It does not, therefore, include the significant planned drawdown from reserves of £30.737m during 2017/18.

PROVISIONS

25. The CIPFA Statement of Recommended Practice is prescriptive about when provisions are required (and when they are not permitted). Basically, a provision must be established for any material liabilities of uncertain timings or amount, to be settled by the transfer of economic benefits. In accordance with this statutory guidance the Thames Valley Police has established the following provision.

Insurance

26. A revenue provision exists for meeting ongoing claims under a self-insurance scheme. The insurance provision has recently been valued by our actuary, Marsh, Their provisional assessment of total liabilities as at 31st March 2018 is £8.08m which is £1.074m higher than the existing provision at 1st April 2017.
27. As part of the closedown process for 2017/18 officers will monitor and compare the actual fund size with the assessed liability. For planning purposes at this stage it has been assumed that the full difference of £1.074m will be required, which reduces the insurance reserve to just £0.101m

CAPITAL BALANCES

28. In addition to the earmarked revenue reserves and insurance provision referred to above, we also maintain three capital reserves. These are used to help finance the 3 year capital programme.

Capital grants unapplied

29. Each year we receive an allocation of capital grant from the Home Office to help finance our capital investment plans. Unlike some other grants, which can only be used for a specific purpose or have to be spent within a particular timeframe, this grant is very flexible in that it can be applied to fund our general capital programme and can be carried forward, without penalty, until it is required to finance capital expenditure.

30. The fund balance as at 1st April 2017 was £8.769m, but this will be largely utilised during 2017/18 to help finance the capital programme.
31. Future capital investment beyond 2020/21 will largely be dependent on revenue contributions, capital receipts and borrowing for new building projects.

Capital receipts

32. There are three main sources of capital receipt in Thames Valley.
 - Sale of police houses
 - Sale of operational police properties to deliver the Asset Management Plan
 - Income from the sale of police vehicles is used to fund their replacements
33. The latest schedule of planned disposals and their estimated value is attached as Appendix 4.
34. To avoid having to pay 51% of all interest earned on the investment of capital receipts to the Government - as part of the loan charges grant calculation - capital receipts are applied to finance the capital programme as soon as they are received.

CONCLUSIONS

35. Current policy is to maintain revenue general balances close to an operational guideline level of 3.0% of the net annual revenue budget, with an absolute minimum level of 2.5%. The latest estimate of general balances at 31st March 2018 is £18.4m which equates to 4.5% of the draft revenue budget in 2018/19. At present a relatively small amount of money is required to fund one-off initiatives in 2018/19 but, based on current planning assumptions, the level of general balances should stay above the 3% guideline level through to 2020/21. This is an acceptable and appropriate position to be in as we continue the prolonged period of fiscal tightening and do not know, at this stage, the exact level of government grant support that we will receive in future years (i.e. beyond 2019/20).
36. Appendix 1 shows that there are a number of risks that may impact on the level of general balances currently held. There are two risks with a score of 8:
 - the additional costs of one-off operational incidents or in-year emergencies cannot be contained within budget or be fully grant funded by Government
 - the Force is unable to deliver, in full, the £2.5m of planned cash savings to be removed from the base budget during 2018/19
37. We have created a number of earmarked revenue reserves and an insurance provision to help fund specific initiatives or meet areas of future spending. In the main these are being applied over the next 3-4 years to finance one-off revenue and capital investment initiatives. Based on current planning assumptions, earmarked reserves will reduce from £34.7m on 31st March 2017 to just £14.3m at 31 March 2021, including £2.1m in the Conditional Funding Reserve and the SEROCU which are not available to fund general police expenditure. The application of these reserves will clearly be reviewed on an annual basis in light of current budgetary pressures and demands.
38. Based on current planning assumptions the 'Capital Grants Unapplied' reserve will be largely utilised by the end of the current financial year.

Background Papers

CIPFA LAAP Bulletin 99 – July 2014 “Local authority reserves and balances”

Risk and Sensitivity Assessment for General Balances in 2018/19

	RISK DESCRIPTION	RISK ASSESSMENT			SENSITIVITY
		Likelihood	Impact	Total	
1	The additional costs of one-off operational incidents or in-year emergencies cannot be contained within budget or be fully grant funded by Government	2	4	8	<p>Home Office access criteria for special grants imply that the PCC will have to fund up to 1% of his net revenue budget (i.e. circa £4.0m) of these one-off costs from his own resources on an annual basis.</p> <p>Mitigating 2017/18 force operational contingency budgets held are approx:</p> <ul style="list-style-type: none"> ➤ Major Operations £0.53m ➤ Tasking & Coordinating £0.59m
2	The Force fails to contain expenditure within agreed annual budget limits, including unfunded national pay increases	2	4	8	Continued monitoring and scrutiny arrangements and medium term financial planning.
3	The Force is unable to deliver, in full, the £2.6m of planned cash savings to be removed from the base budget during 2018/19	2	3	6	The residual risk is that we won't deliver the full £2.6m e.g. a couple of £m shortfall or slippage
4	The one-off cost of delivering ongoing savings, e.g. redundancy costs, termination of contracts, etc. cannot be contained within existing budgetary provisions	2	2	4	The PCC maintains the Improvement & Performance Reserve which can be used to help fund one-off costs such as redundancies, property and ICT adaptations. However, to date these costs have been contained within the annual revenue budget.

Risk Impact' Scoring Table

APPENDIX 1A'

Factor	Score	Political	Economic	Social	Technology	Environmental	Legal	Other Organisational
Guidance on criteria		Ability to respond to HMIC / Audit Commission/ Police Authority & Home Office performance requirements, including Partnership Objectives and potential damage to reputation if not met	Level of funding and Resources	Human Rights – diversity and the damage to reputation if requirements not met / adhered to.	Examples are: all communications equipment, IT infrastructure, hardware & software. Plus any forensic capability that uses technology	Breach of legislation & / or damage to environment through contamination or pollution with potential for legal action against TVP	Health & Safety legislation and regulations. Plus personal safety and all other relevant legislation.	Ref protective marking guide 2007 relating to Public Order; safety; law enforcement & infrastructure etc
Very Low	1	Failure to meet individual operational target	Up to £100.000	Minor contravention of internal policies.	Minor ICT project delay	Insignificant impact on the environment – no breach of legislation	Local incident – local review no legal or regulatory breaches	Protect Data Loss / compromise /misuse resulting in ltd impact on personal human rights or operational activity
Low	2	Failure to meet a series of operational targets – adverse publicity	Between £100.000 and £500.000	Increasing numbers in minor contravention of internal procedures.	Short term loss of non critical ICT	Minor impact on the environment with no lasting effects – no breach of legislation	Minor incident – review protocols No adverse publicity	Restricted Data loss/compromise/ misuse resulting in limited impact to personal human rights or operational activity
Medium	3	Failure to meet a critical target – impact on an individual performance indicator - adverse internal audit report prompting timed improvement / action plan.	Between £500.00 and £1 million	Medium impact incident. Appears in local media	Longer term loss of non critical ICT	Minor impact on the environment with some short term effects – potential breach of legislation	HSE involved in significant incident. Civil litigation receiving adverse publicity and financial cost to the Force.	Confidential Data loss /compromise/misuse causing embarrassment & loss of trust in the force & an adverse impact on personal rights or operational activity
High	4	Failure to meet a series of critical targets – impact on a number of performance indicators – adverse external audit report prompting immediate action. Highlighted in the local media.	Between £1 million and £10 million	High impact incident. Appears in national media once	Prevention of access to intelligence placing prosecutions at risk including front line officers/staff.	Serious impact on environment with immediate and medium to long term effects – breach of legislation / local media attention	Temporary HSE intervention due to major incident. Force is prosecuted and fines. Intervention by Police Authority	Secret Data loss/compromise/ misuse resulting in serious reputational damage to the force & a severe impact to personal human rights (threat to life) or operational activity
Very High	5	Failure to meet a majority of local and national performance indicators – possibility of intervention / special measures. Picked up in the national media	Greater than £10 million	High impact incident(s) or high no of officers / staff taken to court under Human Rights / Diversity legislation. Appears in national media consistently	Damage to critical systems including loss of 999 service	Significant long-term impact on environment – breach of legislation leading to prosecution & reputation damage	Potential Corporate manslaughter charge. HSE close with adverse report Home office intervention. Taken to court by European Commission.	Top Secret Data loss/compromise /misuse resulting in sustained reputational damage to the force, impact upon national security & a serious breach of personal human rights (widespread threat to life) or operational activity

'Likelihood' Scoring Table

Risk Likelihood	Score	Probability or Likelihood of Occurrence within the next 12 months
Highly Unlikely	1	Virtually impossible to occur (0 to 5% chance of occurrence)
Unlikely	2	Very unlikely to occur (6 to 20% chance of occurrence)
Possible	3	More likely not to occur (21 to 50% chance of occurrence)
Likely	4	More likely to occur than not (51% to 80% chance of occurrence)
Highly Likely	5	Assume almost certain to occur (81% to 100% chance of occurrence)

Appendix 2

Summary of revenue and capital balances

	Balance 31.3.17 £m	Forecast Balance 31.3.18 £m	Forecast Balance 31.3.19 £m	Forecast Balance 31.3.20 £m	Forecast Balance 31.3.21 £m
GENERAL REVENUE BALANCES	18.091	18.370	18.082	18.082	18.082
% of draft 2018/19 Net Revenue Budget	4.46%	4.52%	4.45%	4.45%	4.45%
EARMARKED REVENUE RESERVES					
Risk management reserve	0.461	0.093			
Transport reserve	0.265	0.068	0.068	0.068	0.068
Improvement and performance reserve	26.300	4.230	0.774	0.040	0.040
Insurance fund	1.175	0.101	0.101	0.101	0.101
Community safety	0.149	0.266	0.166	0.066	
Optimisation Bias	0.000	12.001	12.001	12.001	12.001
Sub-total	28.350	16.759	13.110	12.276	12.210
SEROCU	0.665	0.484	0.484	0.484	0.484
Conditional Funding reserve	5.706	3.080	2.580	2.080	1.580
Total Earmarked Revenue reserves	34.721	20.323	16.174	14.840	14.333
TOTAL REVENUE RESERVES	52.812	38.693	34.256	32.992	32.356
CAPITAL RESERVES					
Capital receipts	7.022				
Capital grants	9.825	0.422			
3rd party capital contributions	0.043				
Section 106 monies	0.475	0.325	0.175	0.025	
Total Capital Reserves	17.365	0.747	0.175	0.025	
Insurance provision	7.006	8.080	8.080	8.080	8.080
TOTAL CASH RESERVES	77.183	47.520	42.511	41.027	40.436

Appendix 3

Analysis of forecast revenue and capital reserves as at 31st March 2018

	Forecast Balance 31.3.18 £m	Planned expenditure on projects & programmes over next 3 years £m	Funding for specific projects & programmes beyond 2020/21 £m	As a general contingency or resource to meet other expenditure needs £m
GENERAL REVENUE BALANCES	18.370	0.288	0.000	18.082
EARMARKED REVENUE RESERVES				
Risk management reserve	0.093	0.093		
Transport reserve	0.068			0.068
Improvement and performance reserve	4.230	4.190	0.040	
Insurance fund	0.101			0.101
Community safety	0.266	0.266		
Optimisation Bias ¹	12.001			12.001
Sub-total	16.759	4.549	0.040	12.170
SEROUCU	0.484			0.484
Conditional Funding reserve	3.080	1.500	1.580	
Total Earmarked Revenue reserves	20.323	6.049	1.620	12.654
TOTAL REVENUE RESERVES	38.693	6.337	1.620	30.736
CAPITAL RESERVES				
Capital grants	0.422	0.422		
Section 106 monies	0.325	0.325		
Total Capital Reserves	0.747	0.747	0.000	0.000
TOTAL CASH RESERVES²	39.440	7.084	1.620	30.736

¹ The Optimisation Bias is held to fund variations in the cost of delivering the capital programme. We expect that monies will be required over the next 3 years but, at this stage, we do not know how much and in which years. As such we have shown the reserve as general contingency against delivery of planned capital investment

² This table does not include insurance provisions, which are shown in Appendix 2 above

Forecast Capital Receipts

	Asset Management Plan £m	Housing £m	Equity loan repayments £m	Vehicles £m	Total £m
2018/19	5.281	0.735	0.300	0.450	6.766
2019/20	1.300	1.480	0.300	0.450	3.530
2020/21	2.300	0.385	0.300	0.450	3.435
Total	8.881	2.600	0.900	1.350	13.731