

## Appendix D

### Schedule of Main Reserves

Category of earmarked reserve	Rationale
Insurance Reserve (Revenue)	A high level of 'Self-insurance' is a mechanism used by the Council to reduce external premiums. Sums are held in this earmarked reserve to meet potential and contingent liabilities.
Pension Reserve (Revenue)	<b>Former Employees</b> – This reserve provides for matching added years payments in respect of former employees. The Council does not currently operate a policy for added years and this reserve will reduce over time. <b>Current Employees</b> – This reserve is used to finance the capital costs of early retirement decisions taken by the Council and to help protect the Council from large changes in Council Tax resulting from unanticipated rises in the employer's contribution rate following the triennial valuation
Building Control (Revenue)	Annual surpluses from the chargeable element of Building control activities are set aside in this reserve and it is then used to finance service improvements and offset any future deficits
Capacity building, priority setting and service improvement reserve (Revenue)	This reserve has been created to finance stepped improvements required for delivery of the Council's priority services and support the creation of additional corporate capacity.
SEA (Special Expense Area) Reserve	To ensure that this money is spent entirely for the benefit of the specific area in which it was raised, the Council has set up Reserves to retain any underspend of precepts so that they may be used in future years.
Major Repairs Reserve (Capital)	This is the mechanism whereby the Council is required to account for the resources provided through the Major Repairs Allowance, which is provided through Housing Revenue Account Subsidy and is available to fund capital expenditure on HRA assets.
General Fund (Capital reserve)	This reserve is earmarked to finance the Council's future capital programme
Useable Capital Receipts Reserve	Proceeds of fixed asset sales available to meet future capital investment.
<b>Balances</b>	
Housing Revenue Account (HRA)	The HRA is maintained in accordance with the Local Government and Housing Act 1989 which sets out the framework for "ring-fencing" the HRA. The account has to be self financing and there is a legal prohibition on cross subsidy to or from the General Fund
General Fund	Council has approved the policy of maintaining a General Fund working balance of between 4% to 5% of gross turnover or between 10% - 15% of net expenditure to provide adequate cover for any unanticipated expenditure or loss of income that may occur over the course of the financial year
Collection Fund	The balance on the Collection Fund is available for financing the expenditure of Lincolnshire County Council, Lincolnshire Police Authority and SKDC

