

## APPENDIX B – RESERVES BALANCES

Earmarked reserves are one-off balances set aside for investment towards agreed priorities. A key element in handling the Council's earmarked reserves is that the principles of We Make Camden are incorporated: namely, confidence that the Council is spending and investing resources on the delivery of outcomes. This will be an even greater point of focus as the organisation moves to deliver the next round of MTFS savings. Table 1 below sets out the forecast reserve position over the next five years.

Based on current projections, the Council's General Fund unearmarked reserves are forecast to grow steadily over the next five years. Officers have used the approach of a prudent forecast to show the worst-case scenario and where external funding is available this would always be utilised first before a call on Council resources.

The Housing Revenue Account unearmarked reserve balances are showing steady forecasted growth over the next five years, reflecting plans to rebuild the reserve over the medium term. The forecast to support school activities remains stable.

**Table 1 – Forecast Reserve Balances**

| Earmarked Reserves   | Forecast Reserves<br>31/03/2024<br>£m | Forecast Reserves<br>31/03/2025<br>£m | Forecast Reserves<br>31/03/2026<br>£m | Forecast Reserves<br>31/03/2027<br>£m | Forecast Reserves<br>31/03/2028<br>£m | Forecast Reserves<br>31/03/2029<br>£m |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| <b>Reserves to support Council Priorities</b>                      |                                       |                                       |                                       |                                       |                                       |                                       |
| (a) Multi Year Budget Reserve                                      | 41                                    | 42                                    | 44                                    | 42                                    | 40                                    | 38                                    |
| Education Commission   | 0                                     | 0                                     | 0                                     | 0                                     | 0                                     | 0                                     |
| Cost of Change/We Make Camden                                      | 3                                     | 3                                     | 4                                     | 4                                     | 4                                     | 4                                     |
| (b) Supported Housing Reserves                                     | 0                                     | 0                                     | 0                                     | 0                                     | 0                                     | 0                                     |
| <b>Sub Total</b>   | <b>44</b>                             | <b>46</b>                             | <b>48</b>                             | <b>46</b>                             | <b>44</b>                             | <b>42</b>                             |
| <b>Reserves with Conditions</b>                                    |                                       |                                       |                                       |                                       |                                       |                                       |
| Dedicated Schools Grant  | 22                                    | 22                                    | 22                                    | 22                                    | 22                                    | 22                                    |
| Mayor's Charity Reserve  | 0                                     | 0                                     | 0                                     | 0                                     | 0                                     | 0                                     |
| (a) Multi Year Budget Reserve                                      | 31                                    | 30                                    | 30                                    | 29                                    | 29                                    | 29                                    |
| <b>Sub Total</b>   | <b>53</b>                             | <b>52</b>                             | <b>52</b>                             | <b>52</b>                             | <b>52</b>                             | <b>52</b>                             |
| <b>Reserves to Support Capital Activity &amp; Asset Management</b> |                                       |                                       |                                       |                                       |                                       |                                       |
| Future Capital Schemes   | 13                                    | 10                                    | 8                                     | 9                                     | 11                                    | 13                                    |
| Haverstock PFI Funding Reserve                                     | 1                                     | 1                                     | 1                                     | 0                                     | 0                                     | 0                                     |
| Schools PFI Equalisation Reserve                                   | 5                                     | 5                                     | 5                                     | 5                                     | 5                                     | 6                                     |
| Building Schools for the Future                                    | 0                                     | 0                                     | 0                                     | 0                                     | 0                                     | 0                                     |
| Accommodation Strategy   | 7                                     | 6                                     | 5                                     | 3                                     | 2                                     | 2                                     |
| <b>Sub Total</b>   | <b>26</b>                             | <b>22</b>                             | <b>19</b>                             | <b>17</b>                             | <b>18</b>                             | <b>21</b>                             |
| <b>Reserves to Manage Future Risk</b>                              |                                       |                                       |                                       |                                       |                                       |                                       |
| Self-Insurance Reserve   | 3                                     | 3                                     | 3                                     | 3                                     | 3                                     | 3                                     |
| GF Future Cost Reserve   | 22                                    | 3                                     | 3                                     | 3                                     | 3                                     | 3                                     |
| <b>Sub Total</b>   | <b>25</b>                             | <b>6</b>                              | <b>6</b>                              | <b>6</b>                              | <b>6</b>                              | <b>6</b>                              |

|                                       |            |            |            |            |            |            |
|---------------------------------------|------------|------------|------------|------------|------------|------------|
| <b>Total Earmarked Reserves</b>       | <b>149</b> | <b>126</b> | <b>125</b> | <b>121</b> | <b>120</b> | <b>121</b> |
| General Balances                      | 17         | 18         | 20         | 21         | 23         | 24         |
| Housing Revenue Account unearmarked   | 13         | 14         | 18         | 22         | 25         | 27         |
| Housing Revenue Account earmarked     | 11         | 11         | 11         | 11         | 11         | 11         |
| Schools Balances                      | 21         | 21         | 21         | 21         | 21         | 21         |
| <b>Total General Balances</b>         | <b>62</b>  | <b>64</b>  | <b>70</b>  | <b>75</b>  | <b>80</b>  | <b>83</b>  |
| Collection Fund Risk Reserve          | 44         | 20         | 10         | 10         | 10         | 10         |
| <b>Total Collection Fund Reserves</b> | <b>44</b>  | <b>20</b>  | <b>10</b>  | <b>10</b>  | <b>10</b>  | <b>10</b>  |
| <b>Total Reserves</b>                 | <b>255</b> | <b>210</b> | <b>205</b> | <b>206</b> | <b>210</b> | <b>214</b> |

## Table 2 – Forecast Movement in Reserves

The table below sets out the in-year movement across earmarked and other reserves. The net movements include drawdowns to deal with the organisation's Collection Fund deficits as well as the forecasted outturn position across both the General Fund and Housing Revenue Account.

|   | Forecast Reserves<br>31/03/24 | Forecast Out of Reserves | Forecast Into Reserves | Forecast Reserves<br>31/03/25 | 2024/25 Net Movement |
|---|-------------------------------|--------------------------|------------------------|-------------------------------|----------------------|
|   | £m                            | £m                       | £m                     | £m                            | £m                   |
| <b><u>Earmarked Reserves</u></b>                        |                               |                          |                        |                               |                      |
| Reserves to support Council Priorities                  | 44                            | -4                       | 5                      | 46                            | 2                    |
| Reserves with Conditions                                | 53                            | -1                       | 0                      | 52                            | -1                   |
| Reserves to Support Capital Activity & Asset Management | 26                            | -11                      | 7                      | 22                            | -4                   |
| Reserves to Manage Future Risk                          | 25                            | -19                      | 0                      | 6                             | -19                  |
| <b>Total Earmarked Reserves</b>                         | <b>149</b>                    | <b>-35</b>               | <b>12</b>              | <b>126</b>                    | <b>-23</b>           |
| <b><u>General Reserves</u></b>                          |                               |                          |                        |                               |                      |
| General Balances  | 17                            | 0                        | 1                      | 18                            | 1                    |
| Housing Revenue Account                                 | 24                            | -4                       | 4                      | 25                            | 1                    |
| Schools Balances  | 21                            | 0                        | 0                      | 21                            | 0                    |
| Collection Fund Risk Reserve                            | 44                            | -30                      | 6                      | 20                            | -24                  |
| <b>Total Reserves</b>                                   | <b>255</b>                    | <b>-68</b>               | <b>23</b>              | <b>210</b>                    | <b>-22</b>           |