

Appendix A - Allocation of Reserves

A net drawdown from our reserves totalling £11.15m is recommended for 2025/26. £14.03m of this drawdown would meet the overspend on the General Fund (GF), whilst £2.87m would be drawn down from Housing Revenue Account (HRA) reserves to meet its overspend. A £8.07m drawdown is recommended to fund additional expenditure in schools, whilst £4.20m would also be drawn down from the Dedicated Schools Grant reserve, largely driven by the need to fund the £6.31m overspend against the High Needs Block.

In addition, the Council makes planned contributions to and drawdowns from reserves to support planned investments and mitigate against risks, this includes a £5m drawdown to help manage the General Fund overspend driven by on-going Temporary Accommodation and Social Care pressures.

The Council also holds a reserve which manages grant payments received from central government to fund business rates relief, which are generally not available to meet wider Council expenditure. Grants are held in reserve for a year and paid into the Collection Fund (compensating for the loss of business rates income as a result of reliefs) the following year.

Table 1: Proposed Reserve Allocations for 2025/26

Earmarked Reserves	Actual Reserves 31/03/25	Movement Out of Reserves	Transfer Into Reserves	2025/26 Outturn Adjustments	Actual Reserves 31/03/26
	£m	£m	£m	£m	£m
Reserves to support Council Priorities	34.981	(5.903)	3.450	(5.719)	26.809
Reserves with Conditions	53.624	(9.782)	0.135	0.000	43.977
Reserves to Support Ongoing Capital Activity & Asset Management	19.539	(7.131)	6.748	(6.769)	12.386
Reserves to Mitigate Future Risk	14.419	(0.025)	4.000	(1.299)	17.095
Total GF Earmarked Reserves	122.563	(22.841)	14.333	(13.787)	100.268
General Balances	18.358	0.000	1.505	0.000	19.863
Business Rates Reliefs Local Share	38.947	(0.172)	13.955	(0.243)	52.487
Total GF Reserves	179.868	(23.013)	29.793	(14.030)	172.617
Housing Revenue Account - Earmarked Reserves	9.280	(0.499)	2.519	0.000	11.300
Housing Revenue Account - Unearmarked Reserves	14.178	0.000	5.025	(2.871)	16.332
Total HRA Reserves	23.457	(0.499)	7.544	(2.871)	27.631
Schools Balances	15.204	(8.072)	0.000	0.000	7.132
Total Revenue Reserves	218.529	(31.584)	37.337	(16.901)	207.381