



Title of Report:	Utilisation of Reserves
Committee Report Submitted To:	Finance Committee
Date of Meeting:	14 May 2026
For Decision or For Information	For decision
To be discussed In Committee YES/NO	No

Linkage to Council Strategy (2021-25)	
Strategic Theme	Cohesive Leadership
Outcome	Council has agreed policies and procedures and decision making is consistent with them.
Lead Officer	Chief Finance Officer

Estimated Timescale for Completion	
Date to be Completed	30 June 2026

Budgetary Considerations	
Cost of Proposal	£2.16m
Included in Current Year Estimates	YES/NO
Capital/Revenue	Capital
Code	
Staffing Costs	

Legal Considerations	
Input of Legal Services Required	YES/NO
Legal Opinion Obtained	YES/NO

Screening Requirements	Required for new or revised Policies, Plans, Strategies or Service Delivery Proposals.		
Section 75 Screening	Screening Completed:	Yes/No	Date:
	EQIA Required and Completed:	Yes/No	Date:
Rural Needs Assessment (RNA)	Screening Completed	Yes/No	Date:
	RNA Required and Completed:	Yes/No	Date:
Data Protection Impact Assessment (DPIA)	Screening Completed:	Yes/No	Date:
	DPIA Required and Completed:	Yes/No	Date:

1.0 Purpose of Report

- 1.1 The purpose of this report is to seek Council approval to transfer funding to and from specified Council reserves.

2.0 Background

- 2.1 Council can set aside funding into specified reserves to meet anticipated future expenditure.
- 2.2 The following reserves have been created by Council together with their balances at 31 March 2025:

Name of Reserve	Balance £m
Repairs & Renewals	2.683
Sinking Fund	5.750
Election Reserve	0.500
Area Planning Reserve	0.420
Reorganisation Reserve	1.000
Financial Recovery Reserve	15.282
Total	25.985

3.0 Reserve Movements

- 3.1 Council has previously approved an increase to the Election Reserve to £600k, further budgetary work has indicated an estimate of £620k, therefore it is recommended that a further £50k be transferred from the 2025/26 surplus into the Election Reserve.
- 3.2 The sinking fund has been created to provide for the future repayment of private sector interest only loans at their maturity. There are currently 2 such loans with a combined maturity of £6.0m. The fund currently sits at £5.75m therefore it is recommended that a further £250k be transferred in the 2025/26 accounts to bring the sinking fund to the full required balance for these loans meaning no future burden on revenue budgets will be required.
- 3.3 The Repairs and Renewals Reserve currently has a balance of £2.683m. There is an ongoing project regarding dredging of some of our harbours which will cost in excess of £1m as well as plans to repair the Chamber roof during the summer of 2026. In addition initial condition survey reports indicate a potential increased maintenance expenditure on a number of assets across the Borough. With this in mind and given the excellent result projected for 2025/26 it is recommended that an additional £1m be placed into the Repairs and Renewals reserve in the 2025/26 accounts.
- 3.4 Council had previously agreed that landfill discount factor benefits be transferred into the Financial Recovery Reserve to meet anticipated future reversals caused by either landfill provision increases or interest rate

fluctuations or a combination of both. Currently there is a balance in the reserve amounting to £3.283m in this regard. There is a corresponding but opposite balance in an unusable reserve, the Landfill Regulations Reserve amounting to £1.448m in respect of potential additional future closure costs relating to Drumaduff Landfill Site, these costs were to be released into the revenue accounts over a 10 year period commencing from when a closure plan was initiated. It is now expected that with the passage of time that the costs will not be required therefore it is recommended that £1.448m of the discounting benefit in the Financial Recovery Reserve be released to wipe out the Landfill Regulations Reserve, this will still leave approximately £1.836m in the Financial Recovery Reserve should any future costs arise.

- 3.5 The Financial Recovery Reserve contains £5.436m in respect of a historic VAT claim. During 2024/25 and additional £488k was received in respect of this claim and during 2025/26 the final part of the claim amounting to £372k was received. Neither of these amounts were transferred to the Financial Recovery Reserve therefore it is recommended that £860k be transferred to the Financial Recovery Reserve from the General Fund.

4.0 Recommendation

It is recommended that Council authorises the Chief Finance Officer to apply the reserve movements to the 2025/26 accounts as set out in 3.1 to 3.5 above.