

**RESERVES OF THE NORTHAMPTONSHIRE COMMISSIONER FIRE AND RESCUE AUTHORITY
2018/19 to 2023/24**

| | Rationale | How and when used | Level | Management and control | Risk | Review |
|--|--|---|---|-------------------------------|---|---------------|
| GENERAL RESERVE | <p>To maintain a degree of in-year financial flexibility;</p> <p>To enable the NCFRA to deal with unforeseen circumstances and incidents;</p> <p>To set aside sums for known and potential liabilities;</p> <p>To provide an operational contingency at service level.</p> | <p>To meet exceptional spending needs or overspends which are unable to be otherwise financed at the year end.</p> <p>To smooth the profile of tax revenue over a medium term financial period</p> <p>To allow higher spending without raising council tax on a one-off basis</p> | <p>To build reserves to a general principle of 3% of net budget requirement, with a minimum level of 2.5%</p> <p>Estimated £0.450m at 31.03.2019</p> | PFCC, on advice from PFCC CFO | <p>May be inadequate for major catastrophe, which could jeopardise financial status and reputation of the Commission.</p> <p>The PFCC would have recourse to discretionary special grant if costs exceed 1% of budget or CLG Bellwin scheme for natural disasters</p> | Annual |
| INSURANCE | <p>To cover the potential and contingent liabilities of uninsured risks as assessed annually by our insurers based on claims outstanding.</p> | <p>Balance will increase or reduce annually dependent on the Commission's outstanding claims record.</p> <p>Established in 2018/19 following advice from legal service advisors.</p> | <p>Will vary according to annual risk assessment</p> <p>Estimated £0.250m at 31.3.2019</p> | PCC, on advice from PCC CFO | <p>If no reserve is held the Commission is potentially open to significant excess and claims payments in year beyond available revenue budgets.</p> <p>Assessment by insurers needs to be realistic not unduly pessimistic.</p> | Annual |
| EARMARKED TRANSFORMATION INVESTMENT RESERVE | <p>To build and maintain a reserve sufficient to support invest to save initiatives and provide initial funding to set up transformational activities.</p> | <p>To undertake initiatives and transformation without needing to use the annual operational budget.</p> | <p>Will vary according to activities.</p> <p>Estimated £0.00m as at 31.03.2019</p> | PCC, on advice from PCC CFO | <p>If no reserve is held, PFCC could find it difficult to invest in transformational activities or savings would have to be made from operational budgets before any initiatives could be undertaken.</p> | Annual |