

Taunton Deane Borough Council

Executive – 12 November 2014

Earmarked Reserves Review

Report of the Finance Manager

(This matter is the responsibility of Executive Councillor Williams, Leader of the Council)

1. Summary

- 1.1 Earmarked Reserves have been reviewed to ensure that they are still required for the purpose for which they have been set aside.
- 1.2 £65,060 of earmarked reserves are no longer required to be held and it is recommended that these are transferred to the General Fund Reserve.

2. Background

- 2.1 As at 31 March 2014 the total General Fund Earmarked Reserves was £8.621m. This is equivalent to 65.5% of the Council's Net Revenue Budget of £13.162m.
- 2.2 A fundamental review has been undertaken of all General Fund Revenue Earmarked Reserves, with a view to balances being returned to the General Fund unless:
- A clear commitment/obligation exists to spend the money within a defined time period
 - It is a "trading" reserve – which exists purely to support the requirement for certain trading services to break-even over a 3 year period.
- 2.3 The review of reserves was considered by Corporate Scrutiny on 28 October 2014 and the recommendation to release surplus reserves was supported.

3. Earmarked Reserves Review 2014

- 3.1 To identify which General Fund Earmarked Reserves balances could be returned to the General Fund Reserve, each Reserve holder was contacted and asked to provide evidence of how the Reserve balance was planned to be used.

3.2 These discussions identified that, of the £8.621m balance held as at 31 March 2014, all but £0.065m of the General Fund Earmarked Reserves has been used in 2014/15, or is committed, or has conditions upon it.

3.3 It has been agreed with Reserve holders that £65,065 can be released as surplus funds and recommended to be returned to General Reserves immediately following Council's approval. This figure includes the following reserves:

£k	
18	Court desk funding – no commitment for these funds.
31	Waste Contract – originally set aside to cover costs from the redirection of the waste fleet due to the Ansford Bridge Closure. SCC have confirmed there are no costs outstanding.
16	Smaller balances below £10k in respect of Habitat Regulations, Strategy service costs, and corporate projects reserve.
65	TOTAL

3.4 The current balance held in reserves of £7.820m includes the following larger balances as set out below. A full list of balances is included in the Appendix to this report.

£k	
329	Asset Management – Tone Leisure; this is ring fenced and must remain as it forms part of a legal funding agreement. The money is needed for the asset management of our nine leisure sites.
340	DLO Vehicle Replacement – funds to support vehicle replacement under fleet management arrangements.
176	Housing Enabling – committed to schemes to provide affordable housing across the borough.
500	Self Insurance Fund – an ongoing need to mitigate uninsured losses
1,265	Business Rates Smoothing Account – needed to offset the Business Rates Collection Fund deficit which will be charged to the General Fund in 2014/15 and 2015/16
2,402	New Homes Bonus – funds to be allocated to various projects to support the Council's growth and regeneration ambitions
285	Growth and Regeneration – includes £215k to support service costs in 2015/16 (final year of 3-year funding programme) with balance to fund Taunton Growth Programme.
267	Monkton Heathfield – grant funding ring-fenced for consultancy work including legal advice on delivery issues, master planning and SCC working up an application (including design etc) for the western relief road.

4. Finance Comments

4.1 Earmarked reserves should only be held where there is a clear purpose and commitment to use the funds within a planned timeframe. The Council is facing potentially significant transformation costs, and it is therefore

prudent to release surplus earmarked balances to general balances, and provide greater funding flexibility in the short term.

- 4.2 A full review was completed last year and hence the balances available to be returned to General Reserves is quite low this year. The proposed release of surplus earmarked reserves will increase current general balances to approximately £2.1m.

5. Legal Comments

- 5.1 The legal implications have been considered and there are not expected to be any specific implications relating to this report.

6. Links to Corporate Aims

- 6.1 Achieving financial sustainability: Looking at new ways of balancing the budget to address our financial challenges.

7. Environmental and Community Safety Implications

- 7.1 The environmental and community safety implications have been considered and there are not expected to be any specific implications relating to this report.

8. Equalities Impact

- 8.1 Equalities impact have been considered in respect of this report and no specific impacts have been identified.

9. Risk Management

- 9.1 Risk management implications have been considered and there are not expected to be any specific implications relating to this report.

10. Partnership Implications

- 10.1 The partnership implications have been considered and there are not expected to be any specific implications relating to this report.

11. Recommendations

- 11.1 The Executive is request to approve a recommendation to Full Council to a Budget Return of £65,060 to General Reserves of surplus balances currently held in Earmarked Reserves.

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APPENDIX

Code	Earmarked Reserves for Revenue Purposes	Committed Funds	Available to be Returned
902360	Climate Change	59,976	0
902366	Asset Management - Tone Leisure	329,307	0
902377	Building Control Trading Balance	(2,460)	0
902380	Bursary Account General Provisions	4,229	0
902388	CEO Initiatives	78,315	0
902400	Cordwest Invest. Bequest Accounts	190	0
902401	Cordwest Revenue Bequest Accounts	164	0
902403	Corporate Training	67,935	0
902430	DLO Trading Account Reserve	204,744	0
902431	DLO Vehicle Replacement Reserve GF	340,540	0
902436	Elections	72,990	0
902443	FE Colthurst Revenue Bequest Accounts	391	0
902444	FE Colthurst Trust Bequest Accounts	710	0
902467	Healthy Workplace	13,539	0
902477	Housing Enabling	175,524	0
902487	Self Insurance Fund	500,000	0
902514	Local Plan Enquiry General Provisions (LDF)	187,505	0
902542	Planning Delivery Grant - Revenue (HPDG)	127,475	0
902597	Strategic Director SA	23,600	0
902618	Travel Plan	64,404	0
902644	Works of Art and Public Arts Project	15,000	0
904245	Habitat Regulations Research		745
904247	Asset Management - General Services Non-HRA	249,522	0
904299	TDBC share of NNDR Surplus/Deficit	1,265,393	0
904250	Housing Loans to Private Sector Mortgagees	18,841	0
904500	Youth Homelessness Fund	3,936	0
904505	Corporate and Client Reserve	211,474	0
904506	Eco Towns Projects Funding	95,922	0
904597	New Homes Bonus	2,402,440	0
904771	Strategy	926	9,074
904761	CLG Preventing Repossessions Fund	26,024	0
904762	Court Desk Funding		18,500
904763	Housing Benefit Grant	9,509	0
904779	Growth & Regeneration Service Costs	285,397	0
904806	Stable Payroll Pension	25,000	0
904933	Corporate Projects Reserve		5,746
904947	Food Inspections	43,693	0
904950	Youth Fund Youth Project	10,355	0
904958	Community Rights to Challenge	21,967	0
904963	Homelessness Grant	148,766	0
904973	Waste Earmarked Reserve		31,000
904974	Debt Recovery	68,620	0
904988	Legal Civica Hosting Costs	12,000	0
905001	Neighbourhood Planning Grant	78,446	0
905100	Designated Public Spaces Order	10,000	0
905174	Business Rates Risk Contingency	80,000	0
905180	Asset Strategy	45,000	0
905192	Land Charges Self Financing	10,700	0
905219	Individual Registration	68,180	0
905235	Customer Access & Accommodation Project	45,060	0
905252	Monkton Heathfield	266,970	0
905283	Specialised Planning legal	115,000	0
905280	Licensing Self Financing	16,990	0
		7,900,210	65,065