

Taunton Deane Borough Council

Executive – 4 February 2016

Earmarked Reserves Review

Report of the Deputy Section 151 Officer

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

1. Summary

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| 1.1 | The Earmarked Reserves have been reviewed to ensure that they are still required. |
| 1.2 | £92k 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, the total General Fund Earmarked Revenue Reserves was £11.686m. This is equivalent to 88.6% of the Council's Net Revenue Budget of £13.193m (2015/16). During the year transfers have taken place increasing this balance to £12.078m.
- 2.2 A fundamental review has been undertaken of all General Fund Revenue Earmarked Reserves, with a view to all 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.

3. Earmarked Reserves Review 2015/16

- 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 balance held currently (£11.944m), all but £92k of the General Fund Earmarked Reserves is committed or has conditions upon it.

3.3 The £11.852m committed balance includes the following large balances and a full list of balances is included in Appendix A to this report:

- £101k – Asset Management – Tone Leisure; this is ring fenced and must remain as it forms part of a legal funding agreement. The money is ring fenced for the asset management of our nine leisure sites.
- £340k – DLO Vehicle Replacement Reserve.
- £178k – Housing Enabling, committed to schemes to provide affordable housing across the borough.
- £500k – Self Insurance Fund; an ongoing need
- £1.780m – Share of NNDR Surplus/Deficit (Provision); a reserve required by the change in legislation in respect of Business Rates/Appeals. Will be used to fund the 14/15 deficit.
- £4.712m – New Homes Bonus; will be used to fund various projects.
- £214k – Growth and Regeneration; required to fund Taunton Growth Programme.
- £149k – Homelessness Grant used for preventative partnership initiative work.
- £249k – Asset Management; to fund maintenance and property costs.
- £898k – JMASS, earmarked for transformation.
- £216k – Customer Access and Accommodation project.
- £165k – Specialised legal planning advice.
- £102k – Planning Delivery Grant; from Central Government to support growth.
- £176k – Local Plan Enquiry; required to fund preparation of statutory plans for site allocation and project management.
- £516k – Monkton Heathfield, ring fenced for consultancy work including legal advice on delivery issues and master planning.

3.4 It has been agreed with Reserve holders that £92k will be returned to General Reserves immediately following Council's approval. This figure includes the following reserves:

- £4k – Bursary Account, not been used for some time, previously requested from Somerset College, always understood to have a finite lifespan.
- £50k – Stable Pensions Payroll Reserve; this pressure to cover the changes in the pension fund deficit repayment is now picked up through the MTFP and factored into our base budget.
- £38k - Community Right to Challenge. This is not considered to be required as it has not been called upon since it was established. If there was a future claim it would need to be settled from General Reserves.

4. Corporate Scrutiny Committee Comments

4.1 Corporate Scrutiny requested full details of the reserves. It was agreed with the Committee that this detail would be included in the Executive

Report and will also be circulated to Scrutiny Committee Members. See Appendix A.

- 4.2 Corporate Scrutiny also discussed an alternative use of the Community Rights to Challenge Reserve with particular consideration of funding voluntary and community sector grants. Committee resolved to support the recommendation in the EMR report and request the Executive considers the voluntary and community sector grants through its Revenue Budget proposals. (See separate report)

5. Finance Comments

- 5.1 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. A full review is completed annually and hence the balances available to be returned to General Reserves are again quite low.

6. Legal Comments

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

7. Links to Corporate Aims

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

8. Environmental and Community Safety Implications

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

9. Equalities Impact

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

10. Risk Management

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

11. Partnership Implications

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

12. Recommendations

- 12.1 The Executive is requested to approve a recommendation to Full Council for a budget return of £92k to General Fund Reserves of surplus balances currently held in Earmarked Reserves.

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General Fund Earmarked Reserves for Revenue Purposes	Committed Expenditure £	Available to be Returned £	Purpose of Reserve
Climate Change	116,076.00	0.00	For solar PV cells for the new swimming pool and other service other PV schemes
Asset Management - Tone Leisure	100,667.96	0.00	This is ring fenced and must remain as it forms part of a legal funding agreement
Brewhouse ext Refurb	60,830.00	0.00	A part of our agreement to implement external works
Building Control Trading Balance	(22,460.00)	0.00	An ongoing reserve to capture the trading unit's surplus/deficits
Bursary Account General Provisions	0.00	4,229.34	Bursaries awarded to Art Students at Somerset College
CEO Initiatives	92,000.91	0.00	To allow the Head of Paid Services to fund strategic corporate costs on a timely basis
Cordwest Invest. Bequest Accounts	190.06	0.00	Only the income from this bequest can be used which is negligible
Cordwest Revenue Bequest Accounts	164.00	0.00	Only the income from this bequest can be used which is negligible
Corporate Training	116,685.12	0.00	Various training requirements across the council
DLO Trading Account Reserve	291,744.32	0.00	An ongoing reserve to capture the trading unit's surplus/deficits
DLO Vehicle Replacement Reserve GF	340,540.00	0.00	Used for the replacement programme
FE Colthurst Revenue Bequest Accounts	390.74	0.00	Only the income from this bequest can be used which is negligible
FE Colthurst Trust Bequest Accounts	710.07	0.00	Only the income from this bequest can be used which is negligible
Healthy Workplace	6,429.33	0.00	To support health issues of the workforce
Housing Enabling	177,835.50	0.00	Committed to schemes to provide affordable housing across the borough
Self Insurance Fund	500,000.00	0.00	Used for excess payments for any claims made by the Council
Local Plan Enquiry General Provisions (LDF)	176,045.38	0.00	Required to fund preparation of statutory plans for site allocation and project management.
Planning Delivery Grant - Revenue (HPDG)	102,474.91	0.00	From Central Government to support growth
Strategic Director SA	52,740.00	0.00	To fund issues that support the work of the s151 Officer to achieve safe financial outcomes
Travel Plan	68,403.80	0.00	Staff travel initiatives
Works of Art and Public Arts Project	15,000.00	0.00	TDBC art collection care and management by SCC
Asset Management - General Services Non-	249,161.51	0.00	To fund maintenance and property costs
Housing Loans to Private Sector Mortgagees	10,378.00	0.00	Costs of repossessions etc
Business Rates Smoothing Reserve	1,860,503.00	0.00	Share of NNDR Surplus/Deficit (Provision); a reserve required by the change in legislation
Youth Homelessness Fund	3,936.40	0.00	To fund initiatives
Corporate Services Clienting Reserve	125,334.00	0.00	To fund external legal & commercial advice in relation to the SWO contract.
Eco Towns Projects Funding	141,922.15	0.00	Grant from Central Government to spend on Eco Developments
New Homes Bonus	4,495,660.00	0.00	To support the Corporate priorities for growth
CLG Preventing Repossessions Fund	25,632.23	0.00	Gov grant to prevent people becoming homeless
Housing Benefit Grant	1,575.10	0.00	This includes assistance with service charge arrears and tenancy sustainment
Strategy	926.00	0.00	Income received from the Private Sector Housing Partnership for GIS mapping resource
Growth & Regeneration Service Costs	213,636.60	0.00	Required to fund Taunton Growth Programme
Stable Payroll Pensions Reserve		50,000.00	Previously earmarked to cover changes in the Pension Fund deficit repayments (now built into budget)
Food Inspections	72,693.15	0.00	To provide resource cover
Youth Fund Youth Project	1,955.00	0.00	To support youth projects via Tone Leisure
Community Rights to Challenge		38,367.00	Originally intended to fund responses to challenges by parishes and town councils
Homelessness Grant	148,765.88	0.00	Used for preventative partnership initiative work
Waste Earmarked Reserve	50,000.00	0.00	To cover additional costs eg Bins
Debt Recovery	60,820.00	0.00	Staff and court costs associated with Debt recovery
Legal Civica Hosting Costs	12,000.00	0.00	Cost of hosting the Civica system
Neighbourhood Planning Grant	76,066.11	0.00	To cover adhoc planning costs
Designated Public Spaces Order	5,000.00	0.00	To cover change of legislation
JM & SS Project	898,110.00	0.00	For transformation
Asset Strategy	78,738.61	0.00	To facilitate the asset mgt strategy via the adhoc use of additional resources
Land Charges Self Financing	24,680.00	0.00	To cover under and overs on this demand led service
Individual Registration	42,695.74	0.00	To spread the 4 year costs
Customer Access & Accomm Project	215,650.00	0.00	To support the project
Monkton Heathfield Capacity Funding	515,995.00	0.00	Ring fenced for consultancy work including legal advice on delivery issues and master planning
Licensing Fund Balance	(19,540.00)	0.00	To cover under and overs on this demand led service
Parking	50,000.00	0.00	To support the Taunton car park strategy
Specialised Planning Legal Costs	165,000.00	0.00	For specific advice
Resources Service Costs	127,893.00	0.00	Provides resilience for the service including: benefits processing, IT project costs, Finance resources cover etc
	11,851,655.58	92,596.34	