

Taunton Deane Borough Council

Executive – 4 February 2009

Report of the Financial Services Manager

Review of Earmarked Reserves

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

Executive Summary

A recent review of earmarked reserves has identified that £951k may be returned to the General Fund. The Executive are requested to approve the return of these monies back to the General Fund Reserve.

1. Purpose

- 1.1 A review of major earmarked reserves has recently been completed. This has identified that some of these reserves are no longer required and may be returned to the General Fund reserve.
- 1.2 This report asks that the Executive approve the return of these monies back to the General Fund Reserve.

2 Background

- 2.1 The table below shows the current forecast position on the General Fund reserve for 2008/09:

	£
Opening Balance 1.4.08	644,640
Less / Amount Used To Support 2008/09 Budget	0
Less / Supplementary Estimates Agreed To Date*	(59,121)
	<u>585,519</u>
Add earmarked reserves returned to general balances (April 08 Exec Report refers)	595,265
Add repayments to reserve for early retirements granted in previous years (invest to save)	164,621
Add repayment to reserves for new Christmas lights supplementary estimate	4,750
Predicted Balance Before Budget Setting	<u>1,350,155</u>

* includes £50k supplementary estimate for the funding of the Unauthorised Planning issue considered by the Executive at their last meeting and which has yet to be formally agreed by Full Council.

- 2.2 The current Financial Strategy lays down the minimum levels for General Fund balances, namely:

- *That General Fund Reserves should be maintained at a minimum of £1.25m (or £1m if being replenished via invest to save initiatives),*

2.3 Officers are aware that with the forthcoming core council review reserves will need to be used to fund the one off costs associated with this review. Therefore a review of major reserves has been commissioned, the findings of which are shown below.

3 Identified Surplus Reserves

3.1 The table below shows those major reserves that officers have reviewed and explains why they are no longer required.

3.2

Reserve	Amount no longer Required £000
<p>Self Insurance Fund The Council maintains a self-insurance fund, which is used to cover some Council assets against fire and other risks. The fund stood at £1.044m at 31 March 2008, a recent review by the Council's insurance broker has identified that the reserve only needs to remain at £750k given the current level of risks that it covers. Therefore Officers recommend that £250k can be returned to balances.</p>	250
<p>Waste Services When the Somerset Waste Partnership was created the Council made savings on the basic cost of the service. These savings, in both 2007/08 and 2008/09, were set-aside in a reserve to fund an enhanced recycling service across the Borough. This service will not be introduced in the current financial year, so these funds can be returned to general fund reserves. The amount available totals £311k.</p>	311
<p>Job Evaluation The Council set aside a reserve to fund the expected additional salary costs of the recent Job Evaluation scheme – now that the final results of the scheme are known the remaining funds are no longer required. The amount available is £390k.</p>	390
Total	951

3.3 The effect of the transfer of this amount to General Balances will be to increase the General Fund reserve to a forecast level of £2.301m as at

31 March 2009. The use of some of these reserves to fund the core council review will be subject to a separate report, considered elsewhere on this agenda.

- 3.4 The Council's Chief Finance Officer, Shirlene Adam is happy to support the findings of this review and recommends that this action be taken in order to protect the Councils overall financial standing.
 - 3.5 The Council has other smaller earmarked reserves and a review of these is ongoing; should this identify further monies that are available then a further report will be presented to Members.
 - 3.6 The Overview and Scrutiny Board considered this report at their meeting on 22 January and fully supported the recommendation.
- 4 Recommendation**
- 4.1 The Executive is requested to consider this report and to approve the return of £951k to the General Fund Reserve.

Background Papers

Executive 2 April 2008 – Review of Earmarked Reserves, report of the Strategic Director

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