

# Taunton Deane Borough Council

## Executive – 29 November 2017

### Earmarked Reserves Review

#### Report of the Financial Services Manager

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

#### 1 Executive Summary

- 1.1 This report provides information on our Earmarked Reserves Review for 2017/18.
- 1.2 During the Review, £91,649 of earmarked reserves were deemed to be no longer required to be held and it is recommended that these are transferred to the General Fund Reserve.

#### 2. Recommendations

- 2.1 Executive is requested to recommend to Council to approve the proposals in this report.

#### 3. Earmarked Reserves Review 2017/2018

- 3.1 As at 31 March 2017, the total General Fund Earmarked Revenue Reserves was £17.344m. This is equivalent to 120.5% of the Council's Net Revenue Budget of £14.396m (2016/17).
- 3.2 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.
- 3.3 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.

3.4 These discussions identified that, of the balance held currently (£17.344m), all but £92k of the General Fund Earmarked Reserves is committed or has conditions upon it.

3.5 The £17.344m committed balance includes the following large balances and a full list of balances is included in Appendix A to this report:

- £789k – Capital Financing Reserve; ringfenced to support Capital budgets.
- £196k – Asset Management – Formerly Tone Leisure; Ringfenced as part of the legal agreement.
- £164k – 2017/18 Savings contingency; to address any slippage in Transformation savings factored into the 2017/18 budget.
- £315k – DLO Vehicle Replacement Reserve.
- £429k – Service Carryforwards.
- £192k – Housing Enabling, committed to schemes to provide affordable housing across the borough.
- £485k – Self Insurance Fund; an ongoing need.
- £289k – Asset Management Non-HRA; maintenance and property costs.
- £1.937m – BR Smoothing Reserve; to address volatility in Business Rates income and appeals.
- £4.231m – New Homes Bonus; will be used to fund various projects.
- £1.668m – Customer Access and Accommodation project.
- £557k – Monkton Heathfield, ring fenced for consultancy work including legal advice on delivery issues and master planning.

3.6 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:

- £53k – Climate Change, this was previously earmarked to fund solar panels which are now in place.
- £1k – FE Colthurst Trust – Not used for several years.
- £15k – Waste. No longer required as no longer anticipating overspend.
- £10k – Debt Recovery. Funding if Fixed Term posts was not required for full year.
- £5k – Legal Civica Hosting costs; No longer required.
- £8k – Transparency – The initial costs of the new legislation have been paid and this is now part of Business as Usual.

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

## **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. Scrutiny Comments**

- 11.1 Due to the timing of meetings, the Scrutiny comments are not yet available.

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## GENERAL FUND EARMARKED RESERVES

## Appendix A

Budget Holder	Earmarked Reserve Heading	Balance at 1 April 2016	Transfers In 2016/17	Transfers Out 2016/17	Balance at 31 March 2017	Committed Expenditure	Available to be Returned	Purpose of Reserve
		£	£	£	£	£	£	
Jo Nacey	Capital Financing Reserve – General Fund Projects	3,088,883	225,000	-2,524,683	789,200	789,200	0	This reserve has accumulated due to unused RCCO and so could be called upon to fund capital budgets. It has been depleted severely in the last year.
Simon Lewis	Climate Change	52,676	0	0	52,676	0	52,676	No longer earmarked
Tim Child	Asset Management	223,073	33,000	-59,467	196,606	196,606	0	This is ring fenced and must remain as it forms part of a legal funding agreement
David Evans/ Ian Timms	Brewhouse Refurbishment	60,830	24,164	-29,320	55,674	55,674	0	This reserve relates to a sum agreed by members to carry out routine maintenance on the Brewhouse. This sum is therefore required going forwards to support that routine maintenance programme on our asset.
Scott Weech	CCTV	6,700	10,000	-6,700	10,000	10,000	0	This will be needed in the current year to upgrade some of the equipment in the control room at Sedgemoor.
Penny James	CEO Initiatives	78,361	25,000	0	103,361	103,361	0	To allow the Head of Paid Services to fund strategic corporate costs on a timely basis.
Fiona Wills	Corporate Training	126,685	0	-60,000	66,685	66,685	0	Required for Transformation
Paul Fitzgerald	2017/18 Savings Contingency	0	164,000	0	164,000	164,000	0	Contingency to underwrite savings
Chris Hall	DLO Trading Account	364,697	0	-243,561	121,136	121,136	0	Trading reserve, nothing committed to date, will only be required should income not be achieved
Chris Hall	DLO Vehicle Replacement	315,540	0	0	315,540	315,540	0	£80k committed to date and balance expected to be largely spent by year end.
Shirlene Adam	Agile Working	0	70,000	0	70,000	70,000	0	Committed as part of Transformation
Elisa Day	Elections	0	21,530	0	21,530	21,530	0	Committed
Shirlene Adam	Member Technology	0	70,000	0	70,000	70,000	0	Committed as part of Transformation
Jo Nacey	FE Colthurst Trust Bequest Accounts	1,101	0	0	1,101	0	1,101	Funds not required. Have not been used for some years
Jo Nacey	General Fund General Carry Forwards	698,520	438,640	-708,520	428,640	428,640	0	Budgets carried forward to reflect timing of planned spend across financial years and support ongoing service delivery requirements.
Fiona Wills	Healthy Workplace	6,429	0	0	6,429	6,429	0	To support health issues of the workforce
Jo Humble	Housing Enabling	184,835	8,000	0	192,835	192,835	0	Committed to the affordable housing development partnership and is mainly collected where the fees charged to the Housing Associations to be in the partnership have not been spent and the balance is transferred into the EMR for use when required.
Jo Nacey	Self-Insurance Fund	485,404	0	0	485,404	485,404	0	Used for excess payments for any claims made by the Council – The level of this reserve is currently being reviewed.
Nick Bryant	Local Plan Enquiry General Provisions (LDF)	137,550	22,240	-62,663	97,127	97,127	0	Required to fund preparation of statutory plans for site allocation and project management.
Dan Webb	Planning Delivery Grant (Revenue)	102,475	0	-25,000	77,475	77,475	0	From Central Government to support growth
Shirlene Adam	Strategic Director SA	84,240	0	0	84,240	84,240	0	To provide resilience
Fiona Wills	Travel Plan	93,645	136,580	-81,340	148,885	148,885	0	Pays for lease cars etc.
Richard Burge	Vivary Park Trading Account	0	27,000	0	27,000	27,000	0	Replacing bridge in Vivary park and dredging the river
Tom Gilham/ Tim Child	Asset Management – General Services Non-HRA	289,121	0	0	289,121	289,121	0	To fund maintenance and property costs
Heather Stewart	Housing Loans to Private Sector Mortgagees	10,378	0	0	10,378	10,378	0	Costs of repossessions etc
Jo Nacey	BRR Smoothing Reserve	2,008,284	120,530	-191,668	1,937,146	1,937,146	0	This is a volatile area and we are committed to mitigating the risk of Business Rates retention by setting aside an appropriate level of funds in this reserve
Heather Stewart	Youth Homelessness Fund	3,936	0	0	3,936	3,936	0	To fund initiatives

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Richard Sealy	Corporate Services Clienting	92,285	40,000	-69,535	62,750	62,750	0	Committed as part of transformation
Fiona Webb	Eco Towns Projects Funding	304,142	0	-66,240	237,902	237,902	0	Flood prevention - Ringfenced
Angela Summers	Voluntary and Community Grants	0	2,519	0	2,519	2,519	0	Committed
Dan Webb	Growth and Regeneration (NHB)	4,162,343	3,491,330	-3,422,301	4,231,372	4,231,372	0	Earmarked to deliver the council's growth agenda
Heather Stewart	CLG Preventing Repossessions Fund	25,632	0	0	25,632	25,632	0	Government grant to prevent people becoming homeless
Heather Stewart	Housing Benefit Grant	1,575	0	0	1,575	1,575	0	This includes assistance with service charge arrears and tenancy sustainment
Simon Lewis	Strategy	926	0	0	926	926	0	To be used in-year. Somerset Intelligence Network fee
Catrin Brown	Health and Safety	0	7,000	0	7,000	7,000	0	May be required as part of the Deane House refurbishment project
Scott Weech	Food Inspections	72,693	0	-75,248	-2,555	-2,555	0	To be replenished
Mark Leeman	Youth Fund Youth Project	1,955	0	0	1,955	1,955	0	Earmarked for Youth Projects – To be drawn down in year.
Heather Stewart	Homelessness Grant	163,766	0	0	163,766	163,766	0	Used for preventative partnership initiative work
Chris Hall	Waste Earmarked Reserve	50,000	84,120	0	134,120	119,120	15,000	Expecting an overspend at year end. The underspend in Garden Waste which occurred in 16/17 has been offered up.
Heather Tiso	Debt Recovery	60,820	0	-20,000	40,820	30,551	10,269	As staff that were appointed on fixed term contracts from the Council Tax Additional Income Business Case were not in post at the start (1/4/2016), then salary costs were not incurred until later in the year. I need to carry forward funding in EMR to 2018/19 to allow me to pay for costs for the entirety of their 2 year fixed term contracts.
Heather Tiso	Legal Civica Hosting Costs	12,000	0	0	12,000	7,500	4,500	In addition, as a consequence of a recent security issue, we will be purchasing the PTC (CIVICA) consolidation module at a cost of £3,300. There will be training required for staff on the new software (both CTS module + PTC).
Nick Bryant	Neighbourhood Planning Grant	63,336	60,000	-1,500	121,836	121,836	0	To cover adhoc planning costs
Heather Tiso	Revenues and Benefits	0	30,000	0	30,000	30,000	0	It is possible that in amending the CTS scheme for 2018/19, we will need to purchase an additional module to be able to cope with a Banded Income Scheme. TDBC will be responsible for 76% of the cost with WSC needing to pay 24%. In 2013/14 we were advised the likely cost of this module was in the region of £30k.
Scott Weech	Designated Public Spaces Order	5,000	0	0	5,000	5,000	0	This is being spent on signs in Wellington and for other related work.
Kim Batchelor	JM & SS Project	225,760	69,829	-271,240	24,349	24,349	0	Committed for Transformation
James Barra	Asset Strategy	103,539	70,363	-140,726	33,176	33,176	0	To facilitate the asset mgt strategy via the adhoc use of additional resources. This will be used in-year.
Scott Weech	Land Charges Self Financing	56,160	0	0	56,160	56,160	0	Rolling break even reserve
Elisa Day	Individual Registration	42,696	18,018	-34,620	26,094	26,094	0	Ring-fenced Gov grant
James Barra	Customer Access & Accommodation Project	120,370	1,643,161	-95,267	1,668,264	1,668,264	0	All committed to the project
Julie Harcombe	Monkton Heathfield Planning	689,235	0	-131,890	557,345	557,345	0	Funds a planning team
Scott Weech	Licensing Self Financing	(49,050)	50,000	0	950	950	0	Rolling break even reserve
Tracey-Ann Biss	Parking	0	94,800	0	94,800	94,800	0	Committed for repairs and maintenance
Julie Harcombe	Specialised Planning Legal	160,000	0	-88,060	71,940	71,940	0	Committed for various reasons including supporting our Planning Guarantee requirements, staff funding and additional legal advice.
Scott Weech	Taxi Licensing	19,640	21,440	-4,462	36,618	36,618	0	Rolling break even reserve
Fiona Kirkham	ICT Strategy	50,000	0	0	50,000	50,000	0	Required for Transformation

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Paul Fitzgerald	Resources Service Costs	368,963	138,143	-317,989	189,117	189,117	0	Required to fund additional resource for resilience
Richard Sealy	SWOne Succession Planning/SAP Replacement	1,252,771	12,969	-446,878	818,862	818,862	0	Committed
Paul Harding /Richard Doyle	TDBC Transparency	0	8,103	0	8,103	0	8,103	No Longer required for the original purpose
Jo Nacey (Pool Dividend)	Economic Development & Growth Initiatives	314,717	0	0	314,717	314,717	0	These funds are likely to be used to help deliver the Council's growth ambitions
Kim Batchelor	Creating a New council	0	2,004,000	-25,353	1,978,647	1,978,647	0	Funding required primarily to implement the approved Transformation Business Case and also to create a new council replacing West Somerset and Taunton Deane councils.
Nick Bryant	Garden Town Grant	0	511,845	0	511,845	511,845	0	Ring-fenced
	<b>Total</b>	<b>16,794,637</b>	<b>9,753,324</b>	<b>(9,204,231)</b>	<b>17,343,730</b>	<b>17,252,081</b>	<b>91,649</b>	