

SUBJECT:	REVIEW OF EARMARKED RESERVES
REPORT OF:	<i>Cabinet Portfolio: Support Services (Deputy Leader) – Mike Stannard</i>
RESPONSIBLE OFFICER	<i>Director of Resources – Jim Burness</i>
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WARD/S AFFECTED	<i>All</i>

1. Purpose of Report

- 1.1 To review the earmarked reserves held by the Council, and consider whether to merge some reserves and / or reduce the level of some others.

RECOMMENDATION

- 1.2 To reduce the amount of the following reserves to the following sums:
- Rent Deposit / Private Leasing & Homelessness Prevention Reserve £100,000
 - Housing Benefit Reserve £200,000
 - Community Safety Initiative Reserve £ 50,000
- 1.3 To merge the following reserves:
- The Planning Reserve and the Local Development Framework Reserve
 - The Transformation Reserve and the Workforce Strategy Reserve.
- 1.4 To include in the budget process a review of the earmarked reserves.

2. Reasons for Recommendations

- 2.1 The Council has a number of earmarked reserves. These need to be kept under review taking into account the current financial issues facing the Council.

3. Review of Earmarked Reserves

- 3.1 Earmarked reserves are amounts set aside for specific policy purposes or for contingencies against specific financial risks. For each reserve established, the purpose, usage and the basis of transactions needs to be clearly defined.
- 3.2 The Council can decide to set aside money from the General Fund to use for specific purposes. The use of Earmarked Reserves is delegated to individual officers with approval from the appropriate Cabinet member.
- 3.3 The Council currently has 17 earmarked reserves; as at 31 March 2014, the balance on these reserves was £3,811k. As at 31 March 2015, these are estimated to total £3,924k.

3.4 A list of the current earmarked reserves, their estimated balance as at 31 March 2015 and the purpose for which they are held is detailed below:

Description	Estimated Balance 31/3/15 £k	Purpose
Business Rates Equalisation Reserve	250	To offset any in year loss in retained business rates to the District not covered by the business rates safety net arrangements.
Rent Deposit / Private Leasing and Homelessness prevention reserve	228	To provide funding to assist households in accessing affordable housing and reducing temporary accommodation and avoiding homelessness
Neighbourhood Planning Reserve	17	To hold Neighbourhood Planning Grant until expenditure incurred
Housing Benefits Reserve	508	DWP funding provided in previous years for implementation of welfare reform changes. To be used in future years for service transformation to improve capacity and resilience to cope with forthcoming change.
Election Fund	96	To meet the cost of local elections as and when required
Community Safety Initiatives Reserve	107	Funding secured in previous years to be used to support community safety projects.
Waste Initiatives Reserve	294	Reserve established to provide support for delivery of waste and recycling projects across the District
Planning Reserve	661	To meet the costs of major planning appeals and enforcement actions.
Local Development Framework Reserve	163	To meet costs of the Local Development Document process, including studies and surveys.
HS2 Reserve	78	To cover potential costs involved in challenging the HS2 proposal and seeking mitigation through legal and parliamentary processes.
Transformation Reserve	116	To enable the Council to progress organisational and service delivery change including joint working
Workforce Strategy Reserve	125	To help meet costs associated with organisational change
Economic Development Reserve	250	To support projects with local business and other partners to benefit the local economy
Car Parking	100	To fund parking capacity assessments when required

Description	Estimated Balance 31/3/15 £k	Purpose
Affordable Housing	425	To support the provision of affordable housing
Capital Projects Reserves	0	This reserve is held to provide further resources for capital expenditure.
Repairs & Renewals Fund	506	For the replacement of vehicles, plant, machinery and equipment as required and as a contingency for major repairs to buildings as part of the capital programme
Total	3,924	

Rent Deposit / Private Leasing and Homelessness Prevention Reserve

- 3.5 The balance on this reserve is estimated to be £228k at year end. Over the past 3 years the balance on this reserve has fluctuated by less than £30k per year. Given the lack of movement on this reserve, a reduction in the level of this reserve to £100k would still provide sufficient contingency for the purpose of this reserve. The remaining £128k would be released to the main General Fund balance.

Housing Benefits Reserve

- 3.6 The balance on this reserve is estimated to be £508k at year end. No expenditure is expected from this reserve in 2014/15, and only 8k was used from this reserve in 2013/14. A balance of £200k would be sufficient for the purpose of this reserve, with the remaining £308k released to the main General Fund balance.

Community Safety Initiatives Reserve

- 3.7 The Community Safety Initiatives Reserve closed with a balance of £107k at the end of 2013/14. It is not expected that this will have changed by the end of 2014/15. As there has been little movement on this reserve, reducing the balance of this reserve to £50k would be sufficient for the purpose of this reserve. This would release £57k to General Fund balances.

Planning Reserve / LDF Reserve

- 3.8 The Planning Reserve is held for the purpose of meeting the costs of planning appeals and enforcement actions. There is also a separate Local Development Framework Reserve to meet the costs of the LDF process.
- 3.9 Given that both these reserves relate to planning matters they could be merged. The combined balance on the new reserve would be £824k.
- 3.10 Furthermore expenditure on the Local Development Plan is expected to increase over the next few years, and the Authority needs to be prepared to meet these costs. Merging these reserves would provide additional flexibility to fund these future costs.

Transformation Reserve and the Workforce Strategy Reserve

- 3.11 The Transformation Reserve and the Workforce Strategy Reserve are both held with the aim of meeting the costs of organisational change. The combined balance of these reserves is estimated to be £241k at year end. Given the similar nature and purpose of these reserves, it is recommended that these are combined to form one earmarked reserve.

4. Corporate Implications

- 4.1 If the changes suggested were made, this would result in a reduction the number of Earmarked Reserves. It would also result in £493k being released to the General Fund.

5. Links to Council Policy Objectives

- 5.1 This report links to the Council Objectives by optimising the effective use of Council resources.

Background	None
Papers:	