

Earmarked Reserves Review

EXECUTIVE MEMBER: Councillor Gillian Troughton
LEAD OFFICER: Darienne Law – Head of Corporate Resources
REPORT AUTHOR: Ann Treble -Financial Management and Treasury Accountant

SUMMARY

This report updates Executive on the recent review of Earmarked reserves and seeks approval for use in 2013/14.

Executive are asked to:

- Note the previously agreed utilisation of reserves as detailed in paragraph 2.1 for 2013/14 useage of £132k as shown in Appendix A
- Approve release of Seawalls Reserve back to unallocated general fund balance in 2012/13, see paragraph 3.1
- Approve re- establishment of Building Control Reserve from unallocated general fund balance in 2012/13, see paragraph 4.1

1. INTRODUCTION

- 1.1 Revenue reserves play a key role in the management of the Council's budget. They are used as a contingency against risk, to fund new policy initiatives and to support the Council's revenue and capital budgets when needed.
- 1.2 Executive received a report in December detailing the Head of Service review of earmarked reserves. New reserves or changes to the use of existing reserves must be approved by the Executive either through the budget monitoring or budget setting process. Forecast calls on earmarked reserves will be adjusted against the appropriate budgets controlled by the named budget holder provided that they fall within approved parameters.
- 1.4 Reserves may not be over-committed. If potential calls on an earmarked reserve exceed its available balance, then this must be addressed through the budget monitoring process.
- 1.5 Information on the purpose, use and balances for 2013/14 onwards, on individual reserves held by the Council is provided at **Appendix A** to this report.

2. UTILISATION OF CURRENT RESERVES IN 2013/14

2.1 Previously Executive has approved the use of the following Earmarked Reserves for 2013/14:

| Reserve | 2013/14 £ Release to Revenue Budget |
|--|--|
| <u>Corporate Resources</u> | |
| NCL Contract – Property Risk Pot | 20,000 |
| PFI Reserve | 7,000 |
| <u>Regeneration and Communities</u> | |
| Copeland Seaside Coastal park | 50,000 |
| <u>Neighbourhoods</u> | |
| Crematorium environmental tax (TMAX) | 25,000 |
| Bin Replacement | 20,000 |
| Recycling | 10,000 |
| Total | 132,000 |

3. APPROVALS FOR RELEASE OF EARMARKED RESERVES TO GENERAL FUND 2012/13

3.1 Corporate Resources

- Sea walls (former sinking fund)
As this reserve is no longer needed due to the creation of the coastal management plan reserve it is proposed to release the balance of £27,810 back to the unallocated general fund balance, in 2012/13.

4. APPROVALS TO RE-ESTABLISH EARMARKED RESERVES 2013/14

4.1 Nuclear Planning and Energy

- Building Control – Service Improvements

‘Building Control – Service Improvements’ reserves was incorrectly released to the unallocated general fund balance in December 2012. This reserve is required to smooth the cyclical nature of Building Control to ensure that fees are not charged inappropriately to comply with CIPFA guidance and so Members have been requested, in the aforementioned report, to release the balance of £19,811 from the unallocated general fund to the newly named – Building Control Trading Reserve.

5 RESERVE TOTALS 2013/14

5.1 In summary, the forecast available reserve balances for the period 2013/14, after allowing for the changes contained within this report are as follows:

Table 4

| | Forecast Opening balance 31 March 2013 As at December 2012 £'000 | Released to GFB 31 March 2013 £'000 | Created from GFB 31 March 2013 £'000 | New Forecast Opening Balance 1 April 2013 £'000 | Planned Utilisation 31 March 2014 £'000 | Contributions in year 31 March 2014 £'000s | Forecast Closing Balance 31 March 2014 £'000 |
|-------------------------------|--|--|---|--|--|---|---|
| Appendix A Earmarked Reserves | 4,861 | -36 | 20 | 4,845 | -132 | 77 | 4,790 |

See appendix A for full details of individual reserves

6 WHAT ARE THE LEGAL, FINANCIAL AND HUMAN RESOURCES IMPLICATIONS?

6.1 Implications are set out in the report.

7 STATUTORY OFFICER COMMENTS

7.1 The Monitoring Officer's comments are: No further comment

7.2 The Section 151 Officer's comments are; Included in the report

7.3 Other consultee comments, if any;

List of Appendices

Appendix A – Earmarked Reserves 2013/14

List of Background Documents:

Earmarked Reserve Report – Executive December 2012
Revenue Budget Proposals 2013/14.

| Cost Centre | Description | Purpose | Approval | 2012/13 | | | | | | 2013/14 | | | | |
|-------------|---|--|---|-----------------------------|------------|-----------------------|---------------------|-------------------------|--------------------------------------|-----------------------------|-----------------------|---------------------|-----------------------------|------------|
| | | | | Balance as at 31 March 2012 | Re-phasing | Contributions in year | Planned utilisation | Release to General Fund | Release to another Earmarked Reserve | Balance as at 31 March 2013 | Contributions in year | Planned utilisation | Balance as at 31 March 2014 | |
| 80305 | CHIEF EXECUTIVE Transformation Fund (formerly Choosing to Change) | Reserve created from £100,000 transferred from balances 2009/10, £455,000 2010/11 service reviews and the transfer of unused earmarked reserve balances totalling £1,083m in December 2010. Funds the Council's Choosing to Change programme of service reviews. | Executive 22/12/10 | -1,266,607 | 280,000 | | | | 200,000 | | -786,607 | 0 | | -786,607 |
| 80171 | Assist in resourcing Nuclear activities | Assist in resourcing Nuclear. £200k provided to match a pressure included in the 2010/11 budget | Executive 16/2/10 | -62,877 | 56,853 | | | | | | -6,024 | | | -6,024 |
| | TOTAL | | | -1,329,484 | 336,853 | 0 | 0 | 0 | 200,000 | | -792,631 | 0 | 0 | -792,631 |
| 80156 | POLICY & TRANSFORMATION IT Review | To provide funds for a review of IT | Executive 23/05/06 | -28,866 | 14,060 | | 14,806 | | | | 0 | | | 0 |
| | TOTAL | | | -28,866 | 14,060 | 0 | 14,806 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 80298 | CORPORATE RESOURCES 2010/11 Carry Forwards | Carry forwards approved by the Executive as part of the 2010/11 out-turn. Used in full 2011/12 | Exec 31/5/11 | -215,517 | | | 215,517 | | | | 0 | | | 0 |
| 80304 | Audit Shared Services | Amalgamated from 3 reserves: 1.To fund preparation for a shared audit service with Allerdale, Carlisle, Eden and Cumbria CC (£10,000) 2. Set up at the end of 2005/06 to buy in services for computer audits and supplement training (£7,000) 3. Set up at the end of 2007/08 to buy in specialist computer audits (£10,000). Its purpose is to support the Audit Shared Service being operated by Cumbria CC. | Exec 26/5/09, Exec 23/05/06 Exec 12/08/08 | -27,000 | | | 10,000 | 17,000 | | | 0 | | | 0 |
| 80148 | Revenues & Benefits Shared Service | To provide funds to address any performance issues and implementation on the Revenues and Benefits Shared Service, which are subject to ongoing negotiations with the Shared Service. | Exec 30/05/07 | -65,392 | | | 20,000 | | | | -45,392 | | | -45,392 |
| 80120 | Legal Services - Taxi Ranks | Set up in 2003-04 for re-siting of taxi ranks | Minute LB113 2003/04 | -2,319 | | | | 2,319 | | | 0 | | | 0 |
| 80024 | Mayors Charity Bequest | To be used for specific purposes approved by the Mayor. Balances relate to former mayors charities and do not relate to the current mayors charity account | Transfers carried out in 2007/08 & 2008/09 | -12,967 | | | | | | | -12,967 | | | -12,967 |
| 80077 | Members IT Reserve | To fund members IT. Set up at end of 2005-06 from underspending, as take-up of laptops was less than expected | Exec 23/05/06 | -7,902 | | | | | 7,902 | | 0 | | | 0 |
| 80230 | Members Induction | Set aside from 2007-08 outturn as a contribution to a round of member personal development plans facilitated by NWEQ, scheduled for June 2008 | Exec 12/08/08 | -12,500 | | | | | 2,500 | | -10,000 | | | -10,000 |
| | Corporate IT Reserve | New Reserve for Corporate IT needs/Business continuity (from 80077 & 80230 above) | | 0 | | -210,402 | | | | | -210,402 | | | -210,402 |
| 80178 | Elections Fund | £10k is set aside each year to smooth the costs of district council elections. | Exec 30/07/07 | -6,240 | | -10,000 | | | | | -16,240 | -10,000 | | -26,240 |
| 80196 | Human Resources Employment Tribunals | Created to meet the legal costs of industrial tribunals when needed. | Exec 20/12/11 | 0 | | -30,000 | 30,000 | | | | 0 | | | 0 |
| 80196 | Asset Management Enabling Fund | To fund costs of property disposal e.g marketing, ground surveys These are classed as revenue and so cannot be funded from capital receipts. When set up this was to be maintained at £75k, to be topped up from deminimis receipts (less than £10k) which are classified as revenue. | Set up prior to 31 March 2006 | -56,627 | | | 27,000 | | | | -29,627 | | | -29,627 |
| 80208 | PFI Non Conformance Incidents | To meet costs of minor works and contract changes for the Copeland Centre. This for changes outside the scope of the PFI contract and so additional to the budget for the unitary payment. This reserve is built up from performance deductions against the unitary payment made to London & Regional. | Additional £39.4k agreed Exec 29/06/10 | -17,586 | | | | | | | -17,586 | | | -17,586 |
| 80107 | Building Maintenance and energy conservation | To meet costs of maintenance not fulfilling definition of capital. From 2009/10 capital outturn + 2010/11 Q1 monitoring. | Exec 29/06/10 and 24/08/10 | -2,000 | | | | 2,000 | | | 0 | | | 0 |
| 80107 | Crematorium Chapel | From 2008-09 outturn, to enable completion of works at Crematorium, subject to outcome of evaluation. This was deferred because of debate with the user group about the scope of the work.Outturn report to Exec 30/06/09 App E. | Exec 30/06/09 | -31,000 | | | | 31,000 | | | 0 | | | 0 |
| 80106 | NCL Contract | To provide funds for repairs and maintenance 2012/13 | Exec 20/12/11 | 0 | | -122,000 | 20,000 | | | | -102,000 | 20,000 | | -82,000 |
| | Vertex | This reserve was provided to provide support to Vertex. There has been no requirement to use any of the reserve since 2007/08. Discussions are ongoing in respect of the future use of this reserve. | Set up 2001/02. Last change approved by the Exec 15/01/08 | -37,500 | | | | 37,500 | | | 0 | | | 0 |
| 80137 | Environmental Insurance Reserve | Balance on the Environmental Insurance Reserve from GF risk-based reserve | Exec. 20/12/11 | -90,000 | | | | | | | -90,000 | | | -90,000 |
| 80205 | Coastal Management | Created from the merger of 3 x GF risk based reserves - Sea Walls, North Shore, Environmental Warranty and part of the Environmental Insurance Reserve. | Exec. 20/12/11 | -267,649 | | | | | | | -267,649 | | | -267,649 |
| 80207 | PFI Reserve (former Sinking Fund) | Built up from annual contributions from the revenue budget to smooth payments for the PFI scheme over 25 years. Annual contribution from the revenue budget which should be increased by inflation each year. | Reclassified following RPWG 12/04/12 | -1,457,099 | | -7,000 | 7,000 | | | | -1,457,099 | -7,000 | 7,000 | -1,457,099 |
| 80204 | Phoenix Court (former Sinking Fund) | Set up to smooth maintenance costs for this enterprise centre. Contributions formerly £3,000 p.a but no made since 2005/06 | Reclassified following RPWG 12/04/12 | -4,289 | | | | | | | -4,289 | | | -4,289 |
| 80189 | Sea Walls (former Sinking Fund) | Started in 2009/10 to build up a fund to pay for works to sea defences. Annual budget contribution £9,270. | Reclassified following RPWG 12/04/12 | -27,810 | | | | 27,810 | | | 0 | | | 0 |
| | Compensation payments for community asset transfers | Created to meet Authority's potential need to compensate private landowners for delayed disposal of their assets under the Localism Act (needs to be retained at £20k - maximum call in any 1 year) | Exec 18 Dec 2012 (unallocated and risk based reserves) | 0 | | -20,000 | | | | | -20,000 | | | -20,000 |
| | Howbank | Created to meet potential costs of rehousing people at howbank following collapse of shaft Nov 2012 | Exec 18 Dec 2012 (unallocated and risk based reserves) | 0 | | -20,000 | | | | | -20,000 | | | -20,000 |
| | MMI | Created to meet Authority's potential liability from winding up of previous insurer, triggered Nov 2012 | Exec 18 Dec 2012 (unallocated and risk based reserves) | 0 | | -440,000 | | | | | -440,000 | | | -440,000 |
| | Universal Credit Implications - Revs and Bens | Created to meet the Authority's liability regarding employees redundancy as staff cannot be TUPEd under the changes regarding the introduction of Universal Credit. | Exec 18 Dec 2012 (unallocated and risk based reserves) | 0 | | | | -200,000 | | | -200,000 | | | -200,000 |
| | TOTAL | | | -273,249 | 0 | -859,402 | 329,517 | 117,629 | -189,598 | | -2,943,251 | -17,000 | 27,000 | -2,933,251 |
| 80127 | REGENERATION & COMMUNITIES Local Development Framework | To fund Local Delivery Framework. Revenue Budget report to Exec 17/02/09 App G. Further £20k carry forward from 09/10 to support LDF, planning enforcement and conservation planning advice. £120k over 3 years to fund contract with NECT. | Council 24/02/09 Exec 24/01/10 Exec 29/06/10 | -295,275 | 164,529 | | 55,118 | | | | -75,628 | | | -75,628 |
| 80314 | Planning Policy- Habitat Evaluation | To meet duties to assess impact of developments on natural habitats. This is from un-ringed Habitat Directives grant | Exec 29/06/10 | -33,670 | | | | | | | -33,670 | | | -33,670 |
| 80163 | Cleator Moor Business Centre | From 2008-09 outturn, for building work at Cleator Moor Business Centre, funded from previously generated income. | Exec 30/06/09 | -3,886 | | | | | | | -3,886 | | | -3,886 |
| 80296 | Dilapidated Buildings | From 2008-09 outturn, to address derelict and dilapidated buildings. This will provide 'seed' funding to recover costs of work in default. | Exec 30/06/09 | -40,000 | | | | | | 0 | -40,000 | | | -40,000 |
| 80180 | Dangerous Structures | Transferred from GF risk based reserve | Exec 20/12/11 | -6,437 | | | | | | 0 | -6,437 | | | -6,437 |
| 80276 | Development Strategy Consultants | From 2008-09 outturn, to meet commitments for consultants for housing improvements. | Exec 30/06/09 | -30,536 | | | | 30,536 | | | 0 | | | 0 |
| | Housing Strategy | To fund the 5-yearly Housing Stock Condition Survey | Exec 20/12/11 | 0 | | -10,000 | | | | | -10,000 | -10,000 | | -20,000 |
| 80308 | Homelessness Repossession Fund | For activity to reduce repossessions and homelessness | Exec 29/06/10 | -22,589 | | | | | | | -22,589 | | | -22,589 |
| 80159 | Local Business Growth Initiative | To assist Local Business Growth Initiatives | Exec 21/04/09 Exec 29/06/10 | -81,131 | 59,794 | | 9,044 | 12,293 | | | 0 | | | 0 |
| 80271 | Whitehaven Regeneration Scheme | Carried forward from 2007-08 for Whitehaven Regeneration Scheme. | Exec 12/08/08 | -9,800 | | | | 9,800 | | | 0 | | | 0 |
| 80315 | Copeland Seaside Coastal Park | For coastal regeneration programme as outlined in Copeland Regeneration report to Exec on 29/06/10. | Exec 29/06/10 | -181,864 | | | 50,000 | | | | -131,864 | 50,000 | | -81,864 |
| 80197 | Working Neighbourhoods | To support Copeland Regeneration Plan. | Exec 12/08/08 and 22/09/09 | -481,051 | 289,542 | | | 119,053 | | | -72,456 | | | -72,456 |
| 80169 | Cultural Services - Ongoing Schemes | Carry forward of outside funding towards arts and cultural projects. | Exec 23/05/06 & 30/05/07 | -2,481 | | | | 2,481 | | | 0 | | | 0 |
| 80321 | Regeneration Reserve | To provide funds for consultants dealing with Regeneration projects. Balance derived from savings in staff time dealing with external projects | Council 01/12/11 | -81,005 | | | | 81,005 | | | 0 | | | 0 |
| 80177 | Beacon Museum Exhibits | To use (often as match funding) to purchase items for the Beacon museum collection | Precedes 2005/06 | -21,014 | | | | | | | -21,014 | | | -21,014 |
| 80283 | Beacon (former Sinking Fund) | Set up as part of the agreements with funding partners to ensure that the Beacon is continually upgraded. The fund has been built up from annual revenue budget surpluses generated at the Beacon | Reclassified following RPWG 12/04/12 | -115,994 | | | | 0 | | | -115,994 | | | -115,994 |
| | TOTAL | | | -1,406,733 | 513,865 | -10,000 | 195,167 | 174,163 | 0 | | -533,538 | -10,000 | 50,000 | -493,538 |
| 80046 | NEIGHBOURHOODS Crematorium Donations | Donations from the public via a collection box at the Crematorium made specifically for the purpose of maintaining the crematorium and are ringfenced for that purpose. | No approval | -4,912 | | | | | | | -4,912 | | | -4,912 |
| 80302 | Proceeds from CAMEO tax | Balance of proceeds from CAMEO tax to be used to fund replacement cremators & mercury abatement. | Exec 29/06/10 | -52,865 | | | | | | | -52,865 | -50,000 | 25,000 | -77,865 |
| 80206 | Recycling | Balance from the Recycling Sinking Fund transferred to earmarked reserves. Used for equipment purchase | Exec 20/12/11 | -43,784 | | | 15,000 | | | | -28,784 | 10,000 | | -18,784 |
| 80198 | Bin Replacement Reserve (former Sinking Fund) | Set up in 2003 to fund the provision/replacement of wheellie bins. Funded from ad-hoc underspends within the revenue budget. Last revenue contribution £44,000 2007/08. | 2003/04 | -168,440 | | | | 27,000 | | | -141,440 | 20,000 | | -121,440 |
| 80193 | Catherine Street Car Park | Set up as part of an agreement with Cumbria CC who released the land for the Sports Centre car park. Contributions are made from the revenue budget annually (£5,150) to fund maintenance | Reclassified following RPWG | -77,031 | | -5,150 | 20,000 | | | | -62,181 | | | -62,181 |
| 80203 | Crematorium Sinking Fund | Set up to fund improvements to the car park at the Crematorium. Contributions are made annually to the fund equivalent to £10 per cremation | Reclassified following RPWG | -27,790 | | -9,340 | 7,000 | | | | -30,130 | | | -30,130 |
| | TOTAL | | | -374,822 | 0 | -14,490 | 69,000 | 0 | 0 | | -320,312 | -50,000 | 55,000 | -315,312 |
| 80274 | NUCLEAR PLANNING AND ENERGY Development Control - Application Support | To support costs of major planning applications, as required. | Exec 27/05/08 & 12/08/08 | -25,758 | | | | | 0 | | -25,758 | | | -25,758 |
| 80294 | Building Control - Service Improvement | This is the balance from £110k carried forward from 2007-08 from salaries underspend, for service improvements. | Exec 27/05/08 & 12/08/08 | -22,036 | | | 2,225 | | 0 | | -19,811 | | | -19,811 |
| 80273 | Development Control - Enforcement | Provides funding for 2 years up to 2011-12 for an enforcement officer. | Exec 27/05/08 & 12/08/08 | -40,000 | | | 14,273 | 25,727 | | | 0 | | | 0 |
| | | | Exec 18 Dec 2012 (unallocated and risk based reserves) | | | | | | | | -210,000 | | | -210,000 |
| | Weddicar Planning | Created to defend planning decision made re windfarm in 2012 | | -87,794 | | -210,000 | 16,498 | 25,727 | | | -255,569 | 0 | 0 | -255,569 |
| | TOTAL | | | -87,794 | 0 | -210,000 | 16,498 | 25,727 | 0 | | -255,569 | 0 | 0 | -255,569 |
| | GRAND TOTAL | | | -3,500,948 | 864,778 | -1,093,892 | 624,988 | 317,519 | 10,402 | | -4,845,301 | -77,000 | 132,000 | -4,790,301 |