

RESERVES 2011/12 – UPDATE

EXECUTIVE MEMBER: Councillor G Troughton

LEAD OFFICER: Joanne Wagstaffe, Corporate Director, Resources and Transformation

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WHY HAS THIS REPORT COME TO RESOURCE PLANNING WORKING GROUP?

To inform Members of the current position on the forecast level of reserves available at 31 March 2012.

SUMMARY:

The report gives an update on the level of reserves held by the Council and a forecast of the respective balances at 31 March 2012.

RECOMMENDATIONS:

Members are asked to note that as at 30 June, the current forecast level of reserves held by the Council at 31 March 2012 will be £6,331,492 as outlined in paragraph 2.4 below.

1. INTRODUCTION

1.1 This report updates the position on the level of reserves held by the Council to support the revenue budget.

2. CURRENT POSITION

2.1 At the end of the 2010/11 financial year, the level of reserves held by the Council totalled £9,460,841.

2.2 The 2011/12 budget approved by the Executive in February 2011 included the use of £236,091 from General Fund unallocated balances and £2,619,000 from earmarked reserves.

2.3 The Executive approved the use of a further £1,199,236 from reserves for carry forwards following consideration of the out-turn report on 31 May 2011. This was subsequently reduced by £485,000 to £714,236 following consideration of the quarter 1 budget monitoring report by the Executive on 23 August 2011.

2.4 The use of the Beacon reserve to fund gallery works of £105,000 was also approved by the Executive on 27 July 2011.

2.5 The quarter 1 budget monitoring report forecasted an underspend of £409,586 which will also reduce the requirement for the use of General Fund balances and earmarked reserves by £20,200 and £389,386 respectively. The revised position is summarised in the following table;

Reserve	Balance 1.4.11	In Year Receipts	Approved Utilisation	In Year Changes	Balance 31.3.12
	£	£	£	£	£
General Fund Unallocated	(1,641,843)	0	236,091	(20,200)	(1,425,952)
General Fund Risk Based	(1,714,149)	0	0	0	(1,714,419)
Sinking Funds	(1,631,450)	(135,292)	0	0	(1,766,842)
Earmarked Reserves	(4,473,129)	0	3,438,236	(389,386)	(1,424,279)
Total	(9,460,571)	(135,292)	3,674,327	(409,586)	(6,331,492)

- 2.6 There are likely to be further changes to the use of reserves as spending forecasts change through the budget monitoring process. These changes will be reported to RPWG and the Executive as they arise.
- 2.7 In addition, as part of the budget process for 2012/13, the balances within the individual reserves held will be reviewed to assess if the levels are appropriate to meet current spending requirements.
- 2.8 This review will be done in conjunction with service managers in respect of earmarked reserves and sinking funds, whilst the risk based element of the General Fund will be reassessed and changed if the current level of risks facing the Council has materially changed since the last review in December 2010.
- 2.9 Details of the balances on the individual reserves are attached at appendix 1 for information.

3 CONCLUSIONS

- 3.1 Members are asked to note the position outlined in the report.

4. STATUTORY OFFICER COMMENTS

- 4.1 The Monitoring Officer's comments are: None
- 4.2 The Section 151 Officer's comments are: Included in the report
- 4.3 EIA Comments: None
- 4.4 Other consultee comments, if any: None at this stage

5. HOW WILL THE PROPOSALS BE PROJECT MANAGED AND HOW ARE THE RISKS GOING TO BE MANAGED?

- 5.1 The use of reserves is linked closely to the Council's budget monitoring process. Forecasts on the use of reserves will be updated as spending forecasts change.
- 5.2 Changes to the forecasts will be reported as necessary to the Executive and Resource Planning Working Group, together with reasons for those changes.

6. WHAT MEASURABLE OUTCOMES OR OUTPUTS WILL ARISE FROM THIS REPORT?

6.1 By 31 March 2012, it is anticipated that the level of reserves held by the Council will total £6,331,132.

List of Appendices:

Appendix – Reserves 2011/12

GENERAL FUND BALANCE 2011/12

Description	2011/12			
	Balance brought forward 1.4.11	Budgeted Utilisation (+)	In Year Changes Qtr 1	Balance carried forward 31.3.12
	£	£	£	£
<u>General Fund Unallocated</u>	-1,641,843	236,091	-20,200	-1,425,952
	-1,641,843	236,091	-20,200	-1,425,952
<u>Risk Based Balance</u>				
Sustainability of the base budget	-111,870			-111,870
Reduced fees & charges	-60,586			-60,586
Reduced investment interest	-28,310			-28,310
Civil Emergencies	-58,449			-58,449
Insurance excesses	-11,859			-11,859
Medium-term financial plan	-123,230			-123,230
Assets & property	-100,705			-100,705
Vacancy factor	-33,750			-33,750
Housing benefits	-90,525			-90,525
HGV licences - operators fund	-74,200			-74,200
Grant settlement	-590,500			-590,500
Fuel price cost	-28,850			-28,850
Dangerous structures	-6,437			-6,437
Coast protection	-775			-775
Sea walls - North Shore	-30,790			-30,790
Environmental warranty - North Shore call centre	-139,883			-139,883
Vertex - rates offset	-37,500			-37,500
Environmental insurance	-186,200			-186,200
	-1,714,419	0	0	-1,714,419
	-3,356,262	236,091	-20,200	-3,140,371

RESERVES - SINKING FUNDS

Budget Description

Leisure & Environmental Services

Waste Management
Waste Management

Development Strategy and Operations

Property
Property
Property
Property
Property

Description	<-----2011/12----->			
	2010/11 Balance brought forward	Contributions in Year	Utilised (+)	2011/12 Balance carried forward
	£	£	£	£
Recycling Sinking Fund	-43,784			-43,784
Bin Replacement Sinking Fund	-168,440			-168,440
	-212,224	0	0	-212,224
PFI Sinking Fund	-1,306,862			-1,442,254
Pheonix Court Sinking Fund	-4,289	-135,392		-4,289
Sea Walls Sinking Fund	-18,540			-18,540
Catherine Street Car Park Sinking Fund	-71,085			-71,085
Crematorium Car Park Sinking Fund	-18,449			-18,449
	-1,419,226	-135,392	0	-1,554,618
	-1,631,450	-135,392	0	-1,766,842

RETAINED EARMARKED RESERVES 2011/12

Budget Description	Description	Purpose	Approval	Balance at 31/03/11	Other transfers from General Balances	Planned utilisation from budget and carry forwards	In Year changes to planned utilisation	Balance at 31/03/12	
CHIEF EXECUTIVE									
Chief Executive	Choosing to Change	To fund the 'Choosing to Change' programme		-1,603,721		1,593,725	-55,725	-65,721	Balance of C2C funding. Top up 2010/11 from unused earmarked reserves and stage 1 service reviews. The majority of the planned utilisation is in 2011/12.
Nuclear	Assist in resourcing Nuclear	£200k to match pressure included in 2010-11 budget	Exec 16/02/10	-219,658		200,000		-19,658	To fund Nuclear Programme - will increase in 2010/11 as the £200k will not be used in full in the year.
CHIEF EXECUTIVE TOTAL				-1,823,379	0	1,793,725	-55,725	-85,379	
CORPORATE RESOURCES									
Finance	Base budget support - MTFS	Carry forwards for financial year 2010/11	Exec 31/5/11	-252,291		252,291		0	
Finance	Audit Shared Services (Exec 26 May)	To fund preparation for a shared audit service with Aberdeenshire, Carlisle, Eden and Cumbria County Councils	Exec 23/05/06 12/08/08 & 26/05/09	-27,000				-27,000	Retained pending set up of Audit Shared Services
Legal	Renew Tax Ranks	Set up in 2003-04 for re-setting of tax ranks		-2,319				-2,319	
Mayors Charity Request		This is a request for defined purposes.		-12,987				-12,987	Must be retained - Request
Member PC Reserve	Improve members IT facilities	Set up in 2005/06 following underspend on take-up of laptops		-7,902				-7,902	
Induction Programme	Training reserve for members	Set up in 2006/07 to train new members elected in 2007		-12,500				-12,500	
Election Fund	Elections Fund	£10k is set aside each year to smooth the costs of district council elections.		-42,723				-42,723	Set aside to meet 4 yearly elections cycle - next due 2011/12.
Asset Management	Asset Mgmt 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 demeritis receipts (less than £10k) which are classed as revenue.	To confirm - per C.L. there was a committee report about 4 years ago.	-40,227				-40,227	
Copeland Centre NCI reserve	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.	Additional £39.4k agreed Exec 29/06/10	-17,586				-17,586	Required to support PFI project
Property - Public Buildings	Start of chapel deferred	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	To fund existing capital programme.
Building Maintenance	Building Maintenance and energy conservation	To meet costs of maintenance not fulfilling defructon of capital. From 2009/10 capital outturn + 2010/11 Q1 monitoring.	Exec 29/06/10 and 24/08/10	-2,000				-2,000	
Revenues & Benefits Shared Service	Fraud - Shared Services	Merge two balances for Benefits Fraud	Exec 23/05/06 Exec 30/06/07	-7,979				-7,979	Retained pending set up of Revenues & Benefits Shared Services
Revenues & Benefits Shared Service	For implementation of Benefits verification framework. Remaining balance to avoid potential dip in performance during implementation of Shared Service project. May be needed for c 2 years Le up to 2011/12.		Exec 30/05/07	-40,722				-40,722	Recommend that the balance is retained until Shared Services settle down - May be some buyout costs for rationalising conditions of service across 3 councils.
Revenues & Benefits Shared Service	DWP Grant Reserve. Remaining balance to avoid potential dip in performance during implementation of Shared Service project. May be needed for c 2 years Le up to 2011-12.	Included £57k set aside from performance standards funding towards DWP software.	Exec 29/06/04	-16,691				-16,691	
CORPORATE RESOURCES TOTAL				-513,907	0	252,291	0	-261,616	
POLICY & TRANSFORMATION									
Copeland Community Fund	Balance of funding unused 2009/10						-20,283	-20,283	
MIS	IT Review	For IT review.		-25,000		30,000		6,000	Review level of commitment to save £5,000
POLICY & TRANSFORMATION TOTAL				-25,000	0	30,000	-20,283	-15,283	
NEIGHBOURHOODS									
Enforcement	Dog Control Orders	Carried forward from 09/10 to meet costs of signage required if dog control orders are implemented.	Exec 29/06/10	-10,000				-10,000	
Crematorium Donations	Crematorium Donations	These are donations from the public made specifically for the purpose of maintaining the crematorium and are ringfenced for that purpose.		-4,659				-4,659	Contributions from 3rd parties for specific use at the Crematorium. Cannot be transferred to the General Fund
Crematorium	Proceeds from CAMEO tax	Balance of proceeds from CAMEO tax to be used to fund replacement burners		-10,255				-10,255	
Development Control	Development Control - Enforcement	Provides funding for 2 years up to 2011-12 for an enforcement officer.		-40,000				-40,000	
Development Control	Development Control - Application Support	To support costs of major planning applications, as required.		-25,768				-25,768	
Building Control	Building Control - Service Improvement	This is £40k for Building Control from £110k carried forward from 2007-08 from salaries underspend, for service improvements.	Exec 12/08/08	-58,885		11,000		-47,885	
NEIGHBOURHOODS TOTAL				-149,557	0	11,000	0	-138,557	
REGENERATION & COMMUNITIES									
Planning Policy	Strategic Planning (was previously called Local Planning - Printing)	Released as part of 2009-10 budget proposal to meet budget pressures in respect of LDF		-82,652		80,383		-2,269	Part funding for LDF work 2011/12 & 2012/13
Planning Policy	LDF printing	For printing LDF strategy options, delayed from 2009/10	Exec 29/06/10	0				0	
Planning Policy	Planning Policy - Work committed previous year	Work committed during 2007-08 but still to be carried out.	Exec 12/08/08	-43,000		43,000		0	Part funding for LDF work 2011/12 & 2012/13
Planning Policy	Planning Policy - Habitat Evaluation	To meet duties to assess impact of developments on natural habitats. This is from unringfenced Habitat Directives grant	Exec 29/06/10	-33,670				-33,670	
Development Services Holding Account	Planning Policy Delivery Grant.	To fund Local Delivery Framework. Revenue Budget	Council 24/02/09 Exec 24/01/10 Exec 29/06/10	-314,426		176,617	6,691	-129,118	Part funding for LDF work 2011/12 & 2012/13
Development Strategy	Work on building from income generated	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	
Development Strategy	Tackling of derelict and 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				-40,000	

Development Strategy	Consultants	From 2008-09 outturn, to meet commitments for consultants for housing improvements.	Exec 30/06/09	-30,536			-30,536	To fund consultants on housing work
Homelessness	Homelessness Repossession Fund	For activity to reduce repossessions and homelessness	Exec 29/06/10	-22,569			-22,569	
Subs & Other Misc	To Assist Local Business Growth Initiative	Applies funding received through Local Authority Business Growth Initiative to support business development initiatives.	Exec 21/04/09 + Exec 29/06/10	-214,360	193,220	-79,639	-100,779	
Economic Development	Whitehaven Regeneration Scheme	Carried forward from 2007-08 for Whitehaven Regeneration Scheme.	Exec 12/08/08.	-9,800			-9,800	
Economic Development	Copeland Seaside Coastal Park	For coastal regeneration programme as outlined in Copeland Regeneration report to Exec on 29/08/10.	Exec 29/06/10	-200,000	50,000		-150,000	Programme of work approved to use this reserve.
Small Business Fund	Small Business Fund			-197			-197	
Neighbourhood Renewal Scheme	Neighbourhood Renewal Scheme	To support Copeland Regeneration Plan.	Exec 12/08/08 and 22/08/09 Exec. 28/8/10 Exec 31/5/11	-801,727	703,000	-242,430	-341,157	Funding required to finish WNF programme in 2011/12. Includes £50,000 for Nuclear programmes
Cultural Services	Ongoing Schemes	Outside funding towards arts and cultural projects.		-2,481			-2,481	
Beacon	Museum Exhibits	To use (often as match funding) to purchase items for the Beacon museum collection		-21,014			-21,014	
Beacon and TIC	Contribution to Earmarked Reserve in accordance with 5 yr Business Plan and agreement with Funding Partners for refurbishment	From 2008-09 outturn, contribution to Beacon refurbishment fund as per 5 yr Business Plan and agreement with Funding Partners for refurbishment.	Exec 30/06/09	-140,948	105,000		-35,948	To refurbish the Beacon
REGENERATION & COMMUNITIES TOTAL				-1,961,286	0	1,351,220	-313,378	-923,444
GRAND TOTAL				-4,473,123	0	3,438,296	-389,368	-1,424,279