

### EARMARKED AND UNEARMARKED RESERVES

1.1 The Council's Net Budget is £7.4 million in 2017/18. It is still recommended to retain the same policy of maintaining a minimum level of Unearmarked Reserves of £750,000.

1.2 Our financial strategy recognises the need to maintain un-earmarked revenue reserves to provide stability for both medium and longer term planning and to provide a contingency against unforeseen events. In setting the minimum level at £750,000, the following have been taken into account:

- The size of the authority
- The volatility of some income and expenditure budgets due to a dependency on the weather, tourism and state of the economy
- The risks faced by the Council with regard to funding unforeseen events
- Uncertainty over future Government funding and Business Rates
- Uncertainty over future New Homes Bonus allocations

1.3 The Unearmarked Reserves (General Fund) balance of £1.1 million stands above the minimum balance of £750,000 and acts as a safeguard against unforeseen financial pressures.

1.4 **Specific Earmarked Reserves** - The level and commitments for each reserve are kept under review each year to make sure the committed balance is adequate for its purpose (in accordance with LLAP Bulletin 99, a guide on 'Reserves' from the Chartered Institute of Public Finance).

1.5 A schedule of Earmarked Reserves for 16/17 is shown below. The Council has Earmarked Reserves of £3.7 million.

1.6 The tables below show the movements on the two Earmarked Reserves that were set up as part of the Budget approved for 2016/17.

<b>EARMARKED RESERVES</b>	<b>Balance at</b>	<b>Transfers</b>	<b>Transfers</b>	<b>Balance at</b>
<b>2016/17</b>	<b>31 March</b>	<b>Out</b>	<b>In</b>	<b>31 March</b>
	<b>2016</b>			<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>General Fund</b>				
Car Parking Maintenance	408		32	440
ICT Development	0	(18)	42	24
JSG Future Options	0	-	46	46
Planning Policy & Major Developments	0	-	39	39
16/17 Budget Surplus Contingency	0	-	669	669
Innovation Fund (Invest to Earn)	0	(16)	922	906
Outdoor Sports & Recreation	0	-	7	7
Waste & Cleansing Options Review	0	-	80	80
Community Housing Fund	0	-	248	248
Leisure Services	0	(99)	273	174
LA Business Growth	25	(25)	-	-
Habitats Reserve	15	(2)	-	13
Landscape Maintenance	5	-	-	5
Invest to Save	27	-	-	27
Elections	24	-	-	24
DCC Localism Support Officer	4	-	-	4
REIP – Localism Projects	1	-	-	1
DCC TAP Funds	63	(63)	-	-
New Burdens CLG	3	-	-	3
CLG – Assets Community Value	8	-	-	8
Neighbourhood Planning Grants	65	(7)	-	58
World Heritage Key Site	5	-	-	5

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<b>2016/17</b>	<b>31 March</b>	<b>Out</b>	<b>In</b>	<b>31 March</b>
	<b>2016</b>			<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cannons Meadow	19	(3)	-	16
Millwood Homes	15	-	-	15
Young Persons Prevention Officer	10	(10)	-	-
DCLG Business Support Scheme	13	(13)	-	-
Inspire Annex 111	7	(7)	-	-
DCC Public Health	25	(19)	-	6
Revenue Grants	-	-	59	59
Business Rates Retention Scheme	844	(626)	-	218
Town Teams & Economic Grants	17	-	6	23
Flood Works	20	(2)	-	18
New Homes Bonus	697	(2,288)	1,818	227
Homelessness	30	-	-	30
Strategic Change (T18)	-	(81)	192	111
Planning Enforcement	45	(40)	-	5
Maintenance Fund (Estates)	-	(17)	240	223
<b>TOTAL EARMARKED</b>	<b>2,395</b>	<b>(3,336)</b>	<b>4,673</b>	<b>3,732</b>
<b>REVENUE RESERVES</b>				

**Car Parking Maintenance** - In line with the Council's car parking strategy, a car parking maintenance reserve is maintained to ensure that major planned works on car parks can be carried out at the appropriate time, in line with a cyclical programme of maintenance and repairs.

**16/17 Budget Surplus Contingency** – This reserve was created as part of the 2016/17 Budget setting process. There is an uncommitted balance remaining of £221,000.

**Innovation Fund (Invest to Earn)** – This fund has a remaining balance of £906,000. Of this, £500,000 has been deposited with CCLA in their Local Authority Property Fund. This is a long term investment and on average is expected to generate yields of c.5%. The remainder of this fund will be used to acquire and develop land within West Devon to support local housing need (Hub Committee 12/9/17).

**Community Housing Fund** – This reserve was set up to hold the Community Housing Fund Grant. We are working on developing a community housing initiative, which is designed to help local residents to determine and deliver appropriate and affordable housing for their communities.

**Business Rates Retention Scheme** - The business rates reserve covers any possible funding issues from the new accounting arrangements.

**New Homes Bonus** – This reserve was established to show how New Homes Bonus funding has been used on an annual basis.

**Strategic Change Reserve (T18)** – This reserve was set up to finance one off investments under the Council's Transformation Programme that are required for development or the release of ongoing efficiencies.