

EARMARKED AND UNEARMARKED RESERVES

1.1 The Council's Net Budget is £7.3 million in 2018/19. It is still recommended to retain the same policy of maintaining a minimum level of Unearmarked Reserves of £750,000 but to look to increase this in a stepped way over the five year period of the Medium Term Financial Strategy.

1.2 There is a 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 £1.197 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 17/18 is shown below. The Council has Earmarked Reserves of £4 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.

2017/18	Balance at 31 March 2017 £000	Transfers Out £000	Transfers In £000	Balance at 31 March 2018 £000
EARMARKED RESERVES				
General Fund				
Car Parking Maintenance	440	(5)	-	435
ICT Development	24	(19)	25	30
JSG Future Options	46	(35)	-	11
Planning Policy & Major Developments	39	(60)	65	44
16/17 Budget Surplus Contingency	669	(287)	-	382
Innovation Fund (Invest to Earn)	906	(182)	-	724
Outdoor Sports & Recreation	7	-	11	18
Waste & Cleansing Options Review	80	-	-	80
Community Housing Fund	248	(5)	-	243
Leisure Services	174	-	57	231
Support Services Trading	-	-	8	8
Environmental Health Initiatives	-	-	20	20
Habitats Reserve	13	(3)	-	10
Landscape Maintenance	5	-	-	5
Invest to Save	27	-	-	27
Elections	24	-	-	24
DCC Localism Support Officer	4	-	1	5
REIP – Localism Projects	1	(1)	-	-
New Burdens CLG	3	-	-	3
CLG – Assets Community Value	8	-	-	8
Neighbourhood Planning Grants	58	(11)	-	47
World Heritage Key Site	5	-	-	5
Cannons Meadow	16	(3)	-	13
Millwood Homes	15	-	-	15
DCC Public Health	6	-	-	6
Revenue Grants	59	-	161	220
Business Rates Retention Scheme	218	-	291	509
Town Teams & Economic Grants	23	-	-	23
Flood Works	18	(3)	-	15
New Homes Bonus	227	(963)	961	225
Homelessness	30	-	65	95
Strategic Change	111	(51)	227	287
Planning Enforcement	5	-	-	5
Maintenance Fund	223	-	-	223
S106 Monitoring	-	-	19	19
TOTAL EARMARKED REVENUE RESERVES	3,732	(1,628)	1,911	4,015

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 £234,000.

Innovation Fund (Invest to Earn) – This fund has an uncommitted balance of £439,000. 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. This reserve was funding pension strain costs.