

Meeting: Cabinet
Council

Date: 23 February 2023
7 March 2023

Wards Affected: All Wards

Report Title: Review of Reserves 2023/24

Is the decision a key decision? No

When does the decision need to be implemented? n/a

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1. Purpose

- 1.1. The Council holds reserves as part of its approach to maintaining a sound financial position, protecting the Council to some degree from volatility in its budget going forward. The requirement for financial reserves is linked to legislation such as the Local Government Act 1992 which requires councils to “have regard” to the level of reserves needed to meet future expenditure when calculating a budget. Part of sound financial management is to assess the adequacy of these reserves and release those reserves no longer required.

2. Proposed Decision

- 2.1. That, in support of the 2023/24 budget setting process, the Council’s reserves position be noted.

3. Reasons for Decision

- 3.1. A Review of Reserves is a key part of the Council’s budget setting process. Consideration of reserve levels is linked to legislation for budget setting contained in both the Local Government Acts of 1992 (section 31A & 42A) and 2003 (section 25) and linked to section 114 of the Local Government Finance Act 1988.
- 3.2. The Council continues to face financial uncertainty over future year council funding levels as the 2023/24 Local Government finance settlement was again for one year only.
- 3.3. Inflation is an uncertainty for the Council. Inflation rates in January 2023 were over 10%. Although these rates are forecast to drop back to 2% over the next two years there will inevitably be uncertainty of the exact impact of inflation on costs in 2023/24. These include the 2023/24 pay award and utility costs.
- 3.4. The General Fund is £5.7m which is approx. 4.3% of the Council’s 2023/24 net revenue budget. This level of General Fund reserves is below the 5% target, and it is recommended that if additional funds are available then this reserve is increased to a 5% level. Should the

Local Authority be required to fund the Dedicated Schools Grant (DSG) deficit, which is forecast to be more than £12m by March 2023, this would exceed the General Fund Reserve balance and would cause a fundamental financial issue for the Council.

- 3.5. The Comprehensive Spending Review (CSR) reserve may be needed to fund any in year overspend for 2022/23 should this overspend not be addressed during the remainder of the financial year.
- 3.6. As mentioned earlier, there remains a significant reserve risk due to the deficit balance on the DSG due to higher demand and cost in relation to children who require additional support. Whilst this is no longer shown as a negative reserve due to the current statutory override which allows a reclassification of the deficit on the Council's balance sheet, this remains a significant risk to the Council's reserve position. The Council does not receive any funding for schools as part of its own funding therefore the overspend is expected to remain in the DSG to be funded from DSG in future years. The Council is in advanced discussion with the Department for Education (DfE) as part of the Safety Value Programme. Under this programme, if agreed, the Council must submit, and then achieve, a deficit recovery plan. If this plan is achieved, then DfE will then provide funding for the accumulated deficit. It is therefore essential that even if a safety value isn't agreed that the recovery plan is implemented successfully, and the projected funding reductions achieved.
- 3.7. Due to the financial risks facing the Council in 2023/24 because of any prolonged effect of Covid-19, the cost-of-living issues and possible risks in future years, it is essential that the Council's reserves provide a sufficient contingency to meet this increasing risk and to ensure a robust budget. In line with previous Reviews of Reserves and the Medium-Term Financial Plan, it is recommended that, because of the level of current and previous year budget variations, we continue set the target for the CSR Reserve at a minimum of £3m.
- 3.8. A key risk for the organisation is the Council's integrated arrangement for adult social care (ASC) with the NHS which has been in place since 2005. There is a funding agreement in place until March 2025 which requires a one-year notice period. Whilst both partners fully support the integrated arrangements and would wish them to continue, if the agreement were to end, the financial impact on the Council would be fundamental as the levels of spend on ASC under a fully integrated system are significantly higher than the funding the Council provides.
- 3.9. A risk that has arisen in the past year linked to the economic conditions and high inflation is the impact on the Council's capital plan. A combination of higher construction costs, contractor instability and higher borrowing costs will make capital projects harder to be financially viable. This may result in the significant redesign of projects or the pausing or stopping of projects. As a result, if schemes change or are stopped, expenditure incurred as capital may not now have an asset to which these costs can be attributed. They would therefore become abortive costs which would need to be charged to the revenue budget. In February 2023, the Department of Levelling Up, Housing and Communities (DLUHC) released an additional £0.273m of funding (for the 2022/23 financial year) and this will be allocated to a new "capital projects reserve" to help mitigate this risk.
- 3.10. Linked to the issues on the viability of capital projects, if a scheme is unable to continue this may require the repayment of grants to the funding bodies with the costs incurred to date being abortive and a council cost.
- 3.11. In the absence of clarity on future year funding from central government, councils, including Torbay, will inevitably aim to mitigate against that uncertainty. Uncertainties for Torbay Council include:

- Impact of Spending Review in 2025/26 onwards
- Any ongoing financial impact of Covid-19
- Any ongoing financial impact of current economic conditions and cost-of-living
- Impact of new funding formula for councils in “next parliament”
- Unconfirmed allocations for specific grants such as Improved Better Care Fund, Flexible Housing Grant and Supporting Families for 2025/26
- Impact of relative resource (council tax and service) equalisation in “next parliament”
- Impact of the new NNDR retention scheme in 2023/24 in the “next parliament”
- Impact of the revised NNDR baselines in 2023/24 in the “next parliament”
- Future value of contract for Adult Social Care in 2025/26
- Impact of reforms to Adult Social care from October 2025.

- 3.12. The Council has previously undertaken activities that have a higher level of risk associated with them. This includes the Investment Fund (purchases now stopped) and both affordable and extra care housing where the Council is investing a significant amount funded by prudential borrowing via its subsidiary company Tor Vista Homes. Whilst significant business case analysis and due diligence of proposals is undertaken for each initiative, there is always a risk that the projects will not deliver the income required to cover the “fixed” costs of the borrowing. These more commercial activities carry a higher level of risk and reward which is linked to changes in income streams (such as rent) and fluctuations in the values of any underlying assets.
- 3.14 Several of the regeneration and housing schemes the Council is considering are high value schemes that have a higher level of risk associated and require a significant level of future income to support the borrowing required. These include the extra care accommodation at both Crossways and Torre Marine and the major regeneration schemes at Union Square and Debenhams, Torquay and at Victoria Square. Paignton.
- 3.15 In addition, the Council owns 100% of SWISCo, Torbay Education Limited and the TDA Group of companies including Tor Vista Homes, TEDC Developments, C&A Consultancy and Complete Cleaning Solutions. There are inevitably risks associated with those companies.
- 3.16 Members are again reminded of the advice previously given by the Chief Finance Officer, that reserves should not be used for supporting ongoing recurring expenditure. Use in that way is not financially sustainable as reserves can only be spent once.

4 Chief Finance Officer Statement.

- 4.1 The Council is continuing to face financial challenges. I am satisfied that the Council’s General Fund and Earmarked Reserves, including Insurance Reserves, are adequate for the Council’s Financial Plans for 2023/24 to meet any known or predicted liabilities over the period in which the liabilities are expected to become due for payment.
- 4.2 I fully support ensuring that a prudent level for the General Fund reserve at 5% of the Council’s net revenue budget remains an objective.

- 4.3 The adequacy of the Council's reserves can be supported if the following actions are undertaken:
- a) That the Council maintains the focus on social care, both adults and children's, as the biggest financial risks to the Council to deliver the identified improvements supported by a robust financial recovery plan and the sufficiency strategy;
 - b) That the Council maintains its focus on the recovery plan for reducing the deficit on the Higher Needs Block and continues the safety value programme with DfE; and
 - c) That the Council urgently assesses the financial viability of the projects within its capital plan.
- 4.4 However, all consideration of reserves must recognise the two fundamental financial risks to the Council:
- 1) the increasing cumulative deficit on the Higher Needs Block which is part of the ring-fenced Dedicated Schools Grant. This deficit is forecast to be over £12m by March 2023.
 - 2) The financial impact on the Council if the integrated health and adult social care arrangement is ended.
- 4.5 For more detailed information on this proposal please refer to the supporting information attached.

Martin Phillips
Chief Finance Officer

Supporting information

A1. Introduction

A1.1 A Review of Reserves is part of the Council's annual budget process.

A2 Review of Reserves 2023/24

A2.1 Overview

A2.2 As at the start of the year, Torbay Council's reserves were £5.7m General Fund reserve and £67.1m of earmarked reserves

A2.3 A list of the Council's Reserves is attached in Appendix 1.

A2.3 The total balance of earmarked reserves may seem adequate. However, an examination of the individual reserves shows that, for the majority of reserves, their balance is ring fenced, links to a partner or is for a specific future funding issue or a specific future risk. Therefore the flexibility to use those reserves to apply to an overspend position is limited.

A2.4 The table in Appendix 1 currently **excludes** the deficit balance in the Higher Needs Block of the Dedicated Schools Grant of £9m as at March 2022. Under a statutory override this reserve is reclassified until the end of 2025/26. At this point, if the statutory override is not extended, nor a central government solution identified, then the total of Torbay's reserves will reduce by the deficit balance which is forecast to be more than £12m at the end of 2022/23.

A2.5 Each reserve has been assessed for its estimated balance as at 31st March 2023 and for the estimated additions or withdrawals from the reserve during 2023/24 and future years. This is included in the table at Appendix 1. Where there is a surplus balance on a reserve this has been transferred to the CSR Reserve.

A2.6 The level of reserves is expected to decrease between March 2022 and March 2023 by circa £19m.

A2.7 Part of the movement is due to amounts carried forward for specific issues including the Collection Fund Reserve balance that reflects the timing of the NNDR relief compensation grants.

A2.9 Adults Social Care

A2.10 The current three-year agreement, now extended for two years, will expire in March 2025. This agreement between the Integrated Care Organisation (ICO) and Clinical Commissioning Group (CCG) and the Council provides a "fixed" annual payment in exchange for no exposure to the risk of changes in cost. This therefore reduces the exposure to financial risk on this service in 2023/24 to nil. However, it is essential for both the Council and NHS to work pro-actively together to mitigate any cost increases to ensure the agreement remains affordable to both.

A2.11 Children's Social Care

A2.12 Following significant investment in the service the financial position for children's social care has improved. Continued stability within spend in this service remains crucial to the Council's medium-term sustainability.

A2.13 The service's 2023/24 budget has been increased for inflation and includes a £2.5m allocation of additional social care grant. As part of the 2022/23 budget to mitigate against volatility of cost and demand for placements, a new earmarked reserve was established with an initial level of £1.0m. This reserve should be reviewed as part of the Council's 2022/23 outturn position to ensure the reserve remains at an appropriate level.

A2.14 Information Technology

A2.15 Continued investment in renewal and upgrading of IT software and hardware (such as servers and laptops) is essential to maintain and improve council services. The updated IT

Strategy has identified several requirements which will need to be included in the medium-term resources plan to support future year budgets.

A3.0 **Guidance on the Management of Reserves**

A3.1 The CIPFA guidance on reserves is included in the Financial Management Code of Practice (2020). It states:

“the Local Government Act 2003, Section 25 requires the authority’s section 151 officer (an individual appointed under Section 151 of the Local Government Act 1972 to administer the authority’s affairs) to report to the council on the robustness of the estimates made in the annual budget and on the adequacy of the proposed financial reserves assumed in the budget calculations.

While the authority’s financial reserves can, in theory, be called upon to help balance the budget in the short-term by managing fluctuations in income and expenditure, to use reserves in this way is far from ideal. In general, reserves should only be used for:

- planned investment
- capital projects
- change programmes
- unexpected events such as natural disasters
- other reasonable uses for which they have been ‘earmarked’.

The authority’s reserves should not generally be used to pay for day-to-day expenditure. They should not, except in the most exceptional circumstances, be used to fund a budget shortfall either, without a plan in place to address the underlying deficit and to replenish the reserves. The authority will, ideally, have in place a policy setting out the reserves that it maintains, a prudent balance at which it seeks to maintain them (taking into account the nature of the financial risks that the authority faces), and the broad purposes for which these reserves should be used”.

A3.3 In undertaking a detailed annual review of reserves that is presented to Council, Torbay Council is largely complying with the CIPFA Financial Management Code.

A3.7 **Earmarked Reserves**

A3.8 The following paragraphs make specific comments on several reserves. A summary of each reserve and their purpose is included as Appendix 2. Further information on all Council Reserves is available that shows details about each reserve, including the reason/purpose of the reserve, how and when the reserve can be used and the process for retention of each reserve to ensure continuing relevance and adequacy.

A3.9 **Comprehensive Spending Review (CSR) Reserve**

A3.10 Based on the Quarter 3 budget monitoring report for 2022/23, with a reported overspend of circa £0.4m, there is a potential that the CSR Reserve could be reduced by up to £0.4m if this position does not improve.

A3.11 Due to the significant financial risks facing the Council in future years it is essential that the Council’s reserves provide a sufficient contingency to meet this increasing risk and to ensure a robust budget. The remaining balance on the COVID reserve as at March 2023 will be transferred to this reserve along with any surplus balances identified on other reserves.

A3.12 Given the levels of budget variation the Council has experienced in recent years; the minimum target reserve level should still be £3m.

A3.13 **Investment Fund Reserve**

A3.14 The Council has now invested over £235m in investment property and capital loans. In line with current HM Treasury guidance, the Council is no longer purchasing such assets, but it retains its previous investments.

A3.15 The reserve remains in place to mitigate any variations in income or costs associated with Investment Fund properties such as void and rent-free periods and receives annual contributions from the rental income received.

A3.16 As the level of rent received from these properties services the costs of the investments, any potential variations in rent, either from market conditions, voids or rent-free periods need to be regularly monitored to ensure any potential issues are mitigated in advance. Annual valuations are undertaken for these properties which are included in Treasury Management reports to Audit Committee and Council.

A4 Collection Fund

A4.1 For NNDR, the Council bears a 49% share of the risk and reward of changes in the level of National Non-Domestic Rate income. Changes from the Council's initial National Non-Domestic Rate income estimate arising from changes in yield and collection will now also result in a Collection Fund surplus or deficit. The Council's share of any surplus or deficit will impact on the forthcoming year. The Council holds a Collection Fund reserve to help smooth the volatility of income. Estimates of future year surpluses or deficits are included as part of the budget setting process and reflected in the Medium-Term Resource Plan.

A4.3 Collection Fund income (Council Tax and NNDR) has been volatile in recent years and is likely to continue to be volatile in future years both from the ever-changing NNDR reliefs and from the collectability of the taxes in the economic circumstances.

A4.4 NNDR income has been particularly volatile over the past three years including the impact of the extensive NNDR reliefs awarded by central government which has distorted collectability. As a result of this volatility, the recent 2023 revaluation exercise of NNDR properties and updated appeal information from the Valuation Office since the 2017 revaluation, the level of this reserve will be reviewed in detail as part of the Council's outturn for 2023/24.

A4.5 Within this reserve is the funding established in 2020/21 to meet the spread of the 2020/21 deficit over three years. As a result, the Council, in future years, will not have to make service reductions to fund this shortfall.

A5 Review of Provisions, other Potential Liabilities and potential risk from Council Companies

A5.1 All companies owned by the Council are ultimately part of the Council's overall (consolidated) financial position and as CIPFA states that "the statutory role of the Chief Financial Officer does not stop at the boundaries of the local authority but extends into its partnerships, devolved arrangements, joint ventures and companies in which the authority has an interest".

A5.2 TEDC, trading as the TDA Group and 100% owned by the Council, has established several companies including Complete Cleaning Solutions Limited, TorVista, and TEDC Developments, Kings Ash Holdings and C&A Consultancy.

A5.3 Torbay Education Limited started operating in November 2021 providing specialist tuition for students unable to attend mainstream school for medical reasons.

A5.4 SWISCo started operating in July 2020 after the end of the TOR2 contract.

A5.5 As the number of council subsidiary companies and the range of activities they undertake expand, including the level of their assets and liabilities such as loans, the Council must ensure it closely monitors the companies' performance.

A5.6 In addition to earmarked and general reserves the Council also holds provisions, where appropriate, for issues where the Council has a clear liability which is likely to result in a payment but the amount and timing of the potential payment is uncertain. The Council holds provisions for future issues mostly in relation to insurance claims where the "time lag" on claims being notified and settled is often over one year and a provision for NNDR appeals. The Council gains or loses a 49% share of any movements in NNDR.

A6 Pensions and Loans (Non-Treasury Investments)

- A6.1 Pensions: The Council has provided several guarantees in respect of pensions when staff have transferred from the Council's employment to an alternative supplier who has set up a Local Government Pension Scheme as an "admitted body". These are not guarantees to the supplier but to the pension fund in the event of the insolvency of the supplier. In the exceptional case of the pension liability being realised it is likely the liability will be transferred to the Council's own pension liability which will be reflected in future employer contribution rates.
- A6.2 Loans: The Council has provided several loans to the private sector and to its subsidiary companies. If a loan defaults or under the "expected loss" model of assessing the fair value of a loan then the loss will be charged to the council's revenue budget in the year the loss is recognised. The value of the Council loans is now significant – including £2.8m to TEDC, £9m to That Group for Torwood Street and £4m to South Devon College with potential further loans to Torvista. At year end the Chief Finance Officer will assess each loan for actual or potential "expected losses" and will make a charge to revenue in year or set aside funds as a "bad debt" provision as required.
- A6.3 Investment Properties: The Council has purchased several investment properties. Risk and reserve management of these is discussed above.

A7 General Fund Reserve – Risk Assessment and Sensitivity/Scenario Appraisal

- A7.1 The Council increased its General Fund Reserves in 2020/21 by £1m to £5.7m which was approx. 5% of the Council's net budget at that time. Despite the prudent and welcome increase, this level of "unallocated financial reserves" is relatively low compared to other unitary councils. As the Council's net 2023/24 budget is £131m this requires a reserve level of £6.6m to ensure a 5% balance.
- A7.2 The CIPFA guidance on reserves does not recommend a minimum level of reserves. It states that:
- "Local Authorities should make their own judgments on such matters taking into account all the relevant local circumstances which will vary between Authorities". CIPFA also state that "a well-managed authority with a prudent approach to budgeting should be able to operate with a relatively low level of reserves".
- A7.3 The 2023/24 budget to be presented in March 2023 to Members will also include an assurance statement from the Chief Finance Officer about the adequacy of the proposed financial reserves, in accordance with the requirements of section 25 of the Local Government Act 2003.

A8 Capital Plan

- A8.1 As noted in the introduction to this report, a risk that has arisen in the past year linked to the impact of the economic conditions and high inflation on the Council's Capital Plan. A combination of higher construction costs, contractor instability and higher borrowing costs will make capital projects harder to be financially viable. This may result in the significant redesign of projects or the pausing or stopping of projects. As a result, if schemes change or are stopped, expenditure incurred as capital may not now have an asset to which these costs are attributable. They would therefore become abortive which would need to be charged to the revenue budget. In February 2023, the Department for Levelling Up, Housing and Communities (DLUHC) allocated an additional £0.274m of funding (for the 2022/23 financial year) and this will be allocated to a new reserve to help mitigate this risk.
- A8.2 The Council's Capital Plan has a contingency of £0.6 million. It should be noted that all capital projects should have contingencies within the individual project costs, which need to be reassessed based on latest projections of cost.

A9 **Comparison with other councils**

A9.1 CIPFA issue a financial resilience index for all councils which aims to provide a high level view of a council's risk profile compared to other councils. The 2021/22 data shows that Torbay, compared to its nearest statistical neighbours, is a higher risk for the level it spends on children's social care and a higher risk due to the level of its external debt, which is linked to the spend on investment properties. Other indicators were at a medium to low risk.

A10 **Governance of Reserves.**

A10.1 Appendix 1 shows the projected balances of the reserves at the end of the current financial year and future years. These balances are based upon planned levels of spending. In the event of any unplanned expenditure occurring in the financial year current Standing Orders and Financial Regulations will apply.

A10.2 The Reserves will continue to be reported as part of the Council's Statement of Accounts and subject to this annual review and challenge as part of the budget process by both members and senior officers. Councillors should consider the Council's General Fund Reserve as part of the annual budget setting process. Any quarterly reporting of issues relevant to earmarked reserves will be on an exception basis.

A10.3 Schools' reserves are part of the delegated schools funding, and these reserves remain at the discretion of the Head Teachers and Governing Bodies.

A11 **Risk assessment of preferred option**

A11.1 Outline of significant key risks

A11.2 It is important that the issues raised in this report are considered by Members and appropriate action is taken, where necessary, to ensure that the Council has adequate reserves in the short and medium term. Failure to consider the issues raised within this report and take appropriate action could result in the Council having insufficient reserves that could adversely impact on the revenue budget and the longer-term financial viability of the Council.

A11.3 The major risks facing the Council at present are the uncertainty of the Council's future funding from 2025/26 onwards, the ongoing financial pressures from both children's social care and, in the longer term, adults social care, and the higher needs block cumulative deficit.

A11.4 It is important for the Council to continue to review its risks and rewards in relation to investment properties and its interests in its companies as the level of activity/risk in those companies' changes.

Appendices

Appendix 1 Review of Reserves 2023/24

Appendix 2 Summary of Council Reserves

Appendix 1

Review of Reserves 2023/24

| - Reserves | Balance as at at 1/4/22 | Balance as at at 1/4/23 | Balance as at at 1/4/24 | Balance as at at 1/4/25 | Balance as at at 1/4/26 |
|--------------------------------------|--|--|--|--|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| General Reserves | | | | | |
| General Fund | -5,744 | -5,744 | -5,744 | -5,744 | -5,744 |
| | -5,744 | -5,744 | -5,744 | -5,744 | -5,744 |
| Earmarked Reserves | | | | | |
| Comprehensive Spending Review | | | | | |
| COVID Reserve | -2,472 | 0 | 0 | 0 | 0 |
| CSR Reserve | -2,994 | -3,491 | -3,991 | -4,491 | -4,991 |
| | -5,467 | -3,491 | -3,991 | -4,491 | -4,991 |
| Capital Reserves: | | | | | |
| Capital Funding Reserve | -1,739 | -741 | -1,219 | -1,219 | -1,219 |
| Capital Project Reserve | 0 | -274 | -274 | -274 | -274 |
| Capital Contingency | -703 | -703 | -703 | -703 | -703 |
| IT Replacement Reserve | -587 | -325 | -225 | -125 | -25 |
| | -3,028 | -2,043 | -2,421 | -2,321 | -2,221 |
| School Related Reserves | | | | | |
| Dedicated Schools Grant | 0 | 0 | 0 | 0 | 0 |
| Schools Exit Packages | -115 | -115 | -86 | -64 | -48 |
| School Balances | -2,472 | -2,112 | -1,901 | -1,710 | -1,539 |
| | -2,587 | -2,226 | -1,986 | -1,775 | -1,588 |
| Partner/Ring Fenced Reserves | | | | | |
| Adult Social Care | -3,552 | -6,588 | -4,574 | -2,574 | -574 |
| ASC & Health Funding | -10,000 | -6,500 | -3,250 | 0 | 0 |
| Devon Audit Partnership | -25 | -25 | -25 | -25 | -25 |
| Harbours Reserves | -483 | -725 | -620 | -300 | -300 |
| Public Health Reserve | -2,778 | -2,778 | -2,628 | -2,628 | -2,628 |
| Museum Reserve | -25 | -25 | -25 | -25 | -25 |
| Swimming Pool Reserve | -42 | 0 | 0 | 0 | 0 |
| Salix Fund | -257 | -208 | -252 | -296 | -340 |
| EU Exit Funding | -214 | -155 | -140 | -140 | -140 |
| | -17,376 | -17,004 | -11,514 | -5,989 | -4,033 |
| Specific issues | | | | | |
| Adult Care Trust | -1,214 | -856 | 0 | 0 | 0 |
| Car Parking | -360 | -300 | -300 | -300 | -300 |
| Childrens Services | -1,000 | -750 | -750 | -750 | -750 |
| Climate Change | -127 | -77 | 0 | 0 | 0 |
| Collection Fund | -10,225 | -3,921 | -2,826 | -2,676 | -2,526 |
| Community Engagement | -249 | 0 | 0 | 0 | 0 |
| Community Infrastructure Levy | -455 | -455 | -455 | -455 | -455 |
| Cost of Living Funding | -500 | -500 | 0 | 0 | 0 |
| Council Elections | -275 | -341 | 0 | -66 | -132 |
| Crisis Support Reserve | -716 | -316 | -216 | -116 | -16 |
| CRM Reserve | 0 | -1,000 | -500 | 0 | 0 |
| Equipment Reserves | -288 | -288 | -188 | -188 | -188 |
| Future High Streets Reserve | -123 | 0 | 0 | 0 | 0 |
| Geopark | -6 | 0 | 0 | 0 | 0 |
| Green Travel Plan | -106 | -106 | -106 | -106 | -106 |
| Highway Reserves | -1,005 | -435 | -435 | -435 | -435 |
| Housing Benefit | -475 | -475 | -475 | -475 | -475 |
| Housing First | -79 | 0 | 0 | 0 | 0 |

| | | | | | |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Insurance Reserves | -3,343 | -3,343 | -3,343 | -3,343 | -3,343 |
| Transparency Code | -45 | -45 | -45 | -45 | -45 |
| Regeneration Reserve | -331 | -181 | 0 | 0 | 0 |
| PFI Sinking Fund | -304 | 0 | 0 | 0 | 0 |
| Planning Reserve | -264 | -192 | -192 | -192 | -192 |
| Regeneration Reserve | -389 | -400 | -400 | -400 | -400 |
| Retail Reserve (Fleet Walk) | -544 | -610 | -525 | -690 | -855 |
| Section 106 | -7 | -7 | -7 | -7 | -7 |
| Service Carry Forwards | -4,582 | -1,724 | -704 | -704 | -704 |
| Thinking Places | -33 | 0 | 0 | 0 | 0 |
| Tourism | -12 | 0 | 0 | 0 | 0 |
| Town Deal Reserve | -129 | 0 | 0 | 0 | 0 |
| Transformation Reserve | -178 | -178 | -178 | -178 | -178 |
| Union Square | 0 | -100 | -100 | -100 | -100 |
| Waste Strategy | -248 | -98 | -98 | -98 | -98 |
| | -27,614 | -16,699 | -11,844 | -11,325 | -11,306 |
| Investment Fund | | | | | |
| Investment Fund | -2,182 | -2,765 | -3,641 | -3,466 | -4,792 |
| | -2,182 | -2,765 | -3,641 | -3,466 | -4,792 |
| Grants - received not spent | | | | | |
| Grants - received not yet spent | -8,833 | -3,816 | -1,684 | -333 | -333 |
| | -8,833 | -3,816 | -1,684 | -333 | -333 |
| | | | | | |
| Total Earmarked Reserves | -67,088 | -48,044 | -37,081 | -29,700 | -29,264 |
| | | | | | |
| TOTAL RESERVES | -72,832 | -53,789 | -42,825 | -35,444 | -35,008 |
| | | | | | |

Appendix 2

| <u>Name of Reserve</u> | <u>Description of Reserve</u> | <u>Responsible Officer</u> |
|---------------------------------------|--|--|
| Adult Social Care | Reserve for any adult social care funding to be used to support adult social care | Director of Adult and Community Services |
| Capital Funding | To reserve funding for items in the approved Capital Plan Budget. | Chief Finance Officer |
| Carry Forwards | Balance of any Service specific Carry Forward of budget | Chief Finance Officer |
| Childrens Services Reserve | To fund any variations in the cost of placements for looked after children. | Director of Children's Services |
| Collection Fund Reserve | Reserve to smooth the volatility of NNDR and Council Tax income including appeals, s31 grant and the performance of the Devon wide NNDR pool. Also includes funding for the impact of the three-year spread of the cost of the 2020/21 collection fund deficit | Chief Finance Officer |
| Comprehensive Spending Review Reserve | To fund costs associated with meeting future budget reductions | Chief Finance Officer |
| Crisis Support Fund | Reserve to support the costs of social fund and exceptional hardship | Divisional Director Community Services |
| Dedicated Schools Grant | Reserve to reflect the position on the ring-fenced dedicated school grant – currently a negative balance reclassified as an “unusual reserve” under a statutory override. | Director of Children's Services |
| Equipment Fund | To facilitate renewal of equipment within services where the replacement is at irregular periods. | Various |
| Geo Park Conference | To support costs of Geo Park activities | Director of Pride of Place |
| Grants recognised but not used | Reflects the value of revenue grants (without conditions) received by 31 st March but not yet used to support expenditure. This includes Covid-19 Grants | Chief Finance Officer |
| Harbours | Torquay, Paignton and Brixham Harbours – To finance Harbour expenditure schemes for the purpose of Harbour Users. | Director of Pride of Place |
| Highways Reserves | Reserve holding funds received under Highways Acts and other legislation where the Council holds funds to do works. | Director of Pride of Place |

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| Housing Benefit Subsidy | Reserve to mitigate variations to the Council's housing benefit subsidy | Divisional Director Community Services |
| Insurance Reserve | To set aside amounts to cover the future cost of past uninsured events which result in a loss to the Council. This reserve covers potential future liabilities arising from the Council's previous insurers Municipal Mutual Insurance Ltd not having sufficient solvency, to meet pre 1998 claims from Devon County Council, amounts for specific uninsured risks and a general reserve to meet as yet unknown insurance claims | Chief Finance Officer |
| IT Equipment Reserve | To provide funds for priority driven replacements of IT equipment. Reserve to fund costs of the purchase of a replacement case management system for childrens' social care | Director of Corporate Services |
| Investment Fund Reserve | Reserve to mitigate any short-term variations in income or costs associated with Investment Fund properties such as void and rent-free periods | Director of Pride of Place |
| Misc. Specific Reserves | Includes: Council Elections, Devon Audit Partnership, Green Travel Plan. Museums and Salix (energy initiatives). | Various |
| PFI Sinking Fund | To provide funds to meet the liabilities under the PFI agreement over 25 years (The Spires and Homelands Schools) and to provide funding towards Paignton Community College expansion project. | Director of Children's Services |
| Planning Reserve | To provide for costs of Local Plan Inquiry held every 4/5 years and Masterplan delivery. | Director of Pride of Place |
| Public Health | Reflects carry forward of ring-fenced funds for Public Health | Director of Public Health |
| Regeneration Reserve | A reserve to support economic regeneration and employment initiatives | Director of Pride of Place |
| School Balances | Reflects the carry forward by schools of their delegated school budget share. | Divisional Director Education, Learning and Skills |
| School Redundancy Reserve | Reserve to support the costs of redundancies for schools-based staff | Divisional Director Education, Learning and Skills |
| Swimming Pool Reserve | Reserve established as part of 2018/19 budget proposals to support unplanned expenditure or income variances for community run internal swimming pools. | Director of Pride of Place |

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| Transformation Reserve | Reserve to support expenditure on projects associated with the Council's transformation programme. | Chief Executive |
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