

Budget and Administration Committee

Reserves

Background

1. As part of the development of a Medium Term Financial Plan council is required to take an opinion as to the required level of reserves.
2. Council decided, last year, to set its operating reserves at a level intended to reduce over five years as council's financial management and ability to manage risk and predict outgoings improved.
3. There is no reason to believe that plan needs to change, but that leaves the issue of the so called earmarked reserves. These are reserves with a specific purpose. Council has not documented in one place what these reserves are for, or tested their adequacy for purpose and legitimacy.
4. The full list of reserves is overleaf. The operating reserve (320), civic events reserve (332), civic equipment reserve (333), christmas lights reserve (327) and play area reserve (321) are all the subject of recent council decisions, and uncontroversial.
5. Heading 322 Council Projects Reserve has no specific purpose, but appears to be a sum intended to enable council to spend money not provided for in its budget on projects that arise in year. It is questionable as to whether this is good practice, and it is proposed that committee recommend to council that this heading be deleted and the sum involved returned to general reserves.
6. Heading 323 Bankhill Works Reserve appears to relate to a programme of works around Bankhill whose scope has been agreed but which have never been progressed. It is proposed that committee recommend to Council that a further report is received as to whether this reserve is required and adequate.
7. Heading 324 Streetscape Improvements is another non-specific reserve for which there appears to be no clear plan as to its purpose or adequacy. It is proposed that committee recommend to Council that a further report is received as to whether this reserve is required and adequate.
8. Heading 325 Neighbourhood Plan projects is another non-specific reserve for which there appears to be no clear plan as to its purpose or adequacy. It is proposed that committee recommend to Council that a further report is received as to whether this reserve is required and adequate.
9. Heading 326 Tourism Project Reserves is another non-specific reserve for which there appears to be no clear plan as to its purpose or adequacy. It is proposed that committee recommend to council that this reserve be committed to tourism projects arising out of

the emerging economic plan, subject to such projects becoming clearer within this financial year.

10. Heading 328 Bus Shelter Reserve is a reserve with clear purposes, but no service delivery plan. The issue arises of whether this sum was set aside to develop new bus shelters, or to repair and maintain existing shelters, and it is proposed that committee recommend to Council that a further report is received as to whether this reserve is adequate, and to clarify its purpose.
11. Heading 329 allotment reserve is a reserve with clear purposes, but no service delivery plan. The issue arises of whether this sum was set aside to develop new allotments, or to repair and maintain existing allotments, and it is proposed that committee recommend to Council that a further report is received as to whether this reserve is adequate, and to clarify its purpose.
12. Heading 330 Capital Grants Reserve appears to be a sum set aside for the making of atypical grants to community organizations. Committee is recommended to ask council to include this reserve within the review of grant criteria so that the need for a capital grants reserve is clarified.

Recommendations

1. That committee consider the issues above, and makes its recommendations to council.

Table 1

Earmarked Reserves			
	Account	Opening Balance	Closing Balance
320	EMR - Operating Reserve	166000	166000
321	EMR - Play Area Reserve	45000	45000
322	Council Projects Reserve	25000	25000
323	Bankhill Works Reserve	25000	25000
324	Streetscape Improvements	25000	25000
325	Neighbourhood Plan Projects	25000	25000
326	Tourism Project Reserves	25000	25000
327	Christmas Lights Reserve	16000	16000
328	Bus Shelter Reserve	9753	9753
329	Allotment Reserve	783	783
330	Capital Grants Reserve	4000	4000
332	Civic Events Reserve	10000	10000
333	Civic equipment Reserve	5000	5000
		381536	381536