

Finance & Policy Committee

19 May 2025

Updated Earmarked Reserves

Purpose of Report

To enable Council to **RESOLVE** an updated list of Earmarked Reserves (EMR).

Recommendation:

Committee is asked to **RESOLVE** to approve the list of Earmarked Reserves and Recommended to Full Council June 2025.

Background and Report:

1. Council approved its Earmarked Reserves (EMR) at Full Council June 2025; Committee is referred to that report provided to Members. The Reserves at end March 2024 were £145k which were EMR for CIL and as an operating EMR.
2. Finance & Policy Committee will consider EMR at its meeting 19th May 2025 and may Decide a Recommended revised list of EMR to Full Council June 2025.
3. This report presents the current Reserves and highlights and addresses why the EMR should be updated.
4. Following the year end 24/25 closedown the Council's Reserves were £303k at end March 2025. This is a provisional value pending completion of the AGAR 24/25.
5. That is a significant increase in Reserves from £145k 23/24. The increase in Reserves 24/25 was due to underspends most notably Election Expenses, High St Regeneration, Health & Wellbeing, Honiton Sports, Dowell St corner, Bus Shelters, Roundball Wood, Youth Council and Public Noticeboards.
6. Council's must Earmark CIL local contributions. Contributions of £3,757 Have been received from EDDC (28 April 25), so making a total available CIL local contribution of £10,020 (£6,263+£3,757).
7. Whilst this is the amount currently held in Reserves, it provides EMR of circa £293k for 3-6 months running costs which is insufficient. At a Precept of £667k 25/26, the "rule of thumb" 3-6 months' operating costs are approximately £167k – £334k; therefore at £293k current running reserves are insufficient for 6 months. Reserves should be bolstered and have been increased in 24/25 and by £1,000 in the budget 25/26.

8. Significant risks are the cost and reputational risk of lease of Beehive ending before September 2025, challenge to the AGAR 23/24 and Dowell Street retaining wall.
9. Council should consider how it can increase its Reserves eg spend less of the 25/26 budget so that underspends bolster Reserves at end 25/26.
10. The Council should not expose itself to additional risks.
11. Council may then Decide to allocate underspend as EMR, and not bolstering Reserves available for the “rule of thumb” minimum requirement. This should be avoided or at least minimised, so that Reserves are increased.
12. Nevertheless, F&P Committee may want to put as EMR underspend against Election Expenses (£7k), High St Regeneration (£10k) Health & Wellbeing (£3k), Public Engagement (£7k), Honiton Sports (£15k), Dowell St corner (£12k), Bus Shelters (£7k), Roundball Wood (£3k), Youth Council (£5k), Christmas Lights 24/25 (£2k) and Public Noticeboards (£4k): total £75k. This would increase funds available in addition to budget 25/26 but would reduce available Reserves against 3-6 months operating costs.
13. The 2025/26 budget includes £1,000 in recognition that the Council needs to bolster Reserves. Also the end of year closedown March 25 bolsters Reserves, although some underspend may be Earmarked early 25/26 (as stated above).
14. The Corporate Risk Assessment and Statement of Internal Control (Significant Risks) (both May 25 and separately considered by Full Council May 25) highlight this financial risk and the risks (costs, community and reputational) that HCC may end its lease of the Beehive before September 2025 (although this risk is diminished now as progress is made to securing a new Lease), Dowell St retaining wall and challenge to AGAR 23/24.

Name: Stephen Hill

Post: Town Clerk

Month year: 15 May 2025

List of Earmarked Reserves

Title	2022/23, £	Adjustment 22/23, £	May 2023 £	May 2024 £	June 2024 £	Committee Reference	March 2025 £
3-6 months Running Reserve	76,680.30	-	76,680.30	76,680.30	£138,737		138,737
Roundball Wood	14,000	- 14,000	0	0			0
Allotments	0	-	0	0			0
Election Expenses	0	-	0	0			0
Twinning	2,000	-	2,000	0			
Neighbourhood Plan	20,000	-	20,000	20,000			0
Charter Day	2,000	-	2,000	2,000			0
CIL	23,892.07	+ 3,871	27,763	2,763 (31,263- 28,500)	£6,263	22/350, 3/4/23	6,263
Phone Box Maintenance	5,000	-	5,000	5,000			0
Beehive Hearing Loops/ Audio	15,000	-	15,000	0		23/140, 11/9/23	0
Donation Queen's Jubilee	1,000	-1,000	0	0			0
Total			£148,443	£106,443			£145,000