

## **Financial Reserves Policy**

### **1. Purpose of this policy**

The Council is required, under statute, to maintain adequate financial reserves in order to meet the needs of the organisation. Section 50 of the Local Government Finance Act 1992 requires that billing and precepting authorities in England and Wales have regard to the level of reserves needed to meet estimated future expenditure when calculating the budget requirement.

However, there is no specified minimum level of reserves that an authority should hold and it is the responsibility of the Responsible Financial Officer (RFO) to advise the Council about the level of reserves and to ensure that there are procedures for their establishment and use.

The Council will hold reserves for the following main purposes:

- A working balance to help cushion the impact of uneven cash flows, provide contingency, and avoid unnecessary temporary borrowing; following guidance and recommended good practice (e.g. JPAG Practitioners Guide, NALC, SLCC)
- Earmarked funds to meet known or predicted specific requirements or improvement projects, and funds earmarked for statutory reasons. The setting aside of funds over a period of time to meet known future expenditure reduces the impact of meeting the full expenditure in one year.

This policy on the establishment, maintenance and adequacy of reserves and balances will be reviewed annually.

### **2. General Reserves**

The use of general reserves are not restricted. They can be used to smooth the impact of uneven cash flows, offset the budget requirement, or can be used to cope with unexpected events or emergencies.

It is intended to maintain the General Reserve at a level equivalent to three months' precept income, but at all times this should be sufficient to cover staff salaries to cover for long term sickness or the resignation of the Clerk, whereby the services of a locum clerk may be required.

If the balance is drawn down, replenishment will be provided for in the next annual budget.

If the General Reserve is exhausted due to extreme circumstances, the Council may make emergency borrowings from Earmarked Reserves, which will be replaced at the next annual budget.

### **3. Specific Reserves**

These are set up to meet known or predicted liabilities. Examples of specific reserves include:

- Future projects (such as speed indicator devices)
- Received grants for forward work (e.g. litterpicking grant awarded 3-yearly)

#### 4. Procedure

Any decision to set up a reserve must be made by the Council.  
The Council will be required to consider the following when making recommendations for each reserve:

- The reason for / purpose of the reserve
- How and when the reserve can be used
- Procedures for the reserves management and control
- A process and timescales for review of the reserve to ensure continuing relevance and adequacy

Expenditure from reserves can only be made by the Council.  
The reserves will be reviewed by the Council as part of the annual budgeting process to decide on their continued need and whether an appropriate amount is still being held.

The Responsible Financial Officer will maintain a detailed schedule of all reserves which will form part of the accounts process.

#### Schedule of Earmarked Reserves 2022-23

	<b>Carried Forward</b>	<b>Expenditure in 2022/23</b>	<b>New Income in 2022/23</b>	<b>Carried Forward</b>
Transparency Fund	£ -			
Village Fete	£ 4,865.00	£ 5,809.00	£ 944.00	£ 0.00
Parish Plan	£ 159.21			£ 159.21
Litter Picking	£ 1,733.22	£ 812.02		£ 921.20
Defibrillator	£ 375.00	£ 1,917.49	£ 1,936.63	£ 394.14
Neighbourhood Watch	£ 60.36			£ 60.36
Bridge Repairs	£ -			£ -
Broadband Survey	£ -			£ -
<b>Total</b>	<b>£ 7,192.79</b>	<b>£ 8,538.51</b>	<b>£ 2,880.63</b>	<b>£ 1,534.91</b>