

Ettington Parish Council

Reserves Policy

Adopted on: 5 May 2021

Reviewed: May 2023 230510/5

To be reviewed annually in May unless required, at other times, by legislative changes

1 Purpose of the Reserves Policy

The Council is required to maintain adequate financial reserves to meet foreseeable needs and commitments, and also to have money available in the event of an emergency. Current advice on reserves from the Local Councils Association and followed by the Parish Council is that the amount of financial reserve held should, where possible, be a sum about equal to the annual precept.

2 Reserve Components

a. General Reserve

The use of this is not restricted. It 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. The Parish Council has adopted the following policy for this reserve:

- (1) It is intended to maintain the General Reserve at a level equivalent to 12 months precept income, but at all times there should be sufficient to cover staff salaries for two months.
- (2) If the balance is drawn down, replenishment will be provided for in the next annual budget.
- (3) If the General Reserve is exhausted due to extreme circumstances, the Council may make emergency borrowings from Earmarked Reserves, which will be replaced in the next annual budget.

b. Earmarked Reserves.

These are to be set up to meet known or predicted liabilities. Current examples include:

- (1) Youth Project
- (2) Election Costs
- (3) Playground Upgrade
- (4) Playground Repair
- (5) Muga repair/upgrade
- (6) Community Centre
- (7) Mower repair/replacement

This list is not exhaustive and may change from time to time, though generally as part of the annual budgeting process.

3 Procedure Adopted for the Management of Reserves

- a. Any decision to set up a reserve must be made by the Full Council.
- b. Expenditure from reserves can only be authorized by the Full Council*, other than in an emergency situation (eg to address repair which, unless undertaken, would pose a Health and Safety risk) and then only in line with the Council's Financial Regulations.
- c. The reserves will be reviewed by the Full Council as part of the annual budgeting process and at other points in the year if required.
- d. The Responsible Financial Officer will maintain a detailed schedule of all reserves, which will form part of the quarterly finance report.

4 Related Policies

This policy should be read in conjunction with the Council's Finance Regulations and Standing Orders

*Full Council shall mean a meeting of the council convened in line with Standing Orders