



GOXHILL PARISH COUNCIL



RESERVES POLICY

Name of Organisation	Goxhill Parish Council
Address	Parish Rooms, Howe Lane, Goxhill, DN19 7HS
Date Policy Agreed	2/12/2021 – Minutes 2112/16
Date of Next Review	December 2023
Signature (Chair)	<i>Mike Gathercole</i>
Signature (Clerk)	<i>Vicky Haines</i>

Introduction

The council is required to maintain adequate financial reserves to meet foreseeable needs and commitments, and to have money available in the event of an emergency. The Council's policy on the establishment, maintenance and adequacy of reserves and balances will be considered annually.

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.

In the publication - Governance and Accountability for Local Councils – A Practitioners Guide (England) 2010, section 5.31, 5.32 and 5.33 refers: Earmarked reserves, which are set aside for specific purposes and for savings for future projects, should be realistic and approved by the council. It is generally accepted that general (i.e. un-earmarked) revenue reserves usually lie within the range of three to twelve months of gross expenditure. However, the amount of general reserve should be risk assessed by the Council There is no specified minimum level of reserves that an authority should hold. It is the responsibility of the Responsible Financial Officer to advise the Council about the level of reserves and to ensure that there are procedures for their establishment and use.

General Fund

The use of this is not restricted. It can be used to level the impact of uneven cashflows, offset the budget requirement or used to manage unexpected events or emergencies. It is intended to maintain the general reserve at a level sufficient to up to twelve months precept income. If the general reserve is exhausted due to extreme circumstances, the council may make an emergency borrowing from earmarked reserves, which will be replaced in the next annual budget. Any surplus on the reserve above the required balance may be used to fund capital expenditure, be appropriated to earmarked reserves or used to limit any increase in the precept.



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Earmarked Reserves

Earmarked reserves represent amounts that are generally built up over a time period which are earmarked for specific items of expenditure to meet known or anticipated liabilities or projects. The council, when establishing an earmarked reserve, will set out: the reason/purpose of the reserve, how and when the reserve can be used, procedures for the management and control of the reserve including a process and timescale review of the reserve to ensure continuing relevance and adequacy.

Procedure

The level of earmarked reserves will be reviewed as part of the annual budget preparation. Any decision to set up a reserve must be made by the council. Expenditure from reserves can only be authorised by the Council. The Responsible Financial Officer will maintain a detailed schedule of all reserves which will form part of the monthly financial summaries.

Current level of financial reserves

The level of financial reserves held by the council will be agreed by the parish council during the discussions held regarding the setting of the budget in January for the next financial year, and as far as practicable be retained consistently from year to year. The level of general reserves to ultimately be held by the parish council is a minimum level of 6 months operational costs of the net revenue expenditure.

****A signed copy kept at the Parish Rooms****