

Hollowell & Teeton Parish Council

Financial Reserves Policy

PURPOSE

Hollowell & Teeton Parish Council is required to maintain adequate financial reserves. The purpose of this policy is to set out how the Council will determine and review the level of reserves.

Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. However, there is no specific 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, use and review.

TYPE OF RESERVES

Reserves can be categorised as General, Ringfenced or Earmarked. Expenditure from the reserves can only be authorised by the Parish Council.

General Reserves are funds which do not have any restrictions as to their use. These reserves can be used to smooth the impact of uneven cash flows, offset the budget requirements if necessary or can be held in case of unexpected events or emergencies. The Council must build and maintain sufficient working balances to cover key risks, as expressed in its Risk Assessment which is reviewed annually. Hollowell & Teeton Parish Council has set the level of reserves to be held at minimum of 50% of the Council's annual budget.

Ringfenced Reserves are grants allocated for a specific project only, this money must not be used for any other purpose.

Earmarked Reserves are a means of setting aside or building up funds over several years to deliver a defined project, predicted liabilities or for known significant expenditure. They are not to be used for emergency operations. Earmarked reserves must be reviewed and/or established by the Council at the annual budget setting meeting. Any changes to the proposed use of reserves must be agreed by the Council. The RFO will note earmarked reserves movements at the end of the financial year.

REVIEW OF RESERVES

The Reserves Policy and Reserves held by the Council are to be reviewed annually as part of the budget and precept setting process.

CURRENT LEVEL OF FINANCIAL RESERVES

Type of Reserves	Purpose	Amount
General Reserves	50% Annual Budget	£7,768
Earmarked Reserves	Pension provision	£500
Earmarked Reserves	Election Funds	£800
Earmarked Reserves	Tree Survey	£800
Earmarked Reserves	ICT Equipment (laptop, printer)	£500
Earmarked Reserves	External Audit provision	£200
Earmarked Reserves	S137 Funding – Grant Provision	£1,500
TOTAL		£12,068

Signed by:



Dated:

20 May 2020

Chairman

Version Control:

Adopted:

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