



SUNNINGWELL PARISH COUNCIL

RESERVES POLICY

Agreed by the Parish Council: -

Minute reference 89/21 November 2021

Introduction

Sunningwell Parish Council is required to maintain Financial Reserves to meet the needs of the organisation and to ensure financial security. The purpose of this policy is to set out how the Council will determine and review the level of reserves.

The Joint Panel on Accountability and Governance Practitioners Guide 2020 advises it is essential that authorities have sufficient general and earmarked reserves to finance both the day-to-day operations and any future plans. Given that the funds are generated from taxation, it is important that reserves are not excessive.

Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed but there is no specified minimum level that should be held. The Responsible Financial Officer should advise the Council about the level of reserves and ensure there are procedures for their establishment and use.

Types of Reserves

These may be categorised as general or earmarked.

General Reserves do not have any restrictions on their use, can even out fluctuating cash flows and can be held in case of unexpected events or an emergency.

The level of a General Reserve is a matter of judgement, and this policy document does not prescribe a specific figure. The generally accepted recommendation for a minimum level of general reserve is that it should be maintained somewhere between three and twelve months of annual expenditure.

The primary means of building general reserves is by allocation from the annual budget.

Earmarked Reserves should be established as needed in line with anticipated requirements and should be reviewed on an individual basis as required, and when setting the annual budget. They are set up from time to time to

- Meet known or predicted liabilities.
- Carry forward of underspend. Expenditure may be committed to projects where all the budgeted amount is not spent in one year. A reserve can be used to carry forward the resource.
- Infrastructure maintenance and renewal. Reserves can be used to smooth expenditure over years.

If the purpose of an earmarked reserve becomes obsolete, or there is an over-provision of funds, the excess may be transferred to other budget headings.

Current list of Reserves

Sunningwell Parish Council has agreed the following reserves (Minue reference) for the Year commencing 1st April 2022: -

General Reserve

Three months' normal annual expenditure (3/12ths of precept) £8,250

Earmarked Reserves

White gates £2,000

Pond restoration £4,000