



Shenley Church End Parish Council

Reserves Policy

Adopted: 7 January 2019

Adopted	Minute ref
7 January 2019	19012-2
13 January 2019	20011-2

Introduction:

The Parish Council is required to maintain adequate financial reserves in order to meet the needs of the organisation. The Local Government and Finance Act 1992 Sections 32 and 43 require local authorities in England and Wales to have regard to the level of reserves required to meet the estimated future expenditure. However, there is no specified minimum level of reserves an authority should have and it is the responsibility of the RFO to advise the Council of the level of reserves, and to ensure there are procedures in place for their establishment and use.

The Councils policy on the establishment, maintenance and adequacy of reserves balances will be considered annually.

Reserves will be held for these purposes:

- A working balance to help in situations of uneven cash flow
- A contingency for unexpected events or emergencies
- A means of building up funds for future projects
- A means of ring-fencing funds awarded for a specific reason (often S106 payments)

Types of Reserves:

Reserves can be categorised in the following way:

- **General Reserves**

These funds do not have any specific restriction as to their use. They can be used to:

- Smooth the impact of uneven cash flow
- Offset budget requirements if necessary
- Be held in case of unexpected events or emergencies

The required level of general reserves may vary from year to year and is usually between 3 and 6 months of regular expenditure. General reserves should not be held to fund ongoing expenditure but to meet short term funding gaps.

- **Earmarked Reserves**

These funds are a way of building up funds, potentially over a period of years to deliver a specific project, cover predicted and potential liabilities or for known significant expenditure. Once earmarked reserves have been used for their designated objective the reserve would not need to be replenished.

Earmarked reserves can be used to:

- Enable council to finance an effective programme of equipment replacement and planned maintenance
- Ring fence money or grants received for a specific project
- Carry forward any underspend on a project that has been committed to

Once ear marked reserves have been used for the designated project, the funds would not need to be replaced. Should the council agree that an earmarked pot is no longer required the funds would be redistributed or returned to general reserves following agreement by full council.

If in extreme circumstances general reserves are exhausted, full council can agree to redirect earmarked reserves into general reserves if this was agreed as a necessary route.

Earmarked Reserves (30/12/2019)

Powis Lane Allotment (S106)	£2605.08
Play Area (S106)	£52,604.70
Medbourne (S106)	£6267.49
Green Bin Campaign	£2,441.44
Litter Project (Grant Funding)	£31.53
Plant Replacement	£15,000.00
Play Area Projects	£10,00.00
Parish Maintenance	£25,000.00
Consultation Costs	£1,891.00
Allotment Expenses	£275.16
CAT Process	£14,850.00
Asset Replacement	£10,000.00
Vehicle Replacement	£3,000.00
Total	£143,966.40