



<b>Meeting Date:</b>	<b>27<sup>th</sup> November 2019</b>
<b>Report Subject:</b>	<b>Financial Reserves Policy</b>
<b>Contact:</b>	<b>Clerk/Chairman</b>

## **Ref: 15 Financial Reserves Policy**

1. 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 followed by the Parish Council is that the amount of general financial reserve held should, where possible, be a sum about equal to 50% of 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:

- It is intended to maintain the General Reserve at a level approximately equivalent to 6 months precept income.
- If the reserve is drawn down, replenishment will be provided for in the next annual budget.
- 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 may be set up at any time by the Parish Council to meet known or predicted liabilities.

### **3. Procedure for the Management of Reserves**

- Decisions to set up a reserve will be made by the Full Council.
- Expenditure from reserves can only be authorized by the Full Council
- The reserves will be reviewed by the Full Council as part of the annual budgeting process.
- The Responsible Financial Officer will maintain a detailed schedule of all reserves.