

Financial Reserves Policy

PURPOSE

The Parish Council is required to maintain adequate financial reserves to meet the needs of the organisation. The purpose of this policy is to set out how the Council will determine and review the level of general fund 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 specified minimum level of reserves that an authority should hold and it is the responsibility of the Responsible Financial Officer to advise the Council about the level of reserves and to ensure that there are key protocols for their establishment and use. The determination of the Council's reserves will be consistent with meeting the Council's overall strategic objectives, i.e.

- i) Improving the quality of the Parish's amenities.
- ii) Promoting the Village.
- iii) Strengthening the quality of its community.
- iv) Optimising the Council's administrative costs, assets and income from its assets.

RESERVES

Reserves have been set aside to provide the Council with financial stability, as follows:

Exceptional Expenditure Fund - To meet the costs of exceptional expenditure that enables the Council to meet its legal, statutory and proper duties or responsibilities. This includes:

- undertaking essential repairs or maintenance work.
- undertaking unexpected administrative duties or to challenging or deflect future threats to the village, its people and its environment.
- making provision for redundancy obligations and any exceptional future costs of investigations and disciplinary hearings.
- providing for short term cash flow difficulties.

Currently this figure is £25,000 which has been transferred to savings account number 9368786

In addition funds have been designated as a means of enabling the Council to develop its principle activities - in particular:

Specific Reserves - As the name suggests these represent amounts which are "earmarked" for specific items of expenditure to meet known or predicted liabilities or projects. Specific Reserves are often used to "smooth" the effects of certain expenditure commitments over a period of time thereby reducing the impact of significant expenditure in any one year. "Earmarked" reserves are typically held for five main reasons:

1. **Earmarked Funds** - These funds relate to projects that have been approved by the Council and are likely to be undertaken in the current financial year. Current commitments are as follows:

• Electrical work required for St George's Electrical Certificate		£ 2,800.00
• Toilets - replacement fittings		£ 1,800.00
• Mini Methwold Canopy		TBA
• Windows in Fenton Room		£14,333.00
• Floor in St Georges		£ 8,000.00
	Total	£26,933.00

2. **Carry forward of under-spend** - some expenditure budgeted for projects in a given financial year cannot be spent in that year. Reserves are used as a mechanism to carry forward these resources. Current funds carried forward are as follows:

• Tree Works	Carry forwards	£2,500.00
	Total	£2,500.00

3. **Renewals** - to plan and finance an effective programme of equipment replacement and planned property repair/maintenance; and grounds maintenance. These reserves are a mechanism to smooth expenditure so that a sensible replacement programme can be achieved without the need to vary budgets. Currently funds are allocated as follows:

• Church yard wall		£20,000.00
• Fence to the Recreation Ground		£ 2,500.00
• Playground Equipment		£ 2,000.00
• Japanese Knotweed (£4000 over 3 years)		£ 1,500.00
	Total	£26,000.00

4. **Grant Reserves** - Monies received as grants towards projects. Currently funds are as follows:

• Lightsource funding for solar panels [Community Benefit Deed]	Remaining amount for batteries	£3,400.00
• CIL - Petch Corner		£5,028.00
• CIL - 18/01202/F - Development on Airfield		£ 990.00
• CIL - Storeys Meadow		£ 12.00
	Total	£9,430.00

These funds are held in a separate account No.40454540 - Business Saver

5. **Long Term Saving Fund** - to allow the Council to make capital equipment, land, or property purchase of strategic importance to the Council and the community it serves. Currently this figure is £00 - remains the same as 2016/17.

REVIEW of FUNDS

The Council will review its current level of reserves and designated funds at least twice a year. Should the review establish that there urgent works are required for which funding has not been reserved, funds may diverted away from specified reserves with the agreement of the full council.

SUMMARY of RESERVES

• Emergency Reserve	£25,000.00
• Earmarked Funds	£26,933.00
• Carry Forward Funds	£ 2,500.00
• Renewals	£26,000.00
• Grant Funding	£ 9,430.00
• Long Term Savings	£ 2,500.00
Total	£ 92,363.00

Balance of Accounts as of 29th April 2020

Account	Number	Balance
Business Saver Account	40454540	£ 11,941.91
Business Base Rate Tracker	60874809	£ 29,631.48
Business Saver Account	93608786	£ 25,109.66
Current Account Balance October 30 th 2019		£ 51,445.73
Total		£118,129.78

Accounts	£118,129.78
Reserves	£ 92,363.00
Shortfall due to Covid19 hall closures	£ 14,948.65
Under consideration for allocation	£ 10,818.13

Budget Income 2020/2021 = £56,391.35
 Budget Expenditure 2020/2021 = £71,340.00