

RINGLAND PARISH COUNCIL

FINANCIAL RESERVES POLICY

1. PURPOSE

The Parish Council is required to maintain adequate financial reserves to meet foreseeable needs and commitments and also to have money available in an emergency.

2. GENERAL RESERVES

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.

It is intended to maintain the General Reserve at a level equivalent to twelve months precept income, but at all times should be sufficient to cover staff salaries to cover for long term sickness or the resignation of the Clerk, whereby the services of a locum clerk may be required. If the balance 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 at the next annual budget.

3. EARMARKED RESERVES

These are set up to meet known or predicted liabilities.

Examples of Earmarked Reserves include:

- Future projects such as replacement of equipment
- Maintenance of land & property owned by the Council, such as The Village Hall
- Expenditure for accidents not covered by insurance (eg fallen/dangerous trees)
- Possible election in event of casual vacancy and contested elections

4. PROCEDURE

Any decision to set up a reserve must be made by the Council.

The Council will be required to consider the following when making recommendations for each reserve:

- The reason for/purpose of the reserve
- How and when the reserve can be used
- Procedures for the reserves management and control
- A process and timescales for review of the reserve to ensure continuing relevance and adequacy

Expenditure from reserves can only be made by the Council.

The reserves will be reviewed by the Council as part of the annual budgeting process.

The Responsible Financial Officer will maintain a detailed schedule of all reserves which will form part of the accounts package.

SCHEDULE OF FINANCIAL RESERVES

1 April 2020

	£	£
	As at 31 March 2020	From 1 April 2020
GENERAL RESERVE		
Level equal to approx. twelve months precept income plus (future) Investment on account income (interest) <i>Precept 20/21 £7209.00</i>	5000.00	5000.00
EARMARKED RESERVES		
By Election <i>Min £500</i>	500.00	500.00
Assets		
Addnl/Replacement of Existing (Ex Village Hall) <i>Min £1000</i>	1000.00	1000.00
Village Hall Site & Fabric of Building <i>Min £1000</i>	1000.00	1000.00
Village Hall Contents <i>Min £200</i>	200.00	200.00
CIL (balance remaining from 16/17 (identified June 2019))	292.11	292.11
Village Hall Driveway (DC grant specific to project)	0.00	300.00
Training <i>Min £500</i>	0.00	200.00
	2992.11	3492.11
COMMONS		
Commons (the subject of ELS & HLS)	13728.18	8228.18
TOTAL	21720.29	16720.29

NOTE: The suggested way forward is for Reserve Money (General & Earmarked) & Commons money to be held in separate 'investment' bank accounts. To be addressed after COVID-19 lockdown restrictions relaxed.