

Reserves Policy

Introduction

Holbeach Parish Council (HPC) is required to maintain adequate Financial Reserves to meet the needs of the Parish Council. The purpose of this policy is to set out how the Parish Council will determine and review the level of 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 specific minimum level of reserves that an authority should hold, and it is the responsibility of the Responsible Financial Officer to advise the Parish Council about the level of reserves to ensure that there are procedures for their establishment and use.

Types of Reserves:

Reserves may be categorised as General or Specific.

General Reserves:

General Reserves are funds which do not have any restrictions as to their use. These reserves cushion the impact of uneven cash flows, offset budget requirements, if necessary, or can be held in case of unexpected events or emergencies. Setting the level of General Reserves is agreed with the Annual Budget.

Earmarked Reserves:

Earmarked Reserves are held for several reasons and shall only be used for the purpose for which they were created.

- Renewals – to enable services to plan and finance an effective program of equipment replacement and planned property maintenance. These reserves are a mechanism to smooth expenditure so that a sensible replacement program can be achieved without the need to vary budgets.
- Carry forward of underspend – expenditure committed to a project but not spent in the budget year. Reserves can be used as a mechanism to carry forward these resources.
- Developers Contributions – proceeds from developers that can only be used for specified purposes.
- Other Earmarked Reserves may be set up from time to time to meet known or predicted liabilities.

Any decision to set up an Earmarked Reserve must be made by the Parish Council, and these are to be reviewed annually when the budget is agreed.

Where the purpose of an Earmarked Reserve becomes obsolete, or where there is an over-provision of funds, the excess may, on the approval of the Parish Council, be transferred to other budget headings within the revenue budget or to General Reserves or to one or more other Earmarked Reserves.

Management and Control of Reserves:

Movements in Earmarked Reserves and General Reserves shall be reported to the Parish Council as part of the quarterly report and at monthly meetings if required. The use of Reserves shall be approved by the Parish Council. The level of General Reserves shall be reviewed on an annual basis during the annual budgetary review and agreed by the Parish Council. The minimum level of General Reserves shall be recommended to the Parish Council by the Responsible Financial Officer. This will form part of the recommendations for the Annual Budget and Precept request by the Parish Council. Earmarked Reserves shall be reviewed on an individual basis. This review will also be undertaken as part of the Annual Budgetary Review. Recommendations on creation, amendment, cessation, or continuation of Earmarked Reserves will be given by the Responsible

Financial Officer to the Parish Council by way of a report forming part of the recommendations for the Annual Budget and Precept request by the Parish Council. Approval for the creation, amendment, cessation, or continuation of Earmarked Reserves will be given by the Parish Council.

Current level of Financial Reserves

Current level of Financial Reserves (At 1st April 2023) The current total level of Reserves is £165,417. £98,817 General Reserves and £66,600 in Earmarked Reserves.

General Reserves	£98,817
Plant & Machinery Fund	£2,000
Elections	£6,000
Slide	£15,000
Playground fund	£3,000
Property professional fees	£8,000
Business rates	£1,000
Council Tax	£300
Safe works	£1,000
HR	£14,000
Property repairs	£800
Contingency	£10,000
Windows Coubro	£5,500

Version	Date Approved	Amendments Made	Next Review Date
V1	12/04/2021		11/04/2022
V2	19/04/2022		11/04/2023
V3	11/04/2023		April 2024