



## **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, including restoration of the village footpaths
- Maintenance of land owned or leased by the Council, such as the Heritage Centre
- To cover accidents not covered by insurance (eg fallen/dangerous trees, fencing / gate repairs)
- 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.

Next Review: January 2018

#### **Schedule of Earmarked Reserves** **2017 - 2018**

<b>Purpose &amp; nature of reserve</b>	<b>Held as short term or long-term investment?</b>	<b>Amount £</b>
Neighbourhood Plan – Funding required to complete the Linby Neighbourhood Plan. Projected Spend: 2017	Short-term	4,608.00