

Notton Parish Council –Financial reserves policy

November 2019

1. The purpose of the Reserves Policy

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 YLCA and followed by the Parish Council is that the amount of financial reserve held should, where possible be a sum equal to the annual precept. If this is not the case and the amount of reserves held exceeds the precept then these funds should be ear marked for predicted liabilities or future projects.

2. Reserve Components

a. General reserve

The use of this is not restricted; it can be used to offset budget requirements on an annual basis or to cope with unexpected emergencies.

The parish Council has adopted the policy for reserves:-

1. It is intended to maintain the general reserves at the level equivalent to 12 months precept income, at all times there should be sufficient to cover staff salaries for two month.
2. If the balance is drawn down, replenishment will be provided for in the next annual budget.
3. If the reserve is exhausted due to extreme circumstances, the council may make emergency borrowings from the Earmarked Reserves, which will be replaced in the next annual budget.

b. Earmarked Reserves

These are to be set up to meet know or predicted liabilities. Current examples are:-

1. Allotments
2. Future projects

3.Procedure Adopted for the management of reserves

1. Any decision to set up a reserve must be made by full council
2. Expenditure form reserves can only be authorised by Full Council.
3. The reserves will be reviewed by the full council as part of the annual budget process
4. The responsible Financial Officer will maintain a detailed schedule of all reserves which will form part of the monthly breakdown.