



COUNTESTHORPE PARISH COUNCIL

RESERVE POLICY

The Parish Council is committed to ensuring it has sufficient Reserves, both General and Earmarked, to ensure that its day-to-day operations and future financial plans are sufficiently funded.

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.

Governance and Accountability for Local Councils – A Practitioners Guide (England) 2024 states that any authority with a Net Revenue Expenditure in excess of £200,000 should plan towards 3 months equivalent General Reserve. (No Change in updated version)

The Parish Council will consider the adequacy of its General Reserves and Earmarked Reserves on an annual basis.

GENERAL RESERVES

The Parish Council's General Reserve will be maintained at the minimum level of 3 months of the Parish Council's Net Revenue Expenditure.

The General Reserves will be held as a working balance:

- to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing and
- as a contingency to cushion the impact of unexpected events or emergencies.

EARMARKED RESERVES

Earmarked Reserves will be built up over a period of time for specific items of expenditure to meet known or anticipated liabilities or projects. The setting aside of funds will be to meet known future expenditure to reduce the impact of meeting the full expenditure in one year.

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

Earmarked Reserves will be held for genuine and intended purposes.

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 the General Reserves or to one or more other Earmarked Reserves.

Signed..........(Chairman) Adopted 10th October 2024