



CLEEVE PARISH COUNCIL

Here for you.

CLEEVE PARISH COUNCIL – RESERVES POLICY- adopted on 14th January 2020

Introduction Cleeve Parish Council is required to maintain adequate financial reserves to meet the needs of the organisation. The purpose of this policy is to set out how the 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 specified minimum level of reserves that an authority should hold and it is the responsibility of the Responsible Financial Officer to advise the Council about the level of reserves and to ensure that there are procedures for their establishment and use.

It is regarded as good practice to have 2/3 of your precept held in general reserves.

Types of Reserves.

There two types of reserves Cleeve PC hold, these are categorised as general or earmarked.

Earmarked Reserves

Earmarked reserves can be held for several reasons:

- Carry forward of underspend - some services commit expenditure to projects, but cannot spend the budget in year. Reserves are used as a mechanism to carry forward these resources.
- Insurance reserve – to enable the Council to meet the excesses of claims not covered by insurance.
- Defibrillator replacement
- Planning legal fund
- Other earmarked reserves may be set up from time to time to meet known or predicted liabilities.

Earmarked Reserves will be established on a “needs” basis, in line with anticipated requirements

General Reserves

General Reserves are funds which do not have any restrictions as to their use. These reserves can be used to smooth the impact of uneven cash flows, offset the budget requirement if necessary or can be held in case of unexpected events or emergencies.

In such event where these reserves are used in full or part the Council will put together a plan to replenish them.

Any decision to use monies from the general reserve must be made by the Council and recorded in the minutes.

All reserves will be reviewed annually Council and any adjustments can be made at the time of setting the budget for the following year.

Please see Section 3 of our Financial Regulations for more information on setting and agreeing the reserves.