

Beckingham Parish Council

Lincolnshire

Chairman: Lawrence Tatton

www.beckinghamvillage.co.uk

Financial Reserves Policy.

Beckingham Parish Council is required to maintain adequate financial reserves to meet its needs. The purpose of this policy is to set out how the Council will determine and review its 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. 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 key protocols for their establishment and use. The determination of the Council's reserves should be consistent with meeting the Council's objectives.

The Governance & Accountability For Local Councils Practitioners Guide 2014 stipulates:

"...as councils have no legal powers to hold revenue reserves other than those for reasonable working capital needs or for specifically earmarked purposes, whenever a council's year-end general reserve is significantly higher than the annual precept, an explanation should be provided to the auditor. Earmarked reserves, which are set aside for specific purposes and for savings for future projects, should be realistic and approved by the council. However, the amount of general reserve should annually be risk assessed and approved by the Council. "

Types of Reserves

Reserves can be categorised as general (held to cushion the impact of uneven cash flows or unexpected events) or earmarked (held for a specific purpose).

Specific Reserves represent amounts which are "earmarked" for specific items of expenditure to meet known or predicted liabilities or projects. For example a Renewals Reserve could be used to plan and finance an effective programme of equipment replacement, property repair and maintenance or grounds maintenance. These reserves are a mechanism to smooth expenditure so that a sensible replacement programme can be achieved without the need to vary budgets.

General Revenue Balances are often referred to as the "working balance". Typically this is a sum of money which is not earmarked for specific purposes but rather set aside to deal with unexpected events or emergencies.

Legislative and Regulatory Framework

The Chartered Institute of Public Finance and Accountancy published guidance in 2003 in support of these matters and it is a requirement of the guidance, backed by legislation through the provisions contained in the Local Government Act 2003 that the Council's Responsible Financial Officer reports to members on the robustness and plans to utilise the Council's reserves and balances.

In reporting generally on the reserves and balances, the Responsible Financial Officer is required to report on the Specific Reserves of the Parish Council, outlining the purpose for which each is held, establishing an appropriate level of reserve and highlighting any proposed changes during the forthcoming year

Governance concerning the Balances and Reserves.

The policy on Balances and Reserves will be reviewed annually as part of the review of Financial Regulations and reported to the Parish Council as part of the budget setting process. This will include a statement from the Responsible Financial Officer on the adequacy of Specific Reserves in respect of the forthcoming financial year and the Council's medium term financial plan.

The Council will have the opportunity to review the levels of Specific Reserve held in accordance with the Parish Council's Financial Regulations and make recommendations for the creation of additional Specific Reserves as part of the Annual budgeting process.

The Council will be required to identify 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 reserve's management and control
- a process and timescales for review of the reserve to ensure continuing relevance and adequacy.

Beckingham Parish Council will identify and maintain those reserves necessary to provide a sufficient operating surplus and to maintain its assets.

Reserves:

	at 18 th May 2016	Target
Operating reserve	£1500	£2000
Election reserve		£300
Village Hall reserve		£2000
Projects reserve		£2000
Playing field reserves	£3600	£3600

Adopted by Beckingham Parish Council 20th January 2016

Amended 18th May 2016

Amended 17th May 2017