

MAPPERLEY PARISH COUNCIL

RESERVES POLICY

Purpose

The Parish 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.

a) General Reserve

1. 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.
2. It is intended to maintain the General Reserve, at a level equivalent to three months' precept income (£2,189), but at all times there should be sufficient to cover staff salaries to cover for long term sickness or the resignation of the Clerk/RFO whereby the services of a locum clerk will be required.
3. If the balance is drawn down, replenishment will be provided for in the next annual budget.
4. If the General Reserve is exhausted due to extreme circumstances, the Council may make emergency borrowings from Earmarked Reserves, which will be replaced in the next annual budget.

b) Earmarked Reserves

These are to be set up to meet known or predicted liabilities, for example:

- Replacing buildings, street furniture/equipment and maintenance/replacement of play equipment – £1,000
- Possible election in event of casual vacancy and contested election - £750
- Any future projects (new boundary marker and/or village signage) £1500

Total of reserves for 2020/21 £5,438.50

Procedure

1. Any decision to set up a reserve must be approved by the Parish Council
2. Expenditure from reserves can only be authorised by the Parish Council
3. The reserves will be reviewed by the Council as part of the annual budgeting process
4. The Responsible Financial Officer will maintain a detailed schedule of all reserves which will form part of the accounts package.

To be reviewed annually during the budget setting process