

HELIONS BUMPSTEAD PARISH COUNCIL FINANCIAL RESERVES POLICY

This Financial Reserves Policy shall form a part of the Financial Regulations of Helions Bumpstead Parish Council, and as such may only be amended or varied by resolution of the Council.

The Parish Clerk as Responsible Financial Officer (RFO) shall be responsible for the proper administration of the Council's affairs and for the production of financial management information.

Types of Reserves:

Financial Reserves shall be set aside on an annual basis to provide the Council with financial stability. Since the tax base of Helions Bumpstead Parish Council is small, a modest change in the budget in any one year may have a disproportionate effect on the precept. This Reserves Policy is intended to minimise that effect.

Specific Reserves shall be built up over a period of time and earmarked for specific items of expenditure to meet known or predicted liabilities or projects, including the purchase of capital equipment, land or property. Specific Reserves may be used to 'smooth' the effects of certain expenditure commitments over a period of time thereby reducing the impact of significant expenditure in any one year.

General Reserves shall also be built up over a period of time to provide the Council with sufficient funds to cover unexpected or unforeseen expenditure or emergencies.

Surpluses in excess of the amounts required for reserves, accrued as a result of activities being postponed or cancelled, may be spent, earmarked or placed into General Reserves at the discretion of the Council.

The creation of Specific Reserves:

Specific Reserves may be created for general revenue items and may include one-off items. The item should be identifiable but its cost may not be exact. Round figure Specific Reserves will be acceptable. Specific Reserves should only be created where the funding requirement is to be raised over two or more financial years.

How and When the Reserve can be used:

Specific Reserves shall be used only for the purpose for which they are created. Where that purpose of the Specific Reserve becomes obsolete, or where there is an over-provision of funds, the excess may on the approval of the Council be transferred to other budget headings within the revenue budget or to General Reserves or to one or more other Specific Reserves.

The use of **General Reserves** must be authorised by the Council. Where the reserve amount has arisen as a result of excess funds through cancelled or obsolete activities the Council may elect to use these funds for another purpose for which no other budget is available.

Specific and General Reserves are not available for general revenue purposes.

Procedures for the management and control of Reserves:

Movements in Specific Reserves and General Reserves shall be reported to the Council on a monthly basis as part of the normal accounting reports, and on an annual basis as part of the annual accounting report. The use of Reserves shall be approved by the Council having regard to this policy and Helions Bumpstead Parish Council's Financial Regulations.

Review of level of Reserves:

The level of **General Reserve** shall be reviewed on an annual basis during the annual budgetary review. The minimum level of General Reserve shall be recommended to the Council by the RFO. This will form part of the recommendations for the Annual Budget and Precept Request to the Council.

Specific Reserves shall be reviewed on an individual basis. This review will also be undertaken as part of the annual budgeting process. Recommendations on creation, amendment, cessation or continuance of Specific Reserves will be given by the RFO to the Council by way of a report forming part of the recommendations for the Annual Budget and Precept Request. Approval for the creation, amendment, cessation or continuance of Specific Reserves will be given by the Council.

Principles to Assess the Adequacy of Reserves:

In order to assess the adequacy of unallocated General Reserves when setting the budget, the RFO shall take account of the strategic, operational and financial risks facing the Parish Council.

The financial risks should be assessed in the context of the Parish Council's overall approach to risk management, with specific reference to the Council's Risk Register.

Level of reserves required to be held by Helions Bumpstead Parish Council

Specific Reserves

Accruing Special Reserves include reserves for:

- Election expenses
- Website maintenance and updating
- War Memorial project completion
- Children's Play Equipment maintenance and replacement
- Recreation Ground Mower Fund
- Maintenance and replacement of bus shelters, seats, litter bins and notice boards
- Such other items that shall from time to time be considered necessary.

Forecast earmarked funds at March 2017 are £10,360.

General Reserves

A General Reserve shall be built up over time to provide the Council with sufficient funds to cover unexpected or unforeseen expenditure or emergencies, and to meet its legal, statutory and proper duties and responsibilities. This may include:

- undertaking essential repairs or maintenance work.
- undertaking unexpected administrative duties or to challenging or deflecting future threats to the village, its people and its environment.
- making provision for redundancy obligations and any exceptional future costs of investigations and disciplinary hearings.
- providing for short term cash flow difficulties.

The Council shall aim to maintain a General Reserve equivalent to at least 100% of precept, or 50% of annual turnover, whichever is the greater.

Precept	2017/18	£12,052.
Turnover	2016/17	£25,000

The Council shall aim to build up a General Reserve fund of £12,500 by 2017/18.
Forecast general reserves at April 2017 are £12,095.

*Adopted by Helions Bumpstead Parish Council with immediate effect 14/11/2011
Reviewed and revised 09/03/2015
Reviewed and revised 10/04/2017*

