

St Issey Parish Council

Reserves Policy

Purpose

The 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.

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 two months precept income, but at all times there should be sufficient to cover staff salaries for two months.
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.

Earmarked Reserves

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

- Replacing street furniture, and equipment
- Routine repair of maintenance items
- Risks not covered by insurance
- Any projects

Procedure

1. Any decision to set up a reserve must be made by the Council
2. Expenditure from reserves can only be authorized by the 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.

Signed: ...J Wilson..... Dated 14th March 2022., Minute No 059/22