

# **GAYDON PARISH COUNCIL**

## **RESERVES POLICY**

### **1. Purpose of this policy**

1.1 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

1.2 Gaydon Parish Council commits to hold reserves, where possible, of a sum equal to half of the annual precept

### **2. Reserve Components**

#### **2.1 General Reserve**

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. The Parish Council has adopted the following policy for this reserve:

- It is intended to maintain the General Reserve at a level equivalent to 6 months precept income, but at all times there should be sufficient to cover staff salaries for two months
- If the balance is drawn down, replenishment will be provided for in the next annual budget
- 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

#### **2.2 Earmarked Reserves**

These are to be set up to meet known or predicted liabilities. Current examples include:

- Neighbourhood Plan Projects
- Flood Alleviation
- Cemetery Upgrade
- Traffic Calming

This list is not exhaustive and may change from time to time, though generally as part of the annual budgeting process

Earmarked reserves should only be used for the specific item it is intended (unless in an emergency)

Earmarked reserves will also be created if money is received for a specific purpose from a third party

### **3. Procedure Adopted for Management of Reserves**

3.1 Any decision to set up a reserve must be made by the Full Council

3.2 Expenditure from reserves can only be authorised by the Full Council, other than in an emergency situation (e.g. to address repair which, unless undertaken, would pose a Health and Safety risk) and then only in line with the Council's Financial Regulations

3.3 The reserves will be reviewed by the Full Council as part of the annual budgeting process and at other points in the year if required

3.4 The Responsible Financial Officer will maintain a detailed schedule of all reserves, which will form part of the monthly finance report

### **4. Related Policies**

This policy should be read in conjunction with the Council's Financial Regulations

### **Version Control**

**Version 1:** 2021 original document

**Version 2:** 2024 Reviewed