

Oulton Parish Council

Reserve Policy

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Introduction

1.1 Oulton Parish Council is required to maintain adequate financial reserves to meet the needs of the organisation. The purpose of this policy is to set out how the Council will determine and review the level of reserves.

1.2 The Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide, which sets out the 'proper practices' for how the council must maintain its accounts, recommends that the minimum level of general reserves should be between three and twelve months of net revenue expenditure. For an authority of the council's size, it states that the higher end of twelve months is appropriate. It is the responsibility of the Responsible Financial Officer to advise the Council about the level of reserves and to ensure that there are procedures for their establishment and use.

General Reserve

2.1 The general reserve is not ringfenced (earmarked) for any specific expenditure. Its purpose is to smooth the impact of uneven cashflow or cover unexpected/emergency expenditure. It is not intended to fund on-going expenditure.

2.2 The general reserve will be replenished as part of the budget process in any year where it has been utilised for unexpected/emergency expenditure.

2.3 The general reserve equates to £26,472 for 2022/2023.

Earmarked Reserves

3.1 Earmarked reserves will be established on a "needs" basis, in line with anticipated requirements.

3.2 Any decision to set up a reserve must be given by the Council.

3.3 Expenditure from reserves can only be authorised by the Council.

3.4 Earmarked reserves that have been used to meet a specific liability would not need to be replenished, having served the purpose for which they were originally established.

3.5 All earmarked reserves are recorded on a central schedule held by the Responsible Financial Officer which lists the various earmarked reserves and the purpose for which they are held.

3.6 Other earmarked reserves may be set up from time to time to meet known or predicted liabilities.

Elections Reserve

3.7 This earmarked reserve is to cover the cost of by-elections.

3.8 The current expected costs are £3500 for a contested election.

Carry Forward Reserve

4.1 There will be occasions where the council commits to expenditure from its current year budget but does not spend/incur the debt during the financial year.

4.2 Where this occurs, the corresponding budget will be transferred to the Carry Forward Reserve at year end.

CIL Receipts Reserve

5.1 CIL Receipts are subject to statutory restrictions requiring they only be used for certain kinds of expenditure.

5.2 In accordance with Financial Regulations the council will hold a CIL Receipts Reserve to ensure CIL Receipts are separately accounted for.