

Warbleton Parish Council
Agenda Item 8.6 – Reserves Policy

At the December 2021 meeting it was recognised that there was a need for a formal policy to be agreed on Reserves.

The 2021 Joint Panel on Accountability and Governance, Practitioners' Guide states that:

“5.31. As with any financial entity, it is essential that authorities have sufficient Reserves (General and Earmarked) to finance both its day-to-day operations and future plans. It is important, however, given that its funds are generated from taxation/public levies, that such reserves are not excessive.

5.32. General Reserve — The generally accepted recommendation with regard to the appropriate minimum level of a Smaller Authority's General Reserve is that this should be maintained at between three (3) and twelve (12) months Net Revenue Expenditure (NRE). NRE (subject to any planned surplus or deficit) is effectively Precept\Levy less any Loan Repayment and/or amounts included in Precept\Levy for Capital Projects and transfers to Earmarked Reserves. The reason for the wide range (3 to 12 months) is to cater for the large variation in sizes of individual authorities. The smaller the authority the closer the figure should be to 12 months NRE, the larger the authority the nearer to 3 months. In practice, any authority with an NRE in excess of £200,000 should plan on 3 months equivalent General Reserve. In all of this it is important that each authority adopt, as a General Reserve policy, the level appropriate to their size and situation and plan their Budget so as to ensure that the adopted level is maintained. Changes in activity levels/range of services provided will inevitably lead to changes in the requisite minimum level of General Reserve in order to provide working capital for those activities.

5.33. Earmarked and Other Reserves — None of the above in any way affects the level of Earmarked and/or Capital Receipts Reserves (EMR/CRRs) that an authority may or should hold. There is, in practice, no upper or lower limit to EMR/CRRs save only that they must be held for genuine and intended purposes, and their level should be subject to regular review and justification (at least annually), and should be separately identified and enumerated. Significant levels of EMRs in particular may give rise to enquiries from Internal and/or External Auditors.”

Proposed Reserves Policy – Recommendation by F&GP to Parish Council

Warbleton Parish Council will review the level of General Reserves that it wishes to hold, on an annual basis as part of the budget setting process for the following financial year.

The Parish Council will normally aim to maintain General Reserves at a level which is between 50-80% of the precept.

The Parish Council will also maintain a number of earmarked reserves. These reserves will arise from time to time where monies are set aside for a specific purpose. As at 1/4/22 earmarked reserves are:

- Election expenses – any budgeted amounts that are not required will be transferred to the earmarked reserve in February each year up to a maximum of reserve of £2,500.
- Defibrillators – this reserve is used to partly fund the maintenance and servicing of the 4 defibrillators owned by the Parish Council. It is currently scheduled to reduce by £150 annually for the next 4 years.
- Maintenance/Infrastructure – the Council has a programme of remedial maintenance/improvements to the assets owned by the Council. Whilst projects have been identified the funds were not paid/committed in 2021/22, so have been transferred to an earmarked reserve.
- Deposits for use of Rushlake Green – a returnable deposit of £200 is paid to the Parish Council for use of Rushlake Green. It is returned post event as long as there is no damage that needs repairing.
- CIL – these funds are paid to the Council from Wealden DC. A financial return is made each year to Wealden DC on the use of the funds, which must be utilise within 5 years of receipt.

Cllr Williamson
Chairman
F&GP Committee
14th May 2022