

Suggestions for movements in/out of Ear Marked Reserves.

Councils should have two types of reserves:

1. Earmarked Reserves for expenditure that is predictable and inevitable in the future. (e.g. long term replacement of items and facilities)
2. General Reserves for completely unforeseen and uninsured events. (Pandemic etc.)

There is no hard and fast guidance or legislation on the amount of General reserves that a council can or should hold. Sometimes you will hear 3-12 months quoted, but this is very subjective and needs to be considered taking into account the amount of precept that a council demand.

E.g. A precepting authority with income of £12,000 annually would be unwise to have reserves of £3,000 (3 months) as this can be wiped out quite easily. Alternatively, a council with a precept of £1,000,000 would be unjustified in holding £1,000,000 in reserves.

Our precept for 2021/22 is £43,665. Six months running costs can therefore be estimated at £21,800, so it is suggested we keep this amount in General reserves.

Note that Earmarked reserves are NOT counted in the General Reserve total. The decision to move funds in or out of EMR should be a resolved by council and minuted.

Some **suggestions for discussion:**

Cost code	Item	Amount to move to EMR	EMR account	EMR exists?	EMR to be set up?
4421	Playground improvements	5,000	Playground refurb	Code 326	-
General reserves	Reduce general reserves by moving funds to Playground Refurb EMR	5,000	Playground refurb	Code 326	-
General reserves	Reduce general reserves by moving funds to Pavilion Replacement EMR	2,000	Pavilion Replacement	-	✓