

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.

It is up to each council to determine an appropriate amount of reserves to hold. It should be noted that some councils in Somerset are currently applying for assistance to their Borough Councils as they are predicted to be bankrupted by March 2021 due to massive income reductions from Covid-19. (source HALC)

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?
4140	Legal Fees	300	Legal costs	-	✓
4290	Election costs	300	Election provision	-	✓
4412	Tree Works	500	Tree works	-	✓
4600	WPH reserve	1,000	WPH	-	✓
General reserves	Reduce NDP EMR	-4,000	NDP	Code 324	-

Note regarding NDP EMR.

The quotation from the consultant totals £14,350, and takes the project up to Regulation 14. This is not the end of the plan and extra costs should be expected to get to referendum.

Last year the first payment to Feria was made and therefore balance to be paid against the quotation was reduced to £11,750. This was moved into EMR on 14 September from minute no. 5016 in the July meeting. The NDP grant was received from locality and as this can only be spend on NDP related items, it was automatically transferred to the NDP EMR. Payments of the consultants invoices have also been paid from the EMR, leaving a current balance of £14,368.81. The amount currently owing to Feria is £7,613.10.

Councillors are to decide how much should be moved back from NDP EMR into General reserves. (I suggest 4k)

start year	52.66					Prior year payments to Feria.	
						14,350.00	
14-Sep	11,750.00	moved in committed funds (Feria balance)			-	2,600.00	Tasks 1, 2, 3
08-Oct	7,375.00	NDP grant received			-	4,136.90	
22-Oct	- 4,136.90	Feria invoice to tasks 4+ 5					
28-Oct	- 671.95	Feria printing (expenses)					
total	<u>14,368.81</u>					<u>7,613.10</u>	Balance to pay