



TATWORTH AND FORTON PARISH COUNCIL

RESERVES POLICY
FINANCE AND PERSONNEL COMMITTEE

Adopted on
Minute No

Signed.....Chairman

Purpose

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.

General Reserve

1. The use of this is not restricted. It can be used to smooth the impact of uneven cash flows, offset the budget requirements, or can be used to cope with unexpected events or emergencies.
2. It is intended to maintain the General Reserve at a level equivalent to two months precept income (approx 16.67% of the annual precept) but at all times should be sufficient to cover staff salaries for two months.
3. If the budget is drawn down, replenishment will be provided for in the next annual budget.
4. 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 cycle.

Earmarked Reserves

These are to be set up to meet known predicted liabilities, for example

- Replacing office equipment and furniture
- Routine maintenance of grass and hedgerows etc.
- Other expenditure agreed by Council, but not spent during the current financial year for example, the Jubilee Field development and traffic calming measures (SSID).
- Risks not covered by insurance

Procedure

1. Any decision to set up a reserve must be made by the Council
2. Expenditure from reserves can only be authorised by the Council
3. The reserves will be reviewed in the first instance by the Financial and Personnel Committee who will make recommendations to the Council for authorisation.
4. The Responsible Financial Officer will maintain a detailed schedule of all reserves which will form part of the accounts package.