



# MORETON, BOBBINGWORTH AND THE LAVERS PARISH COUNCIL

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## RESERVES POLICY

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

Local authorities are required to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirements.

### General Reserves

General Reserves are funds which do not have any restrictions as to their use. These reserves cushion the impact for uneven cash flows, offset budget requirements or can be held in case of unexpected events or emergencies. Setting the level of General Reserves is agreed with the Annual budget usually at the January Meeting.

In addition to allowing the Council to manage unforeseen financial pressures and plan for known or predicted liabilities, there is a benefit to holding reserves because of the interest earned on funds which are not utilised.

### Restricted Reserves / Earmarked Reserves

Restricted Reserves (or earmarked reserves) are held for many reasons and can only be used for the purpose for which they were created **unless** agreed otherwise by the Council at a meeting. Decisions to set up such reserves are made by the Council at a meeting. Where the purpose of the reserve becomes obsolete, or where there is an over-provision of funds, the excess may, on the approval of the Council, be transferred to other budget headings within the budget.

Reserves will not be held to fund on-going expenditure. This would be unsustainable as the reserves would eventually be exhausted. All earmarked reserves are recorded on a spreadsheet held by the Responsible Finance Officer, which lists the various reserves and the purpose for which they are held. These are reviewed at the budget meeting.

### Level of Financial Reserves

The level of reserves held by the Council will be agreed by the Parish Council during the discussions held regarding the setting of the budget for the next financial year. The level of general reserves will be reviewed each year, as part of the budget setting process to confirm that they are adequate and that the level is still appropriate.

Approved by	Council	Date
Last reviewed	Full Parish Council	July 2024
Next review due:		July 2025