



Kessingland Parish Council Reserves Policy

1. Introduction

The Council is required, under statute, to maintain adequate financial reserves to meet the needs of the organisation. Section 50 of the Local Government Finance Act 1992 requires that billing and precepting authorities in England and Wales have regard to the level of reserves needed to meet estimated future expenditure when calculating the budget requirement.

As councils have no legal powers to hold revenue reserves other than those for reasonable working capital needs or for specifically earmarked purposes, whenever a council's year-end general reserve is significantly higher than the annual precept, an explanation should be provided to the auditor.

The Council's policy on the establishment, maintenance and adequacy of reserves and balances will be considered annually.

The Council will hold reserves for these three main purposes:

1. A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of the general reserves.
2. A contingency to cushion the impact of unexpected events or emergencies – this also forms parts of general reserves.
3. A means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but remain legally part of the general fund.

2. General Fund balance

The general fund balance, commonly termed the 'working balance', is a balance on the council's revenue account which is not held for any specific purpose other than to cushion the council's finances against any unexpected short-term problems in the council's cash flow.

The general fund balance is to be maintained at a level based upon a risk assessment carried out annually by the Responsible Finance Officer (RFO) when setting the budget for the forthcoming year. Any surplus on the reserve above the required balance may be used to fund capital expenditure, be appropriated to earmarked reserves or used to limit any increase in the precept.

3. Financial Risk Management

In order to assess the adequacy of the general fund when setting the annual budget, the RFO will take account of the strategic, operational and financial risks facing the council. The requirement of the level of the general fund balance for the forthcoming year will therefore be based upon a risk assessment of the council's main areas of income and expenditure and take into account any provisions and contingencies that may be required.

4. Earmarked Reserves

Earmarked Reserves represent amounts that are generally built up over a period of time which are earmarked for specific items of expenditure to meet known or anticipated liabilities or projects. The 'setting aside' of funds to meet known future expenditure reduces the impact of meeting the full expenditure in one year.

The Council, when establishing an earmarked reserve, will set out:

1. The reason/purpose of the reserve.
2. How and when the reserve can be used.
3. Procedures for the management and control of the reserve, a limit for the reserve as well as a process and timescale for review of the reserve to ensure continuing relevance and adequacy.

The Earmarked reserves are contained in Appendix A – Kessingland Parish Council Earmarked Reserves

5. Review of the adequacy of balances and reserves

In accessing the adequacy of reserves the strategic, operational and financial risks facing the authority will be taken into account. The level and relevance of all earmarked reserves will be annually reviewed by the Finance Committee as part of the annual budget preparation and recommendations made to Full Council as part of the budget process. Any decisions regarding the reserves will be taken by Full Council. Council may delegate authority to spend from reserves but this will normally be for specific expenditure and within guidelines set by the council. Council may virement funds between reserves however this should only occur due to unforeseen requirements and any request to virement funds should contain plan for replenishment of the budget(s) from which the funds have been viremented. Funds may also be viremented if, during the annual review, an earmarked reserve is felt to be no longer necessary.



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Appendix A

Allotments Reserve

The Allotments reserve is funded from any excess income over expenditure at the end of each council year. The reserve is held to cover any capital works which may be needed at the council's allotments or to invest in new allotments should the council have the need to increase the number of allotments due to residential demand.

No maximum reserve limit.

Capital & Parish Improvement Reserve

The Capital and Parish Improvement Reserve is funded from any underspend in the annual Parish Improvement budget and is held to cover Council's capital works and parish improvement plans. Additionally, this reserve can be funded by any unassigned budgetary underspend at the year end at the council's discretion.

No maximum reserve limit.

CIL Reserve

The CIL reserve may be used to fund improvements to the Parish in line with the legislation concerning CIL funding. Funds must be spent within five years of them being allocated to the Parish. CIL income can be very variable as it is linked to development however where there is a planned, sustained development which will fund CIL, the council will develop a funding strategy for CIL expenditure.

No maximum reserve limit

Civic & Ceremonial Reserve

The Civic & Ceremonial Reserve is funded from any underspend in the Civic budget and is held to fund any major civic events which the parish may wish to celebrate such as centenary anniversaries etc. Additionally, this reserve can be funded by any unassigned budgetary underspend at the year end at the council's discretion.

Maximum reserve £30,000

Elections Reserve

The Elections Reserve is funded from any underspend from the annual elections budget and is held to cover the cost of the four-yearly council elections and any by-elections.

Maximum reserve balance £15,000

Emergency Fund Reserve

The Emergency Planning Reserve is funded from any underspend in the Emergency Planning budget and is held to be used in conjunction with other funding in the case of Emergency Planning issues

No maximum reserve limit.

Events Reserve

The Events Reserve is funded from any underspend in the Events and Communications budget as well as any income received from events and fundraising. The council is keen to promote and deliver events and communications which bring the parish community together. The reserve may be used, in conjunction with the Civic & Ceremonial Reserve, towards any major events or parish celebrations. The funding is ring-fenced due to its nature and the community involvement in raising the funds.

Maximum reserve £15,000 (+ any funds ringfenced from community raised funds)

General Repairs and Maintenance Reserve

The General Repairs and Maintenance Reserve is funded from any underspend in the Planned Repairs and Maintenance and the Car Park Maintenance budgets and is held to protect council finances from any uninsured major unforeseen repairs to any of the asset which the council holds in trust for the Parish.

No maximum reserve limit.

Kessingland Remembers Reserve

The Kessingland Remembers Reserve is funded via any annual profit from the Kessingland Remembers plaque and is held to help fund any improvements to Roy Brown's Memorial Garden

No maximum reserve limit.

Legal Reserve

The Legal Reserve is funded from any underspend from the annual legal budget and is held to cover the costs of any legal advice which the parish council may need to obtain.

Maximum reserve balance £20,000

Memorials Reserve

The Memorials Reserve is funded from any underspend from the annual memorial budget and is held to cover the costs of any maintenance costs for the Kessingland War Memorial.

Maximum reserve balance £20,000

Staff Reserve

The Staff Reserve is funded by any underspend from the annual salary, Tax & NI and Pensions budgets and is held to cover for any emergency staffing costs which may arise from long term sickness, parental leave, redundancy etc.

Maximum reserve £30,000

Training and Conference Reserve

The Training & Conference Reserve is funded from any underspend from the annual training and conference budget. Training needs may vary both for staff and councillors and continuous professional development is important. Training lies at the heart of a strong council. Training for new councillors will generally be four yearly however other training may also be beneficial as is attendance at NALC Conferences which allows both for networking but also workshops best practice.

Maximum reserve £10,000