



STOKE LODGE AND THE COMMON PARISH COUNCIL RESERVES POLICY

1. Introduction

1.1 The Parish Council is required by statute to maintain financial reserves sufficient to meet the needs of the organisation and in addition has statutory limitations on how it spends certain receipts which it must ensure are accounted for separately to the council's general funds.

1.2 Whilst there is no statutory minimum (or maximum) level of reserves, the council has no power to hold revenue reserves other than those for reasonable working capital needs or specific earmarked purposes.

1.3 The Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide, which sets out the 'proper practices' for how the council must maintain its accounts, recommends that the minimum level of general reserves should be between three and twelve months of net revenue expenditure. For an authority of the council's size, it states that the lower end (three months, or 25%) is appropriate.

1.4 The council's Internal and External Auditors review the council's reserves and their justification annually.

1.5 This policy sets out how the council will manage its reserves and is separate to the council's Investments Policy which sets out how the council will hold its reserves.

2. General Reserve

2.1 The general reserve is not ringfenced (earmarked) for any specific expenditure. Its purpose is to smooth the impact of uneven cashflow or cover unexpected/emergency expenditure. It is not intended to fund on-going expenditure.

2.2 The general reserve will be replenished as part of the budget process in any year where it has been utilised for unexpected/emergency expenditure.

2.3 The council will hold a general reserve of at least 3 months of its net revenue expenditure NRE this is the difference between its budgeted income and expenditure less any budgeted capital expenditure, expenditure from earmarked reserves and budgeted transfers to reserves.

3. Earmarked Reserves

The council may establish ringfenced (earmarked) reserves for any reason where it reasonably believes it may incur expenditure in the future. The council's current earmarked reserves are detailed below:

3.1 Play Equipment Replacement Reserve

This earmarked reserve is to fund improvements to play equipment and fencing around the Pavilion Play Area.

The council will hold this money in reserve until it has sufficient funds from grants and other fundraising to replace the play equipment at The Pavilion

Amount of reserve £40,000.

3.2 Land Purchase at 'The Common' Reserve

This earmarked reserve is to fund the purchase of the land known as 'Patchway Common' for the Parish to ensure future availability to the residents of Stoke Lodge and The Common.

Amount of Reserve £50,000

3.3 Future Elections Reserve

This earmarked reserve is to cover the cost of future elections.

Amount of Reserve £7,000

3.4 Facilities Upgrade Reserve

This earmarked reserve is to provide a contingency for any unforeseen upgrade to facilities maintenance which has not otherwise been and budgeted for

Amount of Reserve £10,000

3.5 Equipment Replacement Reserve

This earmarked reserve is to provide a contingency for the replacement of equipment which has not otherwise been and budgeted for

Amount of Reserve £5,000

3.6 Carry Forward Reserve

There will be occasions where the council commits to expenditure from its current year budget but does not spend/incur the debt during the financial year.

Where this occurs, the corresponding budget will be transferred to the Carry Forward Reserve at year end and a corresponding entry entered into the council's budget for the following financial year.

Amount of Reserve £0

3.7 CIL/S106 Receipts Reserve

CIL/S106 Receipts are subject to statutory restrictions requiring they only be used for certain kinds of expenditure.

In accordance with Financial Regulations the council will hold a CIL Receipts Reserve & a S106 Reserve to ensure CIL/S106 receipts are separately accounted for.

Amount of reserve £0

4. Review and Variation to Policy

This policy will be reviewed annually by the Full Parish Council Committee as part of setting the council budget.

Where it determines there is justification for doing so, the Parish Council may make decisions which are at variance to this policy

Date Policy Adopted: 12th May 2022

Minute Reference: 5.22.10.2

Review Date: May 2023