

Jeffreyston Community Council

Reserves Policy

1. Introduction

Jeffreyston Community Council is required by statute to maintain adequate financial reserves in order to meet the needs of the council. S.50 of the Local Government Finance Act 1992 requires that the billing and precepting authorities in England and Wales have regard to the level of reserves needed to meet estimated future expenditure when calculating its' annual budget. The Council follows the advice as set out in the Governance and Accountability for Local Councils in Wales – A Practitioner's Guide (2019 Edition) jointly published by One Voice Wales (OVW) and the Society of Local Council Clerks (SLCC).

2. Types of Reserves

The Council holds two types of reserves, General Reserves and Earmarked Reserves

2.1 General Reserves

It is accepted that general (un-earmarked) reserves usually lie within a range of three to twelve months of gross expenditure, depending on the council. However, the amount of general reserves is assessed on an annual basis during the budget setting process. For Jeffreyston Community Council the suggested period is 6 months.

2.2 The minimum amount of general reserves needed for Jeffreyston Community Council is £2,500 and the maximum is £10,000 .

2.3 Where general reserves are utilised during the financial year, the Community Council will agree to formulate a suitable plan to replenish the reserves budget during the following financial year to at least the minimum amount required, or provide justification as to why this cannot be done

2.4 Earmarked Reserves

The Council may hold earmarked reserves, which are set aside for specific purposes and for savings for future projects with the levels assessed and approved on an annual basis during the budget setting process, or during the year if ear-marked reserves are utilised. If earmarked reserves are not used for the authorised purpose within 3 years they will be returned to the General Reserve as part of the closure of accounts process, in order to avoid the build-up of unused resources which should be released for general use.

3. 3. Review

This policy will be reviewed on an annual basis, or earlier if required.