

STRATTON ST MARGARET PARISH COUNCIL



RESERVES AND BALANCES POLICY

Financial Policy Number Eight		
Issue No.	Date completed	Details of amendments
Draft	07/12/2010	Reviewed by the Audit & Governance Sub Committee

1. Policy on Minimum Reserves

When considering medium term financial plans and preparing the annual budget, the Council will aim:

- to maintain a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing (overdraft) e.g. prior to receipt of precept, referred to as the General Fund;
- maintain a contingency to cushion the impact of unexpected events or emergencies, referred to as the Maintenance Reserves Fund; and
- maintain earmarked reserves, to meet known or predicted liabilities, known as the Other Earmarked Reserves Fund.

2. General Fund

The General Fund will be maintained at a level no less than 20% and no more than 50% of the Council's annual gross expenditure. This is also known as the working capital fund. Annual review, determination of the precept and an assessment of risks facing the Council will determine whether the fund is at the upper or lower limit of this scale.

3. Maintenance Reserves Fund

The Council maintains a fund for specific capital expenditure and the re-investment into its assets. This is known as the Maintenance Reserve and is part of the ongoing Council Rolling Programme. The current allocations have been designated to the various cost headings relating to the Council's areas of responsibility.

New projects agreed by the Council may be added to the programme from time and will be accompanied by agreement to transfer allocation in full or in part instalments from either the General Fund or the Maintenance Reserve Fund.

4. Contingency Fund

Allocations for repairs and renewals will be included in annual estimates of income and expenditure. Annual repairs and renewals will therefore funded by the Council's precept. This will in essence create a maintenance fund from which both foreseen and unforeseen expenditure can be allocated and agreed by the Council.