

## **Financial Reserves Policy**

### **Arkendale, Coneythorpe and Clareton Parish Council**

Arkendale, Coneythorpe and Clareton Parish Council is required to maintain adequate financial reserves to meet the needs of the organisation. The purpose of this policy is to set out how the Council will determine and review the level of such reserves, and how they will be used. Local government legislation requires parishes to have regard to the level of reserves needed for meeting estimated future expenditure, when calculating their budget. However, there is no specified minimum or maximum level of reserves that an authority should hold, and it is the responsibility of the Responsible Financial Officer (Clerk) to advise the Council about the level of reserves, and to ensure that there are key protocols for their establishment and use.

#### **Types of reserves**

Reserves can be categorised as earmarked (held for a specific purpose), general (held to cushion the impact of uneven cash flows or unexpected events), or ring fenced (held for one purpose only and cannot be transferred).

Earmarked Reserves (or Specific Reserves) –are held for specific projects or purposes, or to meet known or predicted liabilities.

General Reserves – a sum of money that is not earmarked for specific purposes, but rather set aside to deal with unexpected events or emergencies, and to provide a working capital cushion to deal with uneven cash flows. The level of this working balance needs to be regularly reviewed.

Ring fenced Reserves - grants allocated for a specific project only, this money must not be used for any other purpose.

Arkendale, Coneythorpe and Clareton Parish Council have agreed at the Council Meeting on Wednesday 16 November 2016 to hold in general reserve the sum of no less than £2600, equivalent to the annual precept income. Agreement from full Council is required to authorise expenditure from this reserve.

The amount to be held in general reserve should be reviewed annually.

Arkendale, Coneythorpe and Clareton Parish Council agreed to hold as earmarked reserves the sum of £3100 (2016/17 end of year balance minus grant monies and £2600 in general reserves):

- a) To ensure the smooth running of the Allerton Park Landscape and Cultural Heritage Fund Project.
- b) To meet possible future demands on its resources e.g. the replacement of a community noticeboard or bench.

The amount held as earmarked reserves will be reviewed annually as part of the budget process.

Arkendale, Coneythorpe and Clareton Parish Council agreed ring-fenced reserves – this will be the amount of money from the Allerton Park Landscape and Cultural Heritage Fund Grant and can be used for no other purpose. The Clerk will hold a separate budget sheet detailing the grant amount received and expenditure and this will be reviewed regularly.

Policy Agreed 17 January 2018 (deferred from Nov 2017).  
Review Date November 2018.