

OAKINGTON & WESTWICK PARISH COUNCIL FINANCIAL RESERVES POLICY 2024

Purpose

Oakington & Westwick Parish Council (the Council) is required to maintain adequate financial reserves to meet the needs of the Parish. The purpose of this policy is to set out how the Council will determine and review the level of reserves.

Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating budget requirement. However, there is no specified minimum level of reserves that a parish council should hold. It is the responsibility of the Financial Responsible Officer to advise the Council about the level of reserves and to ensure procedures are in place for the establishment and use of the reserves.

Types of Reserves

The types of reserves that can be held by the Council can be categorised as 'General' or 'Earmarked'

1. **General Reserves** – are funds which do not have any restrictions as to their use. These reserves can be used to smooth the impact of significant pressures, offset the budget requirement if necessary or can be held in case of unexpected events or emergencies
2. **Earmarked Reserves** – held for a specific purpose, for example, money earmarked for a particular project or planned property maintenance.

General Reserves

The level of General Reserves is a matter of judgement for the Council. However, Oakington & Westwick Parish Council intends to keep General Reserves at a level of between three and twelve months of precept income.

If the balance is drawn down, replenishment will be provided for in the next annual budget.

If in extreme circumstances General Reserves were exhausted due to unforeseen spending pressures within a particular financial year, the Council would be able to draw down from its Earmarked Reserves to provide short-term resources. However, this has to be with the agreement of full Council.

Even at times when extreme pressure is put on the Council's finances, the Council must keep a minimum balance sufficient to pay one month's salaries to staff in General Reserves at all times.

Earmarked Reserves

Earmarked Reserves will be established either on a 'needs' basis or when funds are provided with restrictions of the use of the funds (Such as Section 106 agreements.)

Any decision to set up an Earmarked Reserve must be made by the full Council.

The council will be required to consider the following when making recommendations for each reserve:

1. The reason/purpose of the reserve
2. How and when the reserve can be used
3. Procedures for the reserves management and control

Expenditure from an Earmarked Reserve can only be authorised by the full Council.

Earmarked Reserves will be recorded by the Clerk/Responsible Financial Officer and reported to the full Council quarterly when the budget is reviewed.

Current Earmarked Reserves

S106

Monies from Section 106 agreements.

38,955	Sports Pavilion/Multi-Use Games Area (MUGA) – future Maintenance/improvements
701	Indoor community facility (To be determined)

Other

£15,000	Stocks Green renovation
£10,000	Pavilion and MUGA maintenance/improvements
£4,680	Solar power speed units x 2
£3,000	LHI 22-23 -20mph zone contribution
£600	EAG information boards
£20,000	Westwick 20mph (not required. To be funded from Northstowe S106)

Total Earmarked Reserves at 31 March 2024 - £92,936

This policy was adopted by Oakington & Westwick Parish Council at its meeting held on 10 February 2020.

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Reviewed 13 May 2024

Next Review Due: May 25

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