

HERTINGFORDBURY PARISH COUNCIL
RESERVES POLICY

This policy was adopted by the Council at its meeting held on 13th February 2019.

Hertingfordbury Parish Council needs to hold an amount in reserves to meet to meet foreseeable needs and commitments and also to have money available in an emergency.

The Council should typically hold between 3 and 12 months expenditure as a general reserve.

If the general reserve is too low then it may not be enough to cover unexpected expenditure or emergencies, whilst if the general reserve is too high then local electors have paid a tax which is not being used for the benefit of the local community.

Reserves can be categorised as general or earmarked.

General Reserves are funds which do not have any restrictions as to their use. These reserves can be used to smooth the impact of uneven cash flows, offset the budget requirement if necessary or can be held in case of unexpected events or emergencies. The council should typically hold between 3 and 12 months expenditure as a general reserve.

Earmarked Reserves. These are set up to meet known or predicted liabilities. Money is allocated for a specific purpose but may not be spent in that financial year. Examples could include reserves to purchase or renovate a building, develop a sports facility or community centre.

The Council will normally review its current level of reserves and designated funds twice a year.