



Source of the Thames

General Reserves Policy

Introduction

Coates Parish Council is required to maintain adequate financial reserves to meet its needs. The purpose of this policy is to set out how the Council will determine and review the level of reserves.

General Reserve — The generally accepted recommendation with regard to the appropriate minimum level of a Smaller Authority's General Reserve is that this should be maintained at between three (3) and twelve (12) months Net Revenue Expenditure (NRE). NRE (subject to any planned surplus or deficit) is effectively Precept\Levy less any Loan Repayment and/or amounts included in Precept\Levy for Capital Projects and transfers to Earmarked Reserves. The reason for the wide range (3 to 12 months) is to cater for the large variation in sizes of individual authorities. The smaller the authority the closer the figure should be to 12 months NRE, the larger the authority the nearer to 3 months. In all of this it is important that each authority adopt, as a General Reserve policy, the level appropriate to their size and situation and plan their Budget so as to ensure that the adopted level is maintained. Changes in activity levels/range of services provided will inevitably lead to changes in the requisite minimum level of General Reserve in order to provide working capital for those activities. (Source JPAG - The Practitioners' Guide 2021)

Management and Control of Reserves

Movements in General Reserves shall be reported to the Parish Council as part of the Parish Council meeting if required. The use of Reserves shall be approved by the Parish Council.

The level of General Reserves shall be reviewed on an annual basis during the annual budgetary review and agreed by the Parish Council. The minimum level of General Reserves shall be recommended to the Parish Council by the Responsible Financial Officer. This will form part of the recommendations for the Annual Budget and Precept request by the Parish Council.

The current level of General Reserves to be held by the Council is set at equal to between nine (9) to twelve (12) months of predicted expenditure. The current year 2023/2024 has expenditure in line with this and it was agreed that £2,000 of the reserves be set aside for any unexpected expenditure on the playground with the freedom to spend the said sum on other items as the need arises.