

Financial Reserves Policy

Holcombe Rogus Parish Council

Holcombe Rogus 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 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), or **general** (held to cushion the impact of uneven cash flows or unexpected events).

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

General Reserves – is 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 using a risk-based assessment.

Holcombe Rogus Parish Council have agreed at the Council Meeting on Thursday 24th November 2022 to hold in general reserve the sum of £5000. A full Council meeting is required to authorise expenditure from this reserve. The amount to be held in general reserve should be reviewed annually.

The Parish Council currently have two earmarked reserves:

1. Solar Fund
2. Playarea Reserve Fund