

DENTON PARISH COUNCIL

RESERVES POLICY

Purpose of Policy

The Council is required to maintain adequate financial reserves to meet foreseeable needs and commitments, and also to have money available in the event of an emergency.

General Reserve

1. The use of this is not restricted. It can be used to smooth the impact of uneven cash flows, offset the budget requirement, or can be used to cope with unexpected events or emergencies.
2. It is intended to maintain the General Reserve at a level equivalent to one years precept income, but at all times there should be sufficient to cover staff salaries for a year.
3. If the balance is drawn down, replenishment will be provided for in the next annual budget.
4. If the General Reserve is exhausted due to extreme circumstances, the council may make emergency borrowings from Earmarked Reserves, which will be replaced in the next annual budget.

Ear Marked Reserves

These are to be set up to meet known or predicted liabilities, for example:

- Replacing buildings, street furniture including street lighting and play equipment.
- Routine repair or replacement of heavy maintenance items.
- Risks not covered by insurance.

Procedure

1. Any decision to set up a reserve must be made by the Council.
2. Expenditure from reserves can only be authorised by the Council.
3. The reserves will be reviewed by the Council as part of the annual budgeting process.
4. The Responsible Financial Officer will maintain a detailed schedule of all reserves which will form part of the accounts package.