

Harberton Parish Council

2024/25 Reserves

Community Benefit Fund reserves tracked separately

	2023/24 Earmarked reserves (as in published budget)	Remainder of those reserves at end of 23/24 Q4	Additional monies allocated from the 2024/25 precept	Total ear marked reserves at beginning of Q1	2024/25 Reserves end Q1	2024/25 Reserves end Q2	2024/25 Reserves end Q3	2024/25 Reserves end Q4	Notes	Additional monies allocated from the 2025/26 precept	Total Earmarked reserves at Beginning of 2025/26 Q1
Office equipment	£ 265.00	£ 265.00	£ -	£ 265.00	£ 265.00	£ 265.00	£ 265.00	£ 265.00		£ -	£ 265.00
Training	£ 730.80	£ 730.80	£ -	£ 730.80	£ 730.80	£ 730.80	£ 730.80	£ 730.80		£ -	£ 730.80
Elections	£ 2,000.00	£ 2,000.00	£ 500.00	£ 2,500.00	£ 2,323.72	£ 2,323.72	£ 2,323.72	£ 2,323.72	Build reserves back up again to £3000	£ -	£ 2,323.72
Maintenance reserves (includes trees)	£ 4,200.00	£ 4,455.00	£ 300.00	£ 4,755.00	£ 4,755.00	£ 4,755.00	£ 4,755.00	£ 4,755.00		£ -	£ 4,755.00
Parish Lengthsman project	£ 7,500.00	£ 7,500.00	£ -	£ 7,500.00	£ 7,500.00	£ 3,500.00	£ 3,500.00	£ 3,500.00	on 02/07/24 the Finance committee agreed to recommend reducing earmarked reserve under 'Parish Lengthsman' to increase the Parish Council's general reserve by £4000, with a review to begin rebuilding this reserve if necessary.	£ -	£ 3,500.00
Emergency planning	150	150	150	£ 300.00	£ 300.00	£ 300.00	£ 300.00	£ 300.00		£ -	£ 300.00
Website	200	200	200	£ 400.00	£ 220.02	£ 220.02	£ 220.02	£ 220.02		£ -	£ 220.02
Service Level Agreement	550	550	0	£ 550.00	£ 550.00	£ 550.00	£ 550.00	£ 550.00		£ -	£ 550.00
Neighbourhood Plan	£ 1,600.00	£ 1,829.35	£ 400.00	£ 2,229.35	£ 2,080.88	£ 2,080.88	£ 2,080.88	£ 2,080.88		£ -	£ 2,080.88
Parish Council Grants Fund	£ -	£ -	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00		£ -	£ 500.00
Ring fenced funds held for other groups											
Parish Defibrillators	£ 950.00	£ 950.00	£ -	£ 950.00	£ 950.00	£ 950.00	£ 950.00	£ 950.00	Annual cost of the defibrillator is approximately £280 (provided no increases) Next 4 year period commences on 2nd Aug 2025.	£ -	£ 950.00
	£ 18,145.80	£ 18,630.15	£ 2,050.00	£ 20,680.15	£ 20,175.42	£ 16,175.42	£ 16,175.42	£ 16,175.42		£ -	£ 16,175.42

Community Benefit Fund reserves	£ 38,142.12	£ 31,087.52	£ -	£ 31,087.52				£ 31,087.52		£ -	£ 31,087.52
Total earmarked reserves	£ 56,287.92	£ 49,717.67		£ 51,767.67	£ 20,175.42	£ 16,175.42	£ 16,175.42	£ 47,262.94			£ 47,262.94
GENERAL RESERVES				£ 3,951.12	£ 3,951.12	£ 7,951.12			On review of the reserves, reserves policy and on the advice of the internal auditor, the Finance Committee recommends that the Parish Council seeks to increase the general reserve to approximately £8000 -9000 by 2025/6 financial year, and £10,000-11,000 by the 2026/27 financial year.		
Amount in Parish Council Accounts at end of previous financial year (2023/24 Q4 bank rec)		£ 53,668.79						Amount in Parish Council bank accounts at end of financial year (2024/25 Q4 bank reconciliation)	TBC		
Remaining 'general reserves' calculation for 2022/23		£ 3,951.12						Remaining 'general reserves' calculation for 2024/25	#VALUE!		

Harberton Parish Council Reserves Policy

1. Introduction

Harberton Parish Council is required to maintain adequate Financial Reserves to meet the needs of its operations and to ensure financial security. The purpose of this policy is to set out how the Council will determine and review the level of reserves.

The Joint Panel on Accountability and Governance Practitioners Guide (JPAG) (March 2020 edition) advises:

“As with any financial entity, it is essential that authorities have sufficient reserves (General and Earmarked) to finance both its day-to-day operations and future plans. It is important, however, given that its funds are generated from taxation/public levies, that such reserves are not excessive.”

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 the budget requirement. However, there is no specific minimum level of reserves which an authority should hold, and it is the responsibility of the Responsible Financial Officer to advise the Parish Council about the level of reserves and to ensure that there are procedures for their establishment and use.

2. Types of Reserves

These may be categorised as either General or Specific.

2.1 General Reserves

General Reserves are funds which do not have any restrictions on their use. They cushion the impact of uneven cash flows, offset budget requirements, if necessary, or can be held in case of unexpected events or emergencies. Setting the level of General Reserves is agreed with the Annual Budget.

JPAG (March 2020 edition) advises:

“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).”

“The smaller the authority, the closer the figure should be to 12 months NRE, the larger the authority the nearer to 3 months. In practice, any authority with an NRE in excess of £200,000 should plan on 3 months equivalent.”

On the 2nd July 2024 the Finance Committee agreed to recommend to the Parish Council to maintain a general reserve at a value of half (50%) of the precept.

The primary means of building General Reserves will be through a reallocation of funds (underspend on a completed project) and allocation from the annual budget. This will be in addition to any amounts needed to replenish reserves which have been spent in the previous year. If in extreme circumstances General Reserves were exhausted due to major unforeseen spending pressures within a particular financial year, the Parish Council would be able to draw down from its EMRs to provide short term resources.

2.2 Earmarked Reserves 'EMR's

EMRs must be held for genuine and intended purposes and their level should be subject to annual review and justification. They should be separately identified to prevent query from internal and external auditors.

EMRs are held for several reasons and shall only be used for the purpose for which they were created:

- Renewals – to enable the planning and financing of an effective program of equipment replacement and property maintenance/refurbishment. The funds required are built up incrementally over several years when taking into account asset conditions and asset life. They are a mechanism to smooth expenditure without the need to vary budgets.
- Carry forward of underspend on an uncompleted project – expenditure committed to a project but not spent in the budget year. Reserves can be used as a mechanism to carry forward those resources.
- Developers Contributions – proceeds from developers which can only be used for specified purposes.
- Other Earmarked Reserves – these may be set up from time to time to meet known or predicted liabilities.

Where the purpose of an Earmarked Reserve becomes obsolete, or where there is an over-provision of funds, the excess may, on the approval of the Parish Council, be transferred to other budget headings within the revenue budget, to General Reserves or to one or more other Earmarked Reserves.

EMRs will be established on a “needs” basis in line with anticipated requirements and these are to be reviewed annually when the budget is agreed.

Any decision to set up an EMR must be approved by Parish Council. If the EMRs are used to meet short term funding gaps, they must be replenished in the following financial year. However, EMRs which have been used to meet a specific liability would not need to be replenished, after having served the purpose for which they were originally set up.

3. Management and Control of Reserves

Movements in Earmarked Reserves and General Reserves shall be reported to the Parish Council as part of the quarterly Budget to Actual Report and at monthly meetings 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 Parish Council seeks to build up its General Reserves so that the amount held is six months of predicted expenditure.

Earmarked Reserves shall be reviewed on an individual basis. This review will also be undertaken as part of the Annual Budgetary Review. Approval for the creation, amendment, cessation or continuation of Earmarked Reserves will be given by the Parish Council.