



HELMDON PARISH COUNCIL FINANCIAL RESERVES POLICY



Helmdon Parish Council is required to maintain adequate financial reserves to meet the needs of the Council¹. This policy sets out how the Council determines and reviews the level of its financial reserves.

The Council holds reserves for three main purposes:

- A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing
- A contingency to cushion the impact of unexpected events or emergencies
- A means of building up funds, to meet known or predicted requirements

The level of financial reserves held by the Council is reviewed on an annual basis during the annual budgetary review.

RESERVES

Reserves are categorised as general or earmarked.

1. General Reserves

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 level of General Reserves should range between 50-65% of annual general expenditure. The Council must build and maintain sufficient working balances to cover the key risks it faces, as expressed in its financial risk assessment. The primary means of building General Reserves is through an allocation from the annual budget.

2. Sinking Fund (earmarked) Reserves

Sinking Fund reserves are established on a “needs” basis, in line with anticipated requirements - expenditure from the Sinking Fund can only be authorised by the Council. Details of the Sinking Fund reserves are recorded within Scribe by the Responsible Financial Officer

¹ Local Government Finance Act 1992 s49A



HELMDON PARISH COUNCIL FINANCIAL RESERVES POLICY



Sinking Fund reserves are not held to fund on-going expenditure; if reserves are used to meet short term funding gaps then the Council will endeavour to replenish them in the following financial year. Sinking Fund reserves that have been used for a specific project will not need to be replenished, having served the purpose for which they were originally established.

The Council has established a recommended maximum level of reserves in the Sinking Fund on the reserves plan.

The primary means of building Sinking Fund reserves is through an allocation from the annual budget. This may be in addition to any amounts needed to replenish reserves that have been consumed in the previous year.

This policy will be reviewed every two years.

Signed (Chair):

Date: 26 June 2024

Date for next review: June 2026