

BUCKLEY TOWN COUNCIL

RESERVES POLICY

1. Preamble

1.1 - Buckley Town Council is required under legislation to maintain adequate Financial Reserves to meet the needs of the Council. Legislation does not provide any specified minimum levels of reserve that the Council should hold and it is the responsibility of the Town Clerk and Financial Officer to advise the Council about the levels of reserves and to ensure that there are procedures for their establishment and use.

2. Types of Reserves held by the Council

The Council holds two types of reserves, General Reserves and Specific Reserves:-

2.1 - General Reserves are funds which do not have any restriction as to their use and are available for such circumstances as uneven cash flows, to offset excess expenditure over budget from the previous year, unexpected events or emergencies and to accommodate, in the short term, the potential requirements of the town funding the retention of services 'transferred' from the Principal Authority.

2.2 - Specific Reserves are established on a needs basis and the creation of a Specific Reserve can only be authorised by the Council. Specific Reserves are set up for specific purposes and are to be used only for the purpose stated, unless the Council so resolves to use them for other purposes. Currently the Council has Specific Reserves in relation to the Financial Support to Hawkesbury Community Centre, the Future Event Day fund and Financial Support to the Old Buckley Baths Community Hall Ltd.

3. Creation and maintenance of Reserves

3.1 - The General Reserve is created by allocating a level of budgetary provision to create a General Reserve or by transferring any surplus achieved in a financial year to that Reserve. The General Reserve must be sufficient to cover the key financial risks as identified in the Council's Risk Assessment Document and be held at a minimum equal to the first payment made by the Principle Authority of the Precept each year, for cash flow purposes. The Risk Assessment Document is reviewed on an ongoing basis, but at least annually. Should an extreme circumstance occur which exhausts the General Reserve, the Specific Reserves should, under resolution of the Council, be transferred into the General Reserve.

3.2 - The Specific Reserves were set up for the specific purpose that the heading of each of the Specific Reserves indicates. Once expenditure under any of the Specific Reserves equals the total amount of the Specific Reserve,

no further payments should be made under that Reserve except by resolution of the Council. The Council may wish to reinstate the Specific Reserve with a value approved by the Council.

3.3 - Both the General and Specific Reserve levels are reported on the quarterly comparison of Budget to Actual Income and Expenditure. The Final Accounts when placed before the Council, for approval, show the movements in the Reserves throughout the year. The balances to be maintained are a matter for the Council to approve following recommendations from the Town Clerk and Financial Officer.

4. Current level and review of Financial Reserves

4.1 - The current level of Financial Reserves are General Reserve £217,460.00, Specific Reserves £51,697.00. The Specific Reserves are analysed as Financial Support to Hawkesbury Community Centre £5,000.00, Future Event Day Fund £6,511.00 and Financial Support to the Old Buckley Baths Community Hall Ltd £40,186.00.

4.2 - The level of Reserves should be agreed by the Council at its Budget setting meeting held in January each year and should be reviewed along with the Risk Assessment Document on an ongoing basis.