

GRESFORD COMMUNITY COUNCIL

POLICY STATEMENT AND PLAN FOR EARMARKED RESERVES 2019-20*(as adopted at Full Council on 6.12.2018)*

Earmarked Reserves are amounts set aside for specific policy or project purposes or for general contingencies and cash flow management. For each reserve established, the purpose, usage and basis of transactions needs to be clearly defined.

The Reserves identified will assist in the following ways:

- Create a working balance that will help to cushion the impact of any unforeseen issues to avoid cash flow problems and avoid any unnecessary borrowing. This forms part of general reserves
- Create a contingency to cushion the impact of any unexpected events or emergencies. This also forms part of general reserves.
- Creates a means of building up funds to be used in the future against specific planned events, liabilities or projects.
- Insurance reserves – to meet the estimate of any future claims the enable the Council to meet the excesses not covered by Insurance
- Carry forward of underspend- Some expenditure budgeted for projects in a given year cannot be spent in that financial year. Reserves can be used as a mechanism to carry forward such resources.

GOVERNANCE

Sections 32 and 43 of the Local Government Finance Act require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

It is important therefore that all Councillors take responsibility for ensuring the adequacy of reserves and provisions when they set the budget.

Day to day monitoring and management of the Reserve shall sit with the Responsible Financial Officer, who must report Reserve activity and variance to Full Council.

The determination of the Community Council's Reserves will be consistent with meeting the Council's overall strategic objective, namely:

- Improving the quality of the Community's amenities
- Improving the environment and surroundings for the residents of the villages.

All identified Reserves must be approved by Full Council. Council will approve:

- The reason for creating the Reserve
- The usage of the Reserve- how and when it can be used
- The basis of transactions- The approval for expenditure from the Reserve shall sit with Full Council.

The Council (assisted by the Responsible Financial Officer) should annually appraise the risks facing the Council, and the adequacy of any reserves considered in the light of any identified risks.

REPORTING ON RESERVES.

The overall level of balances shall be reported to Finance Committee.

Any issues arising shall be reported to the next Full Council Meeting.

A report on the Reserves shall be made annually to Full Council as part of the budget setting. This shall include statement of movements of Reserves for the year ahead and the following two years.

Once a Reserve has fulfilled the purpose for which it was established, and balance remaining shall be reallocated or brought into the overall balance.

Earmarked Reserves and their designated purpose shall be reviewed annually by Full Council.

EAR- MARKED RESERVES.

It is generally recommended that General (un-earmarked) reserves should lie between 3 and 12 months of gross expenditure.

Based upon the balance of accounts of 2017-18 ,Gresford Community Council currently hold Ear- Marked and Un-Earmarked Reserves of £145,319 , apportioned as follows:

£11,000 will be used to offset the precept for 2019-20, in order to keep the level of increase to a minimal percentage increase, mindful of the larger increase in Council Tax likely to be set by the Unitary Authority in the current climate.

An amount of £31,469.00 is held as a Contingency Reserve to assist cash flow in the event of unforeseen occurrences. The recommended amount to be held in Reserves for contingency purposes is proportionately 3-9 months of gross expenditure. It is understood that this equates to 5 months' worth of total expenditure. This amount will also be used for any Asset transfer that might occur with the Unitary Authority.

An amount of £30,00 is held as Reserve to address replacement street lighting columns. Following a structural survey, we are advised that eight columns need urgent replacement (within the next six months) and a further fifteen columns need replacement within the next three years. In addition, we are advised that a rolling programme of replacing all concrete columns with steel columns should be planned for. The average cost of replacing a column in £2000. The Community Council is also currently planning the replacement of Sox and SORN lighting with LED which will reduce energy costs substantially.

An amount of £24,500 is allocated in Reserve to deal with Cemetery development and expansion costs. This will involve consultant's fees, grounds clearance , treatment, and landscaping and other facilities for users of the Cemetery. We are advised that planning and implementing necessary works for such expansion can take up to ten years.

An amount of £38,350 is placed within Reserves to deal with replacements to Play Area equipment and any future landscaping or improvement issues that may occur. Repairs that occur through the year are budgeted for within the annual budget. We know that the equipment on the two play areas will need to be replaced within the next 10m years. The average cost of one item of play equipment , landscaping and installation costs is £16,000.

An amount of £4000 is placed in reserves to deal with any General Environmental improvements.

An amount of £10,000 is allocated to fund replacement high resolution CCTV on the MUGA, play area and scout hut, and other locations to protect assets from vandalism and anti-social behaviour, linked to observation sites In addition , digital speed signage is required alongside the play area and toward the school. This is being looked at with the Unitary Authority.

RESERVES POLICY PLAN 2019-20				
	Amount £'s	Planned date of expenditure	Amount Per year /event anticipated spend	% of Total Reserves
Offset to Precept 2019-20	11,000	2020	7,000	4.8%
Replacement Street Lighting	30,000	2021	12,000	20.6%
Cemetery Development and expansion	24,500	2025	6,000	16.8%
Play Area Improvements or Replacements	38,350	2025	5,000	26.3%
CCTV installation and Speed signage	10,000	2023	1000	6.8%
Total Earmarked Reserves	113,850			78.3%
General Un-Earmarked reserves	31, 469			21.6%
Total Reserves	145,319			

Reserves Plan 2019/20

	£'s	Planned Year of expenditure	Anticipated Annual spend	% of Total Reserves
Offset to Precept 2019/20	11,000	2020	7,000	7.57%
Replacement Street Lighting	30,000	2021	12,000	20.64%
Cemetery Development & expansion	24,500	2025	6,000	16.86%
Play Area Improvements & replacement	38,350	2025	5,000	26.39%
CCTV installatio & Speed signage	10,000	2023	1,000	6.88%
Total Earmarked Reserves	113,850			78.34%
General Reserve (Not Earmarked)	31,469			21.66%
Total Reserves	145,319			100.00%