

GRESFORD COMMUNITY COUNCIL

POLICY STATEMENT AND PLAN FOR EARMARKED RESERVES 2022-2023 (as adopted at Full Council on 2nd December 2021)

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. 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 and to 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, any balance remaining shall be reallocated or brought into the overall balance.
- Earmarked Reserves and their designated purpose shall be reviewed annually by Full Council.

EARMARKED 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 2019-2020, Gresford Community Council currently hold Earmarked and Un-Earmarked Reserves of **£194,193 (as at 31st March 2020)** apportioned as follows:

£15100 will be used to offset the precept for 2022-2023, 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 £18,000 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 **£25,000** is held in Reserve to address replacement street lighting columns. Following a structural survey, we are advised that 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 is **£2,000**. Energy costs have already been reduced by the replacement of SOX and SORN lighting with LED.

An amount of **£25,000** is held 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 **£41,000** is held in 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 and surfacing on the two play areas will need to be replaced within the next 15-20 years. The MUGA will also need resurfacing and upgrading. The average cost of one item of play equipment, landscaping and installation costs is **£16,000**. Grant match-funding will be explored.

An amount of **£5,000** is held in reserves to deal with any General Environmental improvements, to include tree and bench replacements, storm damage and climate change initiatives

An amount of **£32,000** is held in reserves to fund the purchase of a parcel of land, currently used as Allotments, in order to enable the Allotments to be able to continue, and to protect the land. This is likely to cost at least **£28,000**; conveyancing fees will be around **£4,000** - total of **£32,000**.

An amount of **£4,000** has been allocated to fund any Election costs.

An amount of **£5,000** has been allocated to fund the replacement path at Allington Park.

The proposed sum for reserves is, therefore, £170,100.

There has been expenditure from Reserves during 2021-22.

RESERVES POLICY PLAN 2022-23				
	Amount £'s	Planned date of expenditure	Amount Per year /event anticipated spend	% of Total Reserves
Offset to Precept 2022-23	15,100	31 st March 2022	£14,000	9%
Replacement Street Lighting	£25,000	31 st March 2023	£10,000	15%
Cemetery Development and expansion	£25,000	31 st March 2025	£7,000	15%
Play Area Improvements or Replacements	£41,000	31 st March 2025	£16,000	24%
Purchase of Allotment land	£32,000	31 st March 2022	£32,000	19%
Environmental matters	£5,000	31 st March 2024	£5,000	3%
Elections	£4,000	31 st March 2023	£4,000	2%
Allington Park footpath	£5000	31 st March 2023	£5000	3%
Total Earmarked Reserves	152,100			90%
General Un-Earmarked reserves	18,000			10.0%
Total Reserves	170,100			100%

Spending from reserves during 2021-22 =