

GRESFORD COMMUNITY COUNCIL

POLICY ON EARMARKED RESERVES.

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.

RESERVES CURRENTLY MAINTAINED

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 2015-16 ,Gresford Community Council currently hold the following Reserves.

General funds- An amount held as the working balance of the Council is maintained to cover cash flow as the precept is received on three intervals throughout the Financial year and VAT is claimed and refunded on a quarterly basis. (£15000)

An amount of £8000 is held, so that the Council is in a position to meet and respond to any future proposals or requests from Wrexham County Borough Council to help ensure the continuation of key local services. This is considered a real possibility in the current financial climate. The County Borough Council will almost certainly look to local Community Councils to take on more responsibility for certain duties.

An amount of £10,000 to be used to offset the precept for 2017-18

An amount of £44,814.00 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 6-9 months of gross expenditure.)

An amount of £5000 is held as Reserve to tackle replacement or additional street lighting where required.

An amount of £20,572 is held in Reserve to deal with Cemetery improvements and expansion. It is anticipated that plans will need to be drawn up for the expansion of the Cemetery within the next 10 years. This will involve consultant's fees, grounds clearance and landscaping and other facilities for users of the cemetery.

An amount of £32,407 is placed within Reserves to deal with replacements to Play Area equipment and any future landscaping or improvement issues that may occur.

An amount of £2000 is placed within Reserves to deal with improvements or unforeseen issues concerning specifically the Lake

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

| RESERVE POLICY | AMOUNT £'s |
|---|-------------------|
| General Funds held | 15,000 |
| GENERAL RESERVES HELD | |
| Response to WCBC Service alterations | 8,000 |
| Offset to Precept 2017-18 | 10,000 |
| Contingency Reserve | 44,814 |
| Additional or replacement street lighting | 5,000 |
| Cemetery Improvements | 20,752 |
| Play Area improvements or replacements | 32,407 |
| Gresford Lake contingency or improvement | 2,000 |
| General Environmental Improvements | 4,000 |
| Total | £126,973 |