



Kessingland Parish Council Reserves Policy

1. Introduction

The Council is required, under statute, to maintain adequate financial reserves to meet the needs of the organisation. Section 50 of the Local Government Finance Act 1992 requires that billing and precepting authorities in England and Wales have regard to the level of reserves needed to meet estimated future expenditure when calculating the budget requirement.

As councils have no legal powers to hold revenue reserves other than those for reasonable working capital needs or for specifically earmarked purposes, whenever a council's year-end general reserve is significantly higher than the annual precept, an explanation should be provided to the auditor.

The Council's policy on the establishment, maintenance and adequacy of reserves and balances will be considered annually.

The Council will hold reserves for these three main purposes:

1. A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of the general reserves.
2. A contingency to cushion the impact of unexpected events or emergencies – this also forms parts of general reserves.
3. A means of building up funds, often referred to as earmarked reserves, to meet known or predicted requirements; earmarked reserves are accounted for separately but remain legally part of the general fund.

It is essential that the parish council has sufficient Reserves (General and Earmarked) to finance both its day to day operations and future plans. It is important, however, given that its funds are generated from taxation/public levies, that such reserves are not excessive.

2. General Fund balance

The general fund balance, commonly termed the 'working balance', is a balance on the council's revenue account which is not held for any specific purpose other than to cushion the council's finances against any unexpected short-term problems in the council's cash flow.

The Joint Panel on Accountability and Governance (JPAG) recommendation with regard to the appropriate minimum level of a Smaller Authority's General Reserve is that this should be maintained at between three (3) and twelve (12) months Net Revenue Expenditure (NRE). The smaller the authority the closer the figure should be to 12 months NRE, the larger the authority the nearer to 3 months. In practice, any authority with an NRE in excess of £200,000 should plan on 3 months equivalent General Reserve.

The general fund balance is to be maintained at a level based upon a risk assessment carried out annually by the Responsible Finance Officer (RFO) along with the Finance & Governance Committee (or its Budget Working Group) when setting the budget for the forthcoming year.

The council aims to maintain a General Reserve at a level at least equal to six (6) months net expenditure of the adopted annual budget. This means that the General Reserve will change each year to reflect changes in the council's annual budget whilst remaining at or above half of the council's annual net expenditure. However the General Reserve should not exceed more than twelve (12) months at any time.

Any surplus on the reserve above the required balance may be used to fund capital expenditure, be appropriated to earmarked reserves or used to limit any increase in the precept.

3. Financial Risk Management

In order to assess the adequacy of the general fund when setting the annual budget, the RFO will take account of the strategic, operational and financial risks facing the council. The requirement of the level of the general fund balance for the forthcoming year will therefore be based upon a risk assessment of the council's main areas of income and expenditure and take into account any provisions and contingencies that may be required.

4. Earmarked Reserves

Earmarked Reserves (EMR) represent amounts that are generally built up over a period of time which are earmarked for specific items of expenditure to meet known or anticipated liabilities or projects. The 'setting aside' of funds to meet known future expenditure reduces the impact of meeting the full expenditure in one year.

There is no upper or lower legal limit to EMRs save only that they must be held for genuine and intended purposes, and their level should be subject to regular review and justification, and should be separately identified and enumerated.

The Council, when establishing an earmarked reserve, will set out:

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Adopted September 2020. Amended: January 2022. Next review: May 2022.

1. The reason/purpose of the reserve.
2. How and when the reserve can be used.
3. Procedures for the management and control of the reserve, a limit for the reserve as well as a process and timescale for review of the reserve to ensure continuing relevance and adequacy.

The Earmarked reserves are contained in Appendix A – Kessingland Parish Council Earmarked Reserves

5. Review of the adequacy of balances and reserves

In accessing the adequacy of reserves the strategic, operational and financial risks facing the authority will be taken into account. The level and relevance of all earmarked reserves will be annually reviewed by the Finance Committee as part of the annual budget preparation and recommendations made to Full Council as part of the budget process. Any decisions regarding the reserves will be taken by Full Council. Council may delegate authority to spend from reserves but this will normally be for specific expenditure and within guidelines set by the council. Council may virement funds between reserves however this should only occur due to unforeseen requirements and any request to virement funds should contain plan for replenishment of the budget(s) from which the funds have been viremented. Funds may also be viremented if, during the annual review, an earmarked reserve is felt to be no longer necessary.



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Appendix A

Allotments Reserve

The Allotments reserve is funded from any excess income over expenditure at the end of each council year. The reserve is held to cover any capital works which may be needed at the council's allotments or to invest in new allotments should the council have the need to increase the number of allotments due to residential demand.

Reserve Limit:	No maximum reserve limit.
Review:	Annually, as part of budget process, to ensure continuing relevance and adequacy.
Authority to use:	Parish Council, unless specific delegation provided to committee or officer(s) for council approved budgeted purposes

Boardwalk Reserve

The Boardwalk Reserve is a reserve which has no feed budgets and is reserved for use on developing the Boardwalk project in partnership with East Suffolk Council and other relevant partners. Any additional funding which the Reserve gains will be via external grants or joint funding.

Reserve Limit:	No maximum reserve limit.
Review:	Annually, as part of budget process, to ensure continuing relevance and adequacy.
Authority to use:	Parish Council, unless specific delegation provided to committee or officer(s) for council approved budgeted purposes

Capital & Parish Improvement Reserve

The Capital and Parish Improvement Reserve is funded from any underspend in the annual Parish Improvement budget and is held to cover Council's capital works and parish improvement plans. Additionally this reserve can be funded by any unassigned budgetary underspend at the year end at the council's discretion.

Reserve Limit:	No maximum reserve limit.
Review:	Annually, as part of budget process, to ensure continuing relevance and adequacy.
Authority to use:	Parish Council, unless specific delegation provided to committee or officer(s) for council approved budgeted purposes

Car Park Reserve

The Car Park reserve is funded by the annual budget for repairs and maintenance for the Church Road car park. The reserve is held to cover the costs of maintenance and improvements to the car park. Resurfacing is a very expensive cost, lesser costs include fencing and car park markings each of which would be more than the annual budget for car park maintenance. The reserve may also be used to seed fund any installation of EV points in the car park.

Reserve Limit: £50,000

Review: Annually, as part of budget process, to ensure continuing relevance and adequacy.

Authority to use: Parish Council, unless specific delegation provided to committee or officer(s) for council approved budgeted purposes

CIL Reserve

The CIL reserve may be used to fund improvements to the Parish in line with the legislation concerning CIL funding. Funds must be spent within five years of them being allocated to the Parish. CIL income can be very variable as it is linked to development however where there is a planned, sustained development which will fund CIL, the council will develop a funding strategy for CIL expenditure.

Reserve Limit: No maximum reserve limit.

Review: Annually, as part of budget process, to ensure continuing relevance and adequacy.

Authority to use: Parish Council, unless specific delegation provided to committee or officer(s) for council approved budgeted purposes

Civic & Ceremonial Reserve

The Civic & Ceremonial Reserve is funded from any underspend in the Civic budget and is held to fund any major civic events which the parish may wish to celebrate such as centenary anniversaries etc. Additionally this reserve can be funded by any unassigned budgetary underspend at the year end at the council's discretion.

Reserve Limit: Maximum reserve £30,000

Review: Annually, as part of budget process, to ensure continuing relevance and adequacy.

Authority to use: Parish Council, unless specific delegation provided to committee or officer(s) for council approved budgeted purposes

Elections Reserve

The Elections Reserve is funded from any underspend from the annual elections budget and is held to cover the cost of the four-yearly council elections and any by-elections.

Reserve Limit: Maximum reserve balance £15,000

Review: Annually, as part of budget process, to ensure continuing relevance and adequacy.

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Authority to use: Finance & Governance can authorise payment of Elections Authority invoices for election costs as long as those costs are reported to Parish Council. Invoices must be related to the four-yearly parish council election or to any by-election formally called within the four-yearly cycle.

Emergency Fund Reserve

The Emergency Planning Reserve is funded from any underspend in the Emergency Planning budget and is held to be used in conjunction with other funding in the case of Emergency Planning issues

Reserve Limit: No maximum reserve limit.

Review: Annually, as part of budget process, to ensure continuing relevance and adequacy.

Authority to use: Parish Council, unless specific delegation provided to committee or officer(s) for council approved budgeted purposes

Events Reserve

The Events Reserve is funded from any underspend in the Events and Communications budget as well as any income received from events and fundraising. The council is keen to promote and deliver events and communications which bring the parish community together. The reserve may be used, in conjunction with the Civic & Ceremonial Reserve, towards any major events or parish celebrations. The funding is ring-fenced due to its nature and the community involvement in raising the funds.

Reserve Limit: Maximum reserve £15,000 (+ any funds ringfenced from community raised funds).

Review: Annually, as part of budget process, to ensure continuing relevance and adequacy.

Authority to use: Parish Council, unless specific delegation provided to committee or officer(s) for council approved budgeted purposes

General Repairs and Maintenance Reserve

The General Repairs and Maintenance Reserve is funded from any underspend in the Planned Repairs and Maintenance and the Car Park Maintenance budgets and is held to protect council finances from any uninsured major unforeseen repairs to any of the asset which the council holds in trust for the Parish.

Reserve Limit: No maximum reserve limit.

Review: Annually, as part of budget process, to ensure continuing relevance and adequacy.

Authority to use: Parish Council, unless specific delegation provided to committee or officer(s) for council approved budgeted purposes

Kessingland Remembers Reserve

The Kessingland Remembers Reserve is funded via any annual profit from the Kessingland Remembers plaque and is held to help fund any improvements to Roy Brown's Memorial Garden

Reserve Limit: No maximum reserve limit.

Review: Annually, as part of budget process, to ensure continuing relevance and adequacy.

Authority to use: Parish Council, unless specific delegation provided to committee or officer(s) for council approved budgeted purposes

Legal Reserve

The Legal Reserve is funded from any underspend from the annual legal budget and is held to cover the costs of any legal advice which the parish council may need to obtain.

Reserve Limit: Maximum reserve balance £20,000

Review: Annually, as part of budget process, to ensure continuing relevance and adequacy.

Authority to use: Parish Council, unless specific delegation provided to committee or officer(s) for council approved budgeted purposes

Memorials Reserve

The Memorials Reserve is funded from any underspend from the annual memorial budget and is held to cover the costs of any maintenance costs for the Kessingland War Memorial.

Reserve Limit: Maximum reserve balance £20,000

Review: Annually, as part of budget process, to ensure continuing relevance and adequacy.

Authority to use: Parish Council, unless specific delegation provided to committee or officer(s) for council approved budgeted purposes

Speed Indicator Device (SID) Reserve

The SID Reserve is funded by the annual budget for SID. This budget covers any repairs which may be needed for the SID but also builds up a balance for replacement of the SID over a 7 year cycle.

Reserve Limit: Maximum reserve £7,500

Review: Annually, as part of budget process, to ensure continuing relevance and adequacy.

Authority to use: Parish Council, unless specific delegation provided to committee or officer(s) for council approved budgeted purposes

Staff Reserve

The Staff Reserve is funded by any underspend from the annual salary, Tax & NI and Pensions budgets and is held to cover for any emergency staffing costs which may arise from long term sickness, parental leave, redundancy etc.

Reserve Limit: Maximum reserve £30,000

Review: Annually, as part of budget process, to ensure continuing relevance and adequacy.

Authority to use: Parish Council, unless specific delegation provided to committee or officer(s) for council approved budgeted purposes

Training and Conference Reserve

The Training & Conference Reserve is funded from any underspend from the annual training and conference budget. Training needs may vary both for staff and councillors and continuous professional development is important. Training lies at the heart of a strong council. Training for new councillors will generally be four yearly however other training may also be beneficial as is attendance at NALC Conferences which allows both for networking but also workshops o best practice.

Reserve Limit: Maximum reserve £10,000

Review: Annually, as part of budget process, to ensure continuing relevance and adequacy.

Authority to use: Parish Council, unless specific delegation provided to committee or officer(s) for council approved budgeted purposes



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Appendix B

Reserve Values 31st March 2021

Reserve	Individual Balances	Overall Balance
Closing Balance 31/3/2021		227,513.94
General Reserve	61,584.21	
Allotments Reserve	802.88	
Boardwalk Reserve	5000.00	
Capital & Parish Improvement Fund	90,000.00	
Car Park Maintenance Fund	1,700.00	
CIL Reserve	12,917.09	
Civic & Ceremonial Reserve	991.31	
Elections Reserve	2,548.61	
Emergency Fund Reserve	2,152.24	
Events Reserve	1,628.98	
General Repairs and Maintenance Reserve	14,781.54	
Kessingland Remembers Reserve	0	
Legal Reserve	6,000.00	
Memorial Reserve	250.00	
SID Reserve	0	
Staff Reserve	23,915.08	
Training & Conference Reserve	3,242.00	
Total Reserves		227,513.94
Balance		0.00

This represents an increase in reserves from 31st March 2020 of £26,730.79. The General Reserve was maintained at just over 6 months of precept/expenditure for the 2021-22 budget.