

Stadhampton Parish Council

Appendix 1 General Reserve Policy

The *Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide 2020* sets out the 'proper practices' for how the Council must maintain its accounts. Paragraph 5.32 recommends the minimum level of general reserves should be between three and twelve months of net revenue expenditure (or simplified to precept less earmarked reserve transfers). The larger the authority, the closer to 3 months-equivalent it should be, e.g. for an authority with a precept of £200,000.00 it indicates that the level is around 3 months.

Council reserves are divided into two main categories:

1. **Earmarked Reserves (EMR):** these are set aside for specific purposes and for savings for future projects, should be realistic and approved by the Full Council.
2. **General Reserve:** this is the difference between Earmarked Reserves and the total bank balances; it is not ring-fenced (earmarked) for any specific expenditure. Its purpose is to smooth the impact of uneven cash-flow or to cover unexpected/emergency expenditure. It is not intended to fund on-going expenditure. The General Reserve should be annually risk assessed and approved by the Council. The Parish Council's Internal and External Auditors review the Council's reserves and their justification annually.

Decision 50c/0723 resolved that the Stadhampton Parish Council level of general reserve should be 3 months of the precept (less earmarked reserve transfers). Previously, the resolution of the Parish Council had been to use up the general reserves, and as a result the amount of general reserves must be gradually increased until this is achieved. For example:

Year	Precept £	3/12 of precept £ (a)	EMR transfer £ (b)	Minimum general reserve £ (a-b)
2020/21	15,596	3,899.00	9750.00 (CIL)	nil
2021/22	21,270	5,317.50	0	5,317.50
2022/23	23,815	5,953.75	0	5,953.75
2023/24	29,296	7,324.00	TBC	7,324.00

Snapshot of Reserves 01/08/23:

General reserves	£7,415.04
Earmarked reserves (CIL)	£61,857.75
Total reserves	£69,272.79