

## Tendring Parish Council

<b>Title</b>	<b>Reserves Policy</b>
<b>Date Approved</b>	<b>25 March 2024</b>
<b>Review Date</b>	<b>March 2025</b>

1. Tendring Parish Council is required to maintain adequate financial reserves to meet the needs of the organisation. The purpose of this policy is to set out how the Council will determine and review the level of reserves. Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
2. Types of reserves can be categorised as general or earmarked. Expenditure from reserves can only be authorised by the Council.
  - Earmarked Reserves are held to budget for expected expenses for community projects, such as refurbishment of a playground. Once earmarked reserves have been spent for the specific purpose they were set aside for, they do not have to be replaced. All earmarked reserves are shown on the Council budget.
  - General Reserves are held to ensure the Council has necessary funding to smooth any impact of uneven, or loss of cash flow, or cover costs should unexpected liabilities arise. There are no restrictions on their use.
3. The level of General Reserves is a matter of judgement informed by National Association of Local Council guidelines and agreed by the Council. The primary means of building general reserves will be through an allocation from the annual budget.
4. The level of financial reserves held by the council will be agreed by the Parish Council during the discussions held regarding the setting of the budget for the next financial year. The current level of General Reserves to be held by the Council has been agreed as between 50% and 80% of Precept.