



Ludgershall Town Council

Reserves Policy

Introduction

- 1.1 The Town Council is required by statute to maintain financial reserves sufficient to meet the needs of the organisation and in addition has statutory limitations on how it spends certain receipts which it must ensure are accounted for separately to the council's general funds.
- 1.2 Whilst there is no statutory minimum (or maximum) level of reserves, the council has no power to hold revenue reserves other than those for reasonable working capital needs or specific earmarked purposes.
- 1.3 The Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide, which sets out the 'proper practices' for how the council must maintain its accounts, recommends that the minimum level of general reserves should be between three and twelve months of net revenue expenditure. For an authority of the council's size, it states that the lower end (three months, or 25%) is appropriate.
- 1.4 The council's Internal and External Auditors review the council's reserves and their justification annually.
- 1.5 This policy sets out how the council will manage its reserves and is separate to the council's Investments Policy which sets out how the council will hold its reserves.

General Reserve

- 2.1 The general reserve is not ringfenced (earmarked) for any specific expenditure. Its purpose is to smooth the impact of uneven cashflow or cover unexpected/emergency expenditure. It is not intended to fund on-going expenditure.
- 2.2 The general reserve will be replenished as part of the budget process in any year where it has been utilised for unexpected/emergency expenditure.
- 2.3 The council will hold a general reserve of at least 3 months of its net revenue expenditure NRE this is the difference between its budgeted income and expenditure less any budgeted capital expenditure, expenditure from earmarked reserves and budgeted transfers to reserves.

Earmarked Reserves

- 3.1 The council may establish ringfenced (earmarked) reserves for any reason where it reasonably believes it may incur expenditure in the future. The council's current earmarked reserves are detailed below:

Play Equipment Reserve

- 3.2 This earmarked reserve is to fund improvements to play equipment and fencing around the play parks.
- 3.3 The council will usually replace the amount spent from this reserve each year, ensuring a minimum amount of £12,000.00.

Community Infrastructure Reserve

- 3.4 This earmarked reserve is to fund improvements/purchase/build any property that will enhance Ludgershall.

Elections Reserve

- 3.5 This earmarked reserve is to cover the cost of by-elections.
- 3.6 The reserve will be held at the approximate cost for two by-elections, comprising one for each North & South Wards.
- 3.7 The council may determine to lower the reserve immediately before/after ordinary election years where the likelihood of a by-election is lower.

Skatepark Funds Reserve

- 3.8 This earmarked reserve is to build a pot to contribute towards expansion of the Skate park in the Recreation Ground, Deweys Lane.
- 3.9 Grants will be requested to add to this pot.
- 3.10 There is no specific target level at this time for this reserve.

Maintenance Reserve

- 3.11 This earmarked reserve is where any amounts left at the end of the accounting year go into and it is to be used if any maintenance emergencies happen that are not budgeted for.

Car Park (sink hole) Reserve

- 3.12 This earmarked reserve is to cover expenditure at the Town Car Park.
- 3.13 The council will usually increase the reserve by £500 each year, until the reserve reaches £5000.

Devolved Services Reserve

- 3.14 This earmarked reserve is to build a pot in readiness for specific services that are expected to be handed down to the council from the Unitary Council.
- 3.15 There is no specific target level at this time for this reserve.

Street Furniture Reserve

- 3.16 This earmarked reserve is to cover expenditure on any of the council's street furniture.

Civic Events Reserve

- 3.17 This earmarked reserve is where any income is made at events these are input into this reserve at the end of the accounting year and it is to cover expenditure on physical items needed to make council events run smoother.

Cemetery Reserve

- 3.18 This earmarked reserve is to cover expenditure at the Town Cemetery.

Gardens Reserve

- 3.19 This earmarked reserve is to cover expenditure at the councils' run gardens/planters.

Christmas Lights Reserve

- 3.20 This earmarked reserve is to cover expenditure needed on new Christmas Lights.

Public Toilets Reserve

- 3.21 This earmarked reserve is to cover expenditure needed on the Public Toilets.

CCTV Reserve

- 3.22 This earmarked reserve is to cover expenditure needed on new CCTV equipment.

Meeting Equipment Reserve

- 3.23 This earmarked reserve is to cover expenditure needed on new meeting equipment.

Garden of Remembrance Reserve

- 3.24 This earmarked reserve is to cover expenditure needed on new fencing.

Muga Design Reserve

- 3.25 This earmarked reserve is to cover expenditure needed to design a MUGA for the Rec.

Software Training Reserve

- 3.26 This earmarked reserve is to cover expenditure needed whilst upgrading software for office use.

Carry Forward Reserve

- 4.1 There will be occasions where the council commits to expenditure from its current year budget but does not spend/incur the debt during the financial year.
- 4.2 Where this occurs, the corresponding budget will be transferred to the Carry Forward Reserve at year end and a corresponding entry entered into the committee's EMR budget for the following financial year.

CIL/S106 Receipts Reserve

- 5.1 CIL/S106 Receipts are subject to statutory restrictions requiring they only be used for certain kinds of expenditure.
- 5.2 In accordance with Financial Regulations the council will hold a CIL Receipts Reserve & a S106 Reserve to ensure CIL/S106 receipts are separately accounted for.

Review and Variation to Policy

- 6.1 This policy will be reviewed annually by the Full Council as part of setting the council budget.
- 6.2 Where it determines there is justification for doing so, the Full Council may make decisions which are at variance to this policy.