**Pauntley Reserves Policy 2021.**

**Brief.**

Pauntley Parish requires adequate reserves to fulfill its obligations of financial responsibility. The aim of this policy is to enable the council to determine what reserves it needs, and organize these according.

**General.**

* 1. The Council will distinguish between General Reserves (GR) and Earmarked Reserves (ER).
	2. GR is defined by reserves that are intended for use should a major disruption to the Council’s normal income be suffered. This would ideally be any figure between 3 moths to 12 months of the Council’s average yearly income needs. It is recommended that smaller councils select a target of 6 months reserves.
	3. ER is defined by reserves that are set aside and generated for specific purposes deemed necessary by the Council. Examples of these would include: Maintenance, periodic expenses such as elections and inspections.
	4. In exceptional circumstances and after resolution by the Council may allocate funds from the earmarked reserves for other purposes.

**Process.**

2.1 The issue of reserves should be considered as part of the yearly budget construction.

2.2 Any costs added for the inclusion into the reserves must be a part of the total balanced budget.

2.3 GR and ER must be named in the budget and their figures clearly discernible.

2.4 The reserves should ideally have their own separate bank account outside of the Council’s current account.

**Reporting.**

3.1 The condition of the reserve accounts should be reported on to the Council as part of the Quarterly reports.

**Adopting Minute: 718/13.b**