**Draft Reserves Policy – Templeton Community Council.**

1 – The Council acknowledges that they are legally responsible for ensuring efficient and effective management of the money held by them in Council accounts, and that they are answerable for the same to their community.

2 – To maintain and ensure this accountability, reports will be made to the Council at each ordinary meeting of the current finances, including balances, which will be minuted. A detailed review of the progress of the current year’s spending against the budget for the year will be made in the meeting(s) when the budget and precept are discussed for the coming year. Periodic detailed budget reviews will also be made during the year, such as quarterly, if the Council so decides.

3 – The Council will always consider the impact of any significant expenditure plans on its current and future finances, and will whenever possible ensure sufficient funds are held before any expenditure is incurred, including by building up specific reserves.

4 - The amount of money held for Council use under the agreed lines of expenditure will be considered non-reserve money. This will be used to fund the regular expenditure which is planned or to which the Council is committed.

5 – Sections 32 and 43 of the Local Government Finance Act require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. It is generally recommended that general reserves should lie between 3 and 12 months of gross expenditure, in order to ensure the Council will therefore hold reserves sufficient to ensure that it can meet its ongoing commitments and respond to any emergency or unplanned expenditure sufficiently, and be able to overcome any cash flow difficulty that might arise. If these reserves are reduced for any reason, the Council will budget to increase them steadily to get back to a satisfactory level over time.

6 – The Council will also, if it has been agreed in a full Council meeting and minuted, hold earmarked reserves for specific projects or future anticipated liabilities. The projects might extend over several financial years, and the Council may decide to allocate earmarked reserves to an unstarted project as part of its future planning. If a project is completed or a liability discharged with some part of that specific earmarked reserve unspent, the Council will decide whether to allocate that fund to another current or planned project, or to add it to the general reserves.

7 – This policy will be reviewed at least once each financial year, either at the annual meeting or the meeting when the precept request is agreed. Any perceived risks to the financial stability of the Council will be discussed when they arise and action taken or planned to rectify the situation.

This policy was reviewed in the meeting on \_\_\_\_\_\_\_\_\_\_