

## GENERAL RESERVE POLICY 2023/2024

VERSION NUMBER V	V2
DATE & MINUTE REFERENCE (Council)	F&A 12/12/2023
DATE OF NEXT REVIEW	November 2024

### **General Reserve**

#### **As per Joint Panel on Accounting & Governance (JPEG) Practitioner's Guide**

As with any financial entity, it is essential that authorities have sufficient reserves (general & earmarked) to finance both their day-to-day operations & future plans.

The general reserve of an authority comprises its cash flow & contingency funds to cover unexpected inflation, unforeseen events & unusual circumstances. The general accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three & twelve months of net revenue expenditure.

In practice, any authority with income & expenditure in excess of £200,000 should plan towards 3 months equivalent net revenue expenditure.

In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, risks and plan their budget so as to ensure that the adopted level is maintained.

Authorities with significant self-generated income (other than the precept) should take into account situations that may lead to a loss in revenue as well as increased costs and adapt their general reserve accordingly.

<b>Calculation</b>	<b>£</b>	<b>Income stream breakdown</b>	<b>£</b>
3 months Net Revenue budget	91,973.50	Room hire	11,000.00
Income streams	79,939.00	Market stalls	30,000.00
Income streams		Service charge & Rent	34,609.00
		Allotment	1,300.00
		Mobile phone reimbursement	30.00
		Interest	3,000.00
	<u>171,912.50</u>		
<b>Unfunded Exp. In 23/24</b>			<u>79,939.00</u>
Pension Strain costs	18,589.44		
	<u>190,501.94</u>		
General Reserve @ 31/03/23	<u>155,476.00</u>		

**This policy is adopted for the General Reserve calculation 2023/2024.**

**T. Godfrey**

**Finance Manager (RFO)**

**Recommendation:**

**That Neston Town Council adopts the above policy for the General Reserve Calculation in 23/24. Council must also consider acting upon the General Reserve shortfall identified with the calculations above of £35,025.94.**