

RESERVES POLICY

This policy was adopted by Silkstone Parish Council at their meeting on 1 February 2016

The procedures for accounting and governance of public funds are detailed in Governance and Accountability for Local Councils A Practitioners' Guide (England) March **2014**; the relevant sections are copied below:

2.25 As councils have no legal powers to hold revenue reserves other than those for reasonable working capital needs or for specifically earmarked purposes, whenever a council's year-end general reserve is significantly higher than the annual precept, an explanation should be provided to the auditor.

2.26 Earmarked reserves, which are set aside for specific purposes and for savings for future projects, should be realistic and approved by the council. However, the amount of general reserve should annually be risk assessed and approved by the council.

However, the above should be read in conjunction with provision in section 2.26 of Governance and Accountability for Local Councils A Practitioners' Guide (England) **2010** which states:

It is generally accepted that general (ie un-earmarked) revenue reserves usually lie within the range of three to twelve months of gross expenditure. However, the amount of general reserve should be risk assessed and approved by the Council.

Silkstone Parish Council will maintain a reserve of a minimum 3 months expenditure which covers known costs including monthly staff and contractor costs.