Newton Flotman Parish Council

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Reserves Policy

Introduction

The Council is required, under statue, to maintain adequate financial reserves in order to meet the needs of the organization.

The Council's policy on the establishment, maintenance and adequacy of reserves and balances will be considered annually.

The Council will hold reserves for these three main purposes:

- A **working balance** to help cushion the impact of uneven cash flows, such as the time lag between the start of the new financial year and the receipt of the first precept payment and the upfront payment of VAT prior to reclaiming
- A **contingency** to cushion the impact of unexpected events or emergencies
- **Earmarked reserves**:
    - A means of building up funds, to meet known or predicted requirements
    - Money held for specific purposes such as CIL (Community Infrastructure Levy)
    - Money pledged but payments unmade

The Council's specific requirements are detailed on appendix 1

Adopted January 2020
For review annually

Working Balance

The Council has considered the need for a working balance for 2020/21:

	Use	Budget
Cash Flow	To enable the payment of invoices prior to the receipt of the precept payment	£1,000
VAT payments	The payment of VAT prior to reclaim	£1,000
Total		**£2,000**

Contingency

The Council has considered the need for a contingency for 2020/21:

	Use	Budget
Parish Council Assets	To cover unexpected maintenance costs	£2,000
Election	The potential cost of a by-election	£2,000
Unexpected costs	To cover the cost of unexpected events such as travellers or other community needs	£2,000
Total		**£6,000**

Earmarked Reserves

There are not currently any anticipated earmarked reserves at the end of 2019/20 but any that arise will be shown in the end of year accounts.