

**Agenda Item:** 7.4  
**Report to:** Finance and Human Resources Committee  
**Date:** 19<sup>th</sup> May 2020  
**Subject:** Reserves Requirements  
**Summary:** To consider recommendations for reserves requirements

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**Decision required**

- To note required reserves recommended for Kings Hill Parish Council and consider urgent re-building of funds.**
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**Background**

The Parish Council increased its precept by 15% to begin the process of replacing the reserves that had been spent in previous years. The Coronavirus pandemic has led to the council using these reserves to maintain the council's required financial break even position.

The council are to be reminded of the requirements of reserves and to consider the rebuilding of the funds in future budgets.

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**1. Reserves 2018**

At year end 2018 the parish council held the following reserves:

Open Spaces - Commuted Sum balance	52,872.74
Community Centre Contingency Fund	31,500.00
Community Centre Enhancements Reserve	2,849.00
Bus Shelter Vandalism Reserve	945.00
Salt bin refills	400.00
Sports Park 3G Contingency Fund	45,000.00
Election reserve	-
Play Park	6,000.00
Full Council General Contingency	20,000.00
<b>Total Earmarked Reserves</b>	<b>159,566.74</b>

By the end of 2019 the reserves had been eroded by just over £90,000 and by the end of 2020 by a further £67,000.

Reserves as at year end 2019-20 stand as follows:

Open Spaces - Commuted Sum balance	£	31,746.42
Community Centre Contingency Fund	£	-
Sports Park 3G Contingency Fund	£	-
Election reserve	£	-
Full Council General Contingency	£	-
Planning, Highways and Environment Fund	£	-
<b>Total Earmarked Reserves</b>	<b>£</b>	<b>31,746.42</b>

## **2. Recommendation for reserves**

The Council is required, under statute, to maintain adequate financial reserves in order to meet the needs of the organisation. Section 50 of the Local Government Finance Act 1992 requires that Local Councils have regard to the level of reserves needed to meet estimated future expenditure when calculating the budget requirement.

Governance and Accountability for Smaller Authorities in England: A practitioners guide to proper practices to be applied in the preparation of statutory annual accounts and governance statements states that the generally accepted level of general reserves for authorities with a net revenue expenditure of in excess of £200,000 is 3 months equivalent expenditure.

Based on this the parish council should have at least approximately £200,000 in general contingency.

## **3. Future Contingencies**

In addition to the £200,000 general contingency other items that the parish council are minded to consider for future reserves at this time include the Sports Park 3G surface. As reported to committees in previous years, this will require replacement in 2024 at a cost of approximately £297,000.

The council currently holds no contingency for replacement of this or other assets such as the bus shelter, tables and chairs, goalposts and sports paraphernalia, noticeboards, machinery, computer equipment or any other items.

There is also no provision for future sports equipment that is required for other sports, such as tennis, rugby and netball at the sports park or the new furniture and kitchen items required to kit out the new community centre hall extension.

## **4. Considerations**

The council is asked to consider the replacement and re-building of reserves as a matter of urgency.