



Policy on Reserves

1. Introduction

Llanasa Community Council is required by statute to maintain adequate financial reserves in order to meet the needs of the council. S.50 of the Local Government Finance Act 1992 requires that the billing and precepting authorities in England and Wales have regard to the level of reserves needed to meet estimated future expenditure when calculating its annual budget. The Council follows the advice as set out in the Governance and Accountability for Local Councils in Wales – A Practitioner's Guide (2019 Edition) jointly published by One Voice Wales and the Society of Local Council Clerks (SLCC).

2. Types of Reserves held by the Council

The Council holds two types of reserves, General Reserves and Earmarked Reserves:

General Reserves

It is generally accepted that general (un-earmarked) reserves usually lie within a range of three to twelve months of gross expenditure. However, the amount of general reserves is assessed on an annual basis during the budget setting process.

The minimum amount of general reserves required for Llanasa Community Council is £33,333 and the maximum amount £150,000.

Where general reserves are utilised during the financial year, the Community Council will agree to formulate a suitable plan to replenish the reserves budget during the following financial year to at least the minimum amount as required or provide justification as to why this cannot be done.

Earmarked Reserves

The Council may hold earmarked reserves, which are set aside for specific purposes and for savings for future projects with the levels assessed and approved on an annual basis during the budget setting process, or during the year if ear-marked reserves are utilised.