



RESERVES POLICY

Agreed by the Finance and General Purposes Committee on 28 September 2005
Revised by the Resources and General Services Committee on 5 October 2016

- 1 The amount of money held in General and Earmarked Reserves shall be identified at the end of each financial year and reported to the Resources and General Services Committee at the same time as the statutory Statements of Accounts. Where Earmarked Reserves include Capital Reserves and Unspent Loans, they will be specifically identified.
- 2 **Earmarked Reserves**
The council will keep such sums in earmarked reserves as shall be considered necessary to support future expenditure on specific projects or as funds built up towards significant future revenue expenditure or to meet anticipated liabilities.
- 3 **General Reserves**
 - 3.1 The council shall maintain a prudent level of general reserves sufficient to ensure it can meet its on-going commitments, respond to any need for emergency or unplanned expenditure, and overcome any cash flow difficulty which might arise.
 - 3.2 The council will normally aim to maintain general reserves at around 65%, within the range 60 to 70%, of net budgeted annual running costs*, excluding growth items** and items on which expenditure will be met by use of earmarked reserves.

**Net budgeted annual running costs means the expenditure which each committee has estimated it will spend on its on-going services in the following year, less the income it expects to receive, after any adjustments to the budgets have been made the Resources and General Services Policy Committee for any reason.*

***Growth items are additional discretionary items specifically identified by spending committees.*