



POLICY STATEMENT AND PLAN FOR EARMARKED RESERVES 2026-2027

EXPLANATION

Earmarked Reserves are amounts set aside for specific policy or project purposes or for general contingencies and cash flow management. For each reserve established, the purpose, usage and basis of transactions needs to be clearly defined.

The Reserves identified will assist in the following ways:

- Create a working balance that will help to cushion the impact of any unforeseen issues to avoid cash flow problems and avoid any unnecessary borrowing. This forms part of general reserves
- Create a contingency to cushion the impact of any unexpected events or emergencies. This also forms part of general reserves.
- Creates a means of building up funds to be used in the future against specific planned events, liabilities or projects.
- Insurance reserves – to meet the estimate of any future claims the enable the Council to meet the excesses not covered by Insurance
- Carry forward of underspend- Some expenditure budgeted for projects in a given year cannot be spent in that financial year. Reserves can be used as a mechanism to carry forward such resources.

GOVERNANCE

Sections 32 and 43 of the Local Government Finance Act require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

It is important therefore that all Councillors take responsibility for ensuring the adequacy of reserves and provisions when they set the budget.

Day to day monitoring and management of the Reserve shall sit with the Clerk as Responsible Financial Officer, who must report Reserve activity and variance to Full Council.

The determination of the Community Council's Reserves will be consistent with meeting the Council's overall strategic objective, namely:

- Improving the quality of the Community's amenities
- Improving the environment and surroundings for the residents of the area.

All identified Reserves must be approved by Full Council. Council will approve:

- The reason for creating the Reserve
- The usage of the Reserve- how and when it can be used
- The basis of transactions- The approval for expenditure from the Reserve shall sit with Full Council.

The Council (assisted by the Responsible Financial Officer) should annually appraise the risks facing the Council, and the adequacy of any reserves considered in the light of any identified risks.

REPORTING ON RESERVES.

The overall level of balances shall be reported to Full Council on a regular basis.

A report on the Reserves shall be made annually to Full Council as part of the budget (precept) setting. This shall include statement of movements of Reserves for the year ahead and the following two years.

Once a Reserve has fulfilled the purpose for which it was established, and balance remaining shall be reallocated or brought into the overall balance.

Earmarked Reserves and their designated purpose shall be reviewed annually by Full Council.

EAR- MARKED RESERVES.

It is generally recommended that General (un-earmarked) reserves should lie between 3 and 12 months of gross expenditure.

Based upon the balance of accounts held on 31st March 2026, Offa Community Council currently hold Ear- Marked and Un-Earmarked Reserves of **£311,066**, apportioned as follows:

General

£211,066 to be held as General (Contingency) reserve, to deal with any unforeseen circumstances.

Capital

£50,000 – Community Centres Refurbishments

£50,000 – Play Area Improvements