

St Keyne Parish Council

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Forward Plan 2018-19 & Reserves Policy

1.0 BACKGROUND

1.1 In order for this council to comply with best practice for its management and governance, and to put in place measures that will enable it to achieve the first stage of the Local Government Award Scheme, councillors agreed a schedule of policies and documents that would be published. Included in them is a forward plan of projects that the council is asked to agree before the start of the new financial year.

1.2 To fund these projects, councillors will also need to agree a policy for managing the surplus funds that were identified during preparations for the annual budget and precept setting in November 2017.

2.0 RESERVES

2.1 Councils have no legal powers to hold revenue reserves other than those for reasonable working capital needs or for specifically earmarked purposes. The 'general fund balance', commonly termed the 'working balance', is a balance on the council's revenue account which is not held for any specific purpose other than to cushion the council's finances against any unexpected short term problems in the council's cash flow. The council receives its precept from Cornwall Council in two tranches, in April and October.

The general fund balance is to be maintained at a level based upon a risk assessment carried out annually by the Responsible Finance Officer (RFO) when setting the budget for the forthcoming year. Any surplus on the reserve above the required balance may be used to fund capital expenditure, be appropriated to 'earmarked reserves' or used to limit any increase in the precept.

Best practice is that parish councils should hold the equivalent of six months precept income as a contingency against uneven cash flow or delayed payment. In November 2017, councillors approved a budget of £14,350 for 2018/19, and so Contingency Fund of £7,000 is proposed.

2.2 Beyond this figure, a parish council should only hold extra funds where they have been set aside for specific purposes and for savings for future projects. These are called Earmarked Reserves. Earmarked Reserves represent amounts that are generally built up over a period of time which are earmarked for specific items of expenditure to meet known or anticipated liabilities or projects. The 'setting aside' of funds to meet known future expenditure reduces the impact of meeting the full expenditure in one year. The level of earmarked reserves will be reviewed as part of the annual budget preparation.

2.3 The calculation of Earmarked Reserves is made by taking the closing balance of the council's accounts at 31 December 2017 (the latest calculated balance), deducting any ringfenced sums already held (for example the £250 set aside for small grants and donations) and deducting the agreed Contingency Reserve (proposed as six months precept in 3.1 above). This would give Earmarked Reserves of approximately £55,500 available for parish council projects.

3.0 DRAFT FORWARD PLAN

3.1 Proposals for future projects for 2018/19 are attached in Appendix 1. Councillors are asked to review and comment on the proposals in preparation for the February 2018

meeting. After the Chair's discussion, the Clerk will be able to work with lead councillors to cost out any agreed projects, and submit back to the parish council for final agreement and sign off.

3.2 The proposal is that councillors should agree a list of projects, their roles and their responsibilities, together with a timetable for reporting back to the parish council.

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Appendix 1

Action Plan 2018/19

Possible projects that will require costing and a budget allocation from Earmarked Reserves.

- Cemetery improvements
 - Details in briefing note published December 2017.
- Footpaths
 - Signage
 - Maintenance
 - Links to neighbouring parishes
- Parish Hall
 - Structural improvements?
 - Village shop support?
 - Tracking current expenditure
- Maintenance
 - Budget for repairs/replace seating
- Events
 - Supporting public event linked to parish annual meeting?
- Jubilee Park
 - Play facilities