

Allocation of reserves - Hawkhurst Parish Council 8th February 2021

Introduction and Background

The SAP Committee recommended setting three reserves: a general reserve for emergencies, a ring fenced reserve for the war memorial; and a project reserve for the community and sport centre.

This was subject to confirmation the proposed general reserve of £45,000 was sufficient to cover salary and contracted costs (see SAP minutes below).

Finalise Allocation of Council Reserves

The RFO led the discussion on the report, at the SAP Committee meeting held on 21st December several points were made;

Item	Dec 2020	Adjustments by Mar 2021
Community and Sports Centre project	£83,071	£20,00 projected spend but £1,300 grant
War Memorial Fund	£3,282	Spent £100 on silent airman and £150 on cleaning however donation £325 so extra £75
General Reserves	£65,971	£0
Total Reserves	£152,324	£132,375

1. Must ensure we have enough General Reserves
2. Good practice is to retain in General Reserves between 25% and 50% of budget / precept, must have enough for 3 month's salary plus on costs and contracts
3. Focus on operational costs, so one off items could be removed from equation
4. On track for a surplus of @ £8,000 by year end 2020/21 – surplus would then go into reserves
5. Ring Fenced reserves must be retained for their specific purpose – War Memorial
6. We are projected to spend £20,000 on the Community Centre between now and 31st March 2021.
7. If we retained a high level of General reserves, but knew we had to use them on a project – is that the right thing to do?

Following a discussion two levels of general reserves were considered £60,000 or £45,000.

Cllr Green proposed and Cllr Taylor-Smith seconded that £45,000 should be the general reserve – subject to the RFO confirming that this would cover 3 months' salary costs and contract costs – agreed by majority – 4 - Cllr Green, Taylor-Smith, Cllr Pyne and Cllr Blake – Against 1 - Cllr Lusty

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It was agreed to recommend to Council allocate the reserves as follows

Item	Dec 2020	Proposed Jan 2021
Community and Sports Centre project	£83,071	£84,000
War Memorial Fund	£3,282	£3,375
General Reserves	£65,971	£45,000
Total Reserves	£152,324	£132,375

Subject to RFO double checking that £45,000 was enough in General Reserves to cover salary and contract costs for the 11th January 2021 Council meeting.

Conclusion

I can confirm that HPC salary and contracted costs are £112,000 for 2021/22.

Although there is no legal minimum, the best practice is to reserve a figure of not less than 25% of this sum - which is £28,000.

Therefore, I can confirm that setting a general reserve for unexpected emergencies of £45,000 is in excess of the minimum guidance.

Anita Maxwell

Responsible Finance officer to Hawkhurst Parrish Council