

RESERVES POLICY

Godalming Town Council's Reserves Policy is based on the guidance contained within the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide – 2024.

RESERVES

1. As with any financial entity, it is essential that authorities have sufficient reserves (general and earmarked) to finance both their day-to-day operations and future plans.
2. The RFO is responsible for advising on the prudent level of reserves for the council. The key controls are:
 - a. to maintain reserves in accordance with the JPAG Practitioners' Guide;
 - b. for each reserve the purpose, usage and basis of transactions should be clearly identified;
 - c. reserves are only used for the purposes they are intended; and
 - d. revenue and ear marked reserves shall be maintained separately.

GENERAL RESERVES

3. The General Reserve comprises the council's cash flow and contingency fund and as such should be of a sufficient level to meet its statutory and contractual obligations to its staff, contractors, and creditors, withstand any unforeseen loss of income (other than the precept), deal with unexpected inflation, unforeseen events and unusual circumstances.
4. In consideration of the above, Godalming Town Council will seek to maintain the General Reserve within a range of 45%- 55% of the precept.
5. Godalming Town Council will review its reserves annually as part of its budget setting process to ensure that its General Reserve is maintained within the agreed percentage range of the precept.

EARMARKED AND OTHER RESERVES

6. None of the above in any way affects the level of earmarked and/or capital receipts reserves that the council may or should hold.
7. There is, in practice, no upper or lower limit to EMR/CRRs save only that they must:
 - be held for genuine and identifiable purposes and projects;
 - be separately identified and enumerated;
 - have their level subject to regular review.
8. Godalming Town Council will review its Ear Marked Reserves annually as part of its budget setting process to ensure that the purpose for the reserve is valid and the level of the reserve is appropriate.
9. Authorisation to establish and add to a reserve is a reserved matter for Full Council.
10. Authorisation to incur expenditure against a reserve is by resolution of Full Council or Policy & Management Committee, save that any use of Ear Marked Reserves by a resolution of the Policy & Management Committee is restricted within delegated limits as set out in the Council's Financial Regulations.