

Stratfield Mortimer Parish Council

Finances and General Purposes 01/03/2022

Reserve Transfer and Adjustments

Agenda item 21/074 2: To review the draft Reserve Transfers and Adjustments for the financial year end 2021/22, and consider and agree any amendments.

BACKGROUND

Reserve Transfers and Adjustments Appendix 1 is a summary of the SMPC Reserves and proposed changes and currently shows the following:

- Column E: opening reserve balances as of 1st April 2021
- Column G: reserve balances as at the 31st January 2022. These balances are prior to showing agreed transfers and adjustments for the remaining outstanding and predicted spend for the current financial year. These figures will be updated once the financial year end has been completed and the actual figures known.
- Column H: agreed inter-EMR transfers and transfers to setup new EMRs as agreed as part of the budget process.
- Column I: reserve balances following the transfers as above.
- Column J: adjustments for the remaining outstanding and predicted spend for the current financial year.
- Column K: forecasted closing reserve balances.

GENERAL RESERVE

From the budget process, a General Reserve balance of £146,305 was forecast. The current predicted General Reserve figure is slightly higher at £151,050. This figure may change once the actual costs/income are known.

The generally accepted recommendation, with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained between 3 and 12 months of net revenue expenditure. For 2022/23, from the Budget, this equates to £132,626. The forecast General Reserve of £151,050 gives 10.25 months of operational/maintenance costs.

EARMARKED (EMR) AND OTHER RESERVES

In practice, there is no upper or lower limit to other reserves save only that they must be held for genuine and intended purposes, and their level should be subject to regular review and justification (at least annually), and should be separately identified and enumerated. Significant levels of EMRs may give rise to enquiries from Internal and/or External Auditors.