

## **General Reserve**

### **As per Joint Panel on Accounting & Governance(JPEG) Practitioner's Guide**

As with any financial entity, it is essential that authorities have sufficient reserves (general & earmarked) to finance both their day -to -day operations & future plans.

The general reserve of an authority comprises its cash flow & contingency funds to cover unexpected inflation, unforeseen events & unusual circumstances. The general accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three & twelve months of net revenue expenditure.

In practice, any authority with income & expenditure in excess of £200,000 should plan towards 3 months equivalent net revenue expenditure.

In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, risks & plan their budget so as to ensure that the adopted level is maintained.

Authorities with significant self-generated income (other than the precept) should take into account situations that may lead to a loss in revenue as well as increased costs & adapt their general reserve accordingly.

<b><u>Calculation</u></b>	<b>£</b>	<b>Income stream break down</b>	<b>£</b>
3 months Net Reveune budget	73,738.25	Room hire	10,000.00
Contribution to 22/23 budget	22,188.00	Market stalls	28,500.00
Income streams	<u>74,338.00</u>	Service charge & Rent	33,583.00
	170,264.25	Allotment	1,255.00
Unfunded Exp. In 22/23		Interest	<u>1,000.00</u>
Staffing less £2k EMR	14,756.00		<u>74,338.00</u>
Consultant & consultancy costs less £5k EMR	<u>2,500.00</u>		
	<u>187,520.25</u>		
General Reserve @ 31/03/22	<u>181,291.00</u>		

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#### **Recommendation**

We adopt the above policy for the General Reserve calculation.