



## Reserves Policy

A description of the reserves maintained by Ringwood Town Council and how they will be managed

General principles guiding the management of reserves:

1. Annual budgets should make adequate provision for expected recurrent expenditure without recourse to reserves.
2. Significant expenditure of a non-recurrent or capital nature (whether planned or unplanned) should be met from either a suitable ear-marked provision that has been built up over time or a loan repayable over time, in order to spread the cost over an appropriate number of financial years, thus avoiding either unfair calls upon local council tax-payers in any one year or excessive fluctuations in the precept.
3. Receipts of a capital nature and/or for specific or restricted purposes should be treated in a manner that fully respects the Nolan principles of accountability and openness.
4. This document should be **consulted**
  - Before funds are transferred from or added to any reserve;
  - When an Annual Financial Risk Assessment is undertaken;
  - When an Annual Governance Statement and Accounting Statements are considered; and
  - When a Budget is being considered and before a Precept is agreed.
5. This document should be **reviewed**
  - Before an existing reserve is re-named, re-purposed, reduced to nil, closed or merged with another reserve;
  - Before a new reserve is created;
  - When a significant change in the financial risks facing the Council occurs; or
  - When a significant change in the Council's assets or plans occurs.

### Schedule of reserves

| Title                                     | Code | Balance<br>1/4/20 | Purpose(s)/Function(s)   | Management  |
|---|------|-------------------|--|---|
| <b>Ear-marked provisions and reserves</b> |      |                   |  |   |
| I.T. & Equipment Fund                     |      | £9,400            | To meet the cost of completely replacing/updating the computers, telephones and related equipment when obsolete or at the end of life. | A major upgrade in FY 2019-20 has depleted this reserve. Annual contributions of £4,500 to be reviewed. |

**Schedule of reserves**

| Title                    | Code | Balance<br>1/4/20 | Purpose(s)/Function(s)   | Management   |
|--------------------------|------|-------------------|--|--|
| Gateway Fund             |      | £32,567           | To meet expected future demands for contributions towards the costs of major repairs or capital works to The Gateway council offices building. Original contribution to building costs was £300,000. Our contribution to major repairs or capital works is not expected to exceed £50,000                                  | We will transfer £7,567 from this fund to the Buildings Reserve and maintain the Gateway Fund at £25,000. Further contributions to this fund have been suspended.                            |
| Burial Grounds Fund      |      | £14,000           | To meet expected future capital costs of either extending or improving the cemetery owned and managed by the Council or of maintenance works memorials there or to the closed churchyard for which the Council is liable. The Council is expected to provide further cemetery capacity once the existing cemetery is full. | We will transfer £4,000 into this reserve each year until the total of £50,000 is reached, at which point contributions will be reconsidered and possibly suspended until funds are applied. |
| Elections Fund           |      | £9,774            | To meet expected future demands for contributions towards the costs of elections to membership of the council (both general and by-elections) (not currently expected to exceed £15,000)   | Annual contributions of £2,900 to reviewed in FY 2020-21 to establish the rate required to achieve a total of £15,000 by the start of FY 2023-24.  |
| Vehicle & Machinery Fund |      | £8,809            | To meet the cost (currently estimated at £140,000 in total) of replacing each vehicle or large item of machinery used by the Council's Grounds Maintenance Staff every 10 years.   | We will transfer £11,000 into this reserve each year and monitor funds against projected investment to achieve a consistent call on the revenue account.                                     |
| Play Equipment Fund      |      | £14,358           | To meet the cost of replacing/updating or conducting major repairs to children's play equipment on the various sites owned or managed by the Council according to a cyclical programme of prioritised works commissioned every [3] years (currently estimated at £40,000 per cycle)  | Annual contributions of £6,900 to be reviewed to achieve a total of £40,000 by the start of FY 2023-24.  |
| Christmas Lights Fund    |      | £10,397           | To meet the cost (currently estimated at £28,000) of completely replacing the Christmas lights owned by the Council every [5] years.   | To be transferred to Infrastructure and Open spaces fund as decision taken to lease the Christmas Lights rather than purchase them outright.   |

**Schedule of reserves**

| Title                          | Code | Balance<br>1/4/20 | Purpose(s)/Function(s)  | Management  |
|--------------------------------|------|-------------------|---|---|
| Carvers Clubhouse Fund         |      | £26,551           | To meet the capital costs of any major repairs, enhancements or redevelopment of Carvers Clubhouse that the Council approves in future.   | Annual contribution reduced to £2,500 from 20/21. Officers will bring forward proposals for increasing or making use of this fund when service user needs become clearer.   |
| Events Fund                    |      | £13,357           | <ol style="list-style-type: none"> <li>1. To act as a contingency fund against possible losses incurred by the Council in organizing public events in Ringwood.</li> <li>2. To provide a fund for the awarding of grants to other organisations to cover costs of putting on events in Ringwood.</li> </ol> | <p>Surpluses generated by events will be transferred into this fund. Deficits incurred by events will be met from this fund.</p> <p>Grants or donations from other organisations into this fund will be accepted.</p>                                   |
| Buildings Reserve              |      | £16,000           | To act as a sinking fund to cover costs of major building repairs (for which the Council is liable) at either Greenways or 92 Southampton Road (not currently expected to exceed £50,000)   | We will transfer a sum of £7,567 from the Gateway Fund in the current year and £5,000 each year into this fund until the total of £50,000 is reached, at which point contributions will be reconsidered and possibly suspended until funds are applied. |
| Carvers Recreation Ground Fund |      | £11,300           | To meet the capital costs of such enhancements to facilities other than Carvers Clubhouse at Carvers Recreation Ground as the Council approves in future.   | Officers will bring forward proposals for increasing or making use of this fund when needs become apparent.   |

**Schedule of reserves**

| Title  | Code | Balance<br>1/4/20 | Purpose(s)/Function(s)  | Management  |
|--|------|-------------------|---|---|
| Infrastructure & Open Spaces Fund              |      | £5,946            | To meet the costs of: <ul style="list-style-type: none"> <li>• replacement of or major repairs to infrastructure (benches, bus-shelters boardwalks, notice-boards, etc.); or</li> <li>• major tree works or other environmental works or enhancements not covered by annual budgets.</li> </ul> | We will transfer the balance held in the Christmas Lights replacement fund of £10,397 together with an annual contribution of £3,000 into this reserve each year until the total of £24,000 is reached, at which point contributions will be reconsidered and possibly suspended until funds are applied. |
| Memorial Lantern                               |      | £1,852            | This fund has been created to collect funds in order to provide a lasting memorial to fallen servicemen and women from the town.  | The fund has been largely applied and the remaining balance will be used to provide a timer for the lantern.  |
| Other historic & dormant funds:<br>- Memorials |      | £3,000            | This is a "dormant" reserve on which there has been no movement for some years.   | It is proposed that this reserve be removed and the funds distributed across the remaining earmarked provisions.  |
| <b>Capital reserves</b>                        |      |                   |   |   |
| Developer Contributions                        |      | £4,783            | Contributions received towards the cost of facilities and infrastructure pursuant to planning obligations entered into under section 106 Town & County Planning Act 1990.   | Officers will bring forward proposals for making use of these funds when suitable opportunities become apparent.  |
| Cemetery Maintenance                           |      | £1,440            | A commuted sum received by way of contribution to the costs of maintaining burial grounds in the town.  | A sum of £230 will be drawn down each year by way of such contribution until it is exhausted (in or about [2025-26])  |
| Community Infrastructure Levy                  |      | £19,301           | The Town Council's share of CIL receipts collected by NFDC and remitted half-yearly.  | Councillors will make proposals for use of these funds for decision by the Council (or a committee under relevant delegated powers).  |

**Schedule of reserves**

| <b>Title</b>                        | <b>Code</b> | <b>Balance<br/>1/4/20</b> | <b>Purpose(s)/Function(s)</b>  | <b>Management</b>   |
|-------------------------------------|-------------|---------------------------|--|---|
| Capital Receipts                    |             | £13,125                   | Proceeds from past sales of Council-owned assets (currently standing at £13,125).  | Officers will bring forward proposals for making use of these funds by purchase of suitable assets when appropriate needs become apparent.  |
| Grants Unapplied                    |             | £0                        | Unused balances from grants received currently standing at £0  |   |
| Loans Unapplied                     |             | £0                        | A temporary holding fund for loans received but not used (currently standing at nil).  | If and when loan monies are received in future they will be transferred into this fund to the extent that they have not been spent for the required purpose at the relevant FY end and transferred out when they are so spent.                                    |
| <b>General reserve</b>              |             |                           |  |   |
| General reserve                     |             | £279,923                  | <ol style="list-style-type: none"> <li>1. Default recipient of funds under-spent from annual budgets.</li> <li>2. Default source of funds for over-spends on annual budgets.</li> <li>3. Provision against all risks and contingencies not covered by an ear-marked or capital reserve.</li> </ol> | When agreeing annual budgets and setting precepts or when adjusting reserve balances in year we will aim to ensure that the expected balance of the general reserve at the financial year end will be roughly equivalent to 50% of the precept set for that year. |
| <b>Other Balance Sheet Reserves</b> |             |                           |  |   |
| Key deposits                        |             | £14,199                   | This reserve is a device to account for key deposits held on behalf of tenants and other key holders. The funds are not available to the Council as they represent a deferred liability.   | Any key deposits received or repaid during the year will be transferred to this reserve.  |

Adopted: October 2020