

Report to: Parish Council
Date: 04 April 2024
Subject: Reserves Requirements

Decision Required: To consider and agree on the required earmarked reserves for and to note the pre 2022 historical reserves

Background

The Parish Council has been successful in the financial years 2021 / 2022, 2022 / 2023, and 2023 / 2024 in the replenishment of its reserves. This enabled the council to repay the outstanding balance of £26,266.46 on PWLB486752 and 50% of the outstanding balance of £107,411.62 on PWLB491836 leaving the total amount of outstanding Public Loans Works Borrowings at 31.03.24 of £107,411.62, the council intends to repay this balance by 31.03.25.

On 31 March 2024, Kings Hill Parish Council had in reserves £618,570. The Council is required, under statute, to maintain adequate financial reserves to meet the needs of Kings Hill Parish Council. Section 50 of the Local Government Finance Act 1992 requires that Local Councils have regard to the level of reserves needed to meet estimated future expenditure when calculating the budget requirement. Governance and Accountability for Smaller Authorities in England: A Practitioner's Guide to Proper Practices to be Applied in the Preparation of Statutory Annual Accounts and Governance Statements states that the generally accepted level of general reserves for authorities with a net revenue expenditure over £200,000 is a 3-month equivalent expenditure.

1. Historical Reserves

At year end 2018 the parish council held the following reserves:

Open Spaces - Commuted Sum balance	£ 52,872.74
Community Centre Contingency Fund	£ 31,500.00
Community Centre Enhancements Reserve	£ 2,849.00
Bus Shelter Vandalism Reserve	£ 945.00
Salt bin refills	£ 400.00
Sports Park 3G Contingency Fund	£ 45,000.00
Election reserve	-
Play Park	£ 6,000.00
Full Council General Contingency	£ 20,000.00
Total Earmarked Reserves	£ 159,566.74

By the end of 2019, the reserves had been eroded by just over £90,000 and by the end of 2020 by a further £67,000.

Reserves as at year-end 2019-20 were as follows:

Open Spaces - Commuted Sum balance	£ 31,746.42
Community Centre Contingency Fund	£ -
Sports Park 3G Contingency Fund	£ -
Election reserve	£ -
Full Council General Contingency	£ -
Planning, Highways, and Environment Fund	£ -
Total Earmarked Reserves	£ 31,746.42

2. Reserves as at year-end 2022 - 2023 were as follows.

Allotment Prepayment, Rocky Road repairs, and drainage works	£ 6,124.00
Unpaid staff and pension costs National Lottery Grant – Coronation KCC Grant – Cosy Club	£ 9,550.00
Playground and open spaces unspent balance of 2022-2023 budget	£ 32,142.00
KHCC Bar Extension and equipment – unspent 2022-2023 budget	£ 54,000.00
Sports Park 3G Contingency	£ 42,417.00
KHCC Contingency carried forward from 2022-2023	£ 20,000.00
Total Earmarked Reserves	£ 164,233.00

3. Reserves as at year-end 2023 - 2024 were as follows.

Allotment Prepayment and balance of the 2023/2024 budget provision	£ 5,250.00
Professional Planning Fees	£ 30,000.00
Playground and open spaces unspent balance of 2023-2024 budget	£ 7,234.00
PWLB loan repayment prior to 31.03.25	£ 107,412.00
Sports Park 3G Contingencies Termination Reserve Fund £25,000 3G Contingency £35,549.00	£ 60,549.00
KHCC Contingency carried forward from 2022-2023	£ 19,160.00
Pitch 6 Contribution £3,000	£ 3,000.00
Parish Winter Support Grant	£ 2,000.00
Total Earmarked Reserves	£ 234,605.00

4. Movement in Reserves from 2022 / 2023 and 2023 / 2024

Budgetary Item	2022 / 2023 Bal. BF	+	-	2023 / 2024 Bal CF
Allotments	£6,124.00	£5,250.00	£0.00	£11,374.00
Unpaid staff pensions	£9,550.00	£0.00	£9,550.00	£0.00
Playgrounds / open spaces	£32,142.00	£7,234.00	£25,000.00	£14,376.00
KHCC Bar Extension	£54,000.00	£0.00	£0.00	£54,000.00
Sports Park 3G	£42,417.00	£35,549.00	£0.00	£77,966.00
KHCC Contingency	£20,000.00	£21,160.00	£0.00	£39,160.00
Professional Planning Fees	£0.00	£30,000.00	£0.00	£30,000.00
Sports Park Termination Fund	£0.00	£25,000.00	£0.00	£25,000.00
PWLB Loan repayment	£0.00	£107,412.00	£0.00	£107,412.00
Pitch 6 contribution	£0.00	£3,000.00		
TOTALS	£164,233.00	£234,605.00	£34,550.00	£364,288.00

5. Recommendation for reserves

Kings Hill Parish Council is required, under the statute, to maintain adequate financial reserves to meet the needs of the organization. Section 50 of the Local Government Finance Act 1992 requires that Local Councils have regard to the level of reserves needed to meet estimated future expenditure when calculating the budget requirement. Governance and Accountability for Smaller Authorities in England: A practitioners guide to proper practices to be applied in the preparation of statutory annual accounts and

governance statements states that the generally accepted level of general reserves for authorities with a net revenue expenditure of in excess of £200,000 is 3 to 12 months equivalent expenditure. The reserves carried forward from 2023/2024 were £618,570 offset by the earmarked reserves of £364,288.00 and from 2023/2024 (£234,605.00) means that the net reserves were £254,282 which falls within the recommended parameters.

6. Future Contingencies

In addition to the general contingency other items that the parish council are minded to consider for future reserves at this time include the Sports Park 3G surface which will require replacement in approx. 2027 at a cost of circa £320,000).

4. Considerations

The council is asked to consider the reserves identified within this report and to note the pre 2022 historical reserves.