

# Ongar

## Town Council



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### Ongar Town Council Reserves and Virement Policy

#### **Introduction.**

The Council is required to maintain a reserve of money that can be used to take advantage of unexpected opportunities or as a buffer against unplanned expenditure. There are no strict rules on the amount which must be held, but it is usual to keep a working reserve equal to 50% of the precept. In addition to the working reserve, the Council may wish to earmark reserves as sums of money that are put aside for a specific purpose and do not form part of the working reserve.

#### **Reserves.**

The Council will maintain a working reserve of between 40% and 60% of the precept with a preference to keep it at 50%. So for example, on a precept of £260k the range will be £100k to £150. The Council may go below this in an emergency, but any decision to spend below the threshold will also require a plan to replace the money within an agreed time.

**It is the council's policy to maintain a reserve of 50% ± 10% of the precept.**

The level of reserve will be reviewed annually as part of the budget-setting and the council will decide on the amount of working reserve required and will review the earmarked reserves for relevance and adequacy.

#### **Earmarked reserves.**

These are part of the general reserve, but accounted separately. Usually they are a means of building-up funds for a large project or purchase, but it is up to the council to decide how they are spent. If an earmarked fund is no-longer needed, the council may pass a resolution to absorb it back into general funds or repurpose it.

**It is the council's policy to earmark such reserves as they may require, and review them annually.**

#### **Section 106 reserves**

The council may also hold reserves that have been given to the council as part of an agreement made under Section 106 of the Town and Country Planning Act 1990. This money is awarded for a specific purpose, and the council will need permission to use it for any other reason.

#### **Investments.**

The council will from time to time place money on deposit if the interest rate is favourable. The council will not make speculative or high risk investments and will not transfer more money than can be spared from the general reserve to ensure continuity of service.

**It is the council's policy to transfer reserves to investment funds when advantageous to do so.**



**Virement.**

The budget is set in November for the next financial year and is the basis for the precept request from residents. History tells us that there will be some overspends and some under spends on budget accounts. Where a project requires more money than has been allocated, this may be transferred from reserves following a decision from full council.

**It is the council's policy to vire from reserve before allowing unbudgeted payments from the reserve account.**

**Authorisation.**

Although the Finance and General Purposes Committee have delegated power over most budget items, major financial decisions are reserved for full council, and for long-term decisions, there is a need for full agreement.

**It is the council's policy to require an absolute majority for decisions about reserves and virement.**

