



*Sheviocck Parish Council*

The Bill Warren Room, Sheviocck Memorial Hall, Crafhole, Torpoint, Cornwall, PL11 3DG  
Clerk: Mrs Linda Coles Telephone: 01503 232996 Email: [sheviocckpc@btinternet.com](mailto:sheviocckpc@btinternet.com)

### **Financial Reserves Policy.**

Sheviocck Parish Council Financial Reserves Policy defines the rationale behind the reserves it intends to hold.

The aim of holding a reserve is to ensure the financial stability of the Parish Council in the event of unforeseen and significant events that impact on the financial management of the Council.

The largest single risk to the operation of the Parish Council is the incapacity of the Clerk for an extended period. The reserve will cover the additional cost of employing a locum Clerk for the whole period that the Council would be liable for sick pay. Although the risk of cessation of funding through the precept from the local authority is considered to be very small, it is prudent to maintain in the reserves a sum equal to 50% of the running costs of the council, excluding the clerk's salary, to cover the possibility of misappropriation, and or the mismanagement of the budget. The loss of funding for the devolution from car park income and from mooring fees is also considered to be very small, but in this case, very bad weather, or, factors such as an oil spill or other environmental contamination, could substantially reduce tourist numbers and a sum of 50% of the Devolution running costs will be maintained in the reserves.

The Assets owned by the Parish Council require ongoing maintenance and ultimately replacement. The replacement costs of the assets are maintained together with their estimated life and current age. The current valuation is calculated using straight-line depreciation. This policy requires the reserves, without the application of inflation to replacement costs, to be capable in any given year, of covering 40% of the replacement costs expect to be incurred within the next 5 years, 15% of the replacement costs that are expected to fall due over the period 6 to 10 years into the future and 5% of the replacement costs expected to fall due more than 10 years into the future. The inclusion of a proportion of the costs from future years is to reflect the inexact nature of the of the information on life expectancy and the current age of some assets on the asset register.

The council holds the Power of Competency. A sum to allow the allocation of money to projects covered by this legislation must be included in the reserve to ensure initiatives do not need to wait for the cycle of budget setting, precept allocation and receipt of the full income.

The council from time to time allocates restricted funds for particular projects and total value of these allocations must be included in the reserve.

The sums required for 2016/17 are:

Item	Value for reserve
Asset replacement	£12,366.95
Parish initiatives	£8,000.00
Clerk locum	£4,500.00
50% PC running costs	£9,000.00
50% Devolution running costs	£5,000.00
Allocated reserves	£19,691.56
Sum=	£58,558.51

Approved at the Parish Council meeting held on 13<sup>th</sup> February 2017 (*Minute Reference Item 11 refers*)

*Linda Coles*

Signed.....Mrs Linda Coles, Clerk to Sheviocck Parish Council