

# **Earmarked Reserves Protocol**

## **1. Introduction**

1.1. The Reserves Policy of Tring Town Council paragraph 3.2 states:

*For each Earmarked Reserve held there should be a clear protocol setting out:*

- *The reason for/purpose of the reserve;*
- *How and when the reserve can be used;*
- *Procedures for the reserve's management and control; and*
- *A process and timescale for review of the reserve to ensure continuing relevance and adequacy with a procedure to close and/or reallocate any earmarked reserve when deemed appropriate*

1.2. This protocol fulfils the requirement and it should be reviewed with the same frequency as the Reserves Policy.

## **2. Earmarked Reserves Protocol**

### **2.1. The Annual Budget & Precept**

During annual budgeting (The Council's Financial Regulations detail the budget process) consideration is given to the state of existing projects, possible new projects, existing liabilities and potential liabilities. Establishing an earmarked reserve enables provision to be made across financial years.

This could be a fixed sum for several years e.g. £3,300 is allocated each year to meet the cost of Council elections every fourth year. Alternatively, the sum set aside can be changed each year.

The Finance & Policy Committee makes its budget and precept recommendations to Council in December. When the recommendations are made, they should include reference to the allocations proposed to earmarked funds. Details of any earmarked reserve approved are to be included in the 'Earmarked Reserves - Statement of Purpose'.

### **2.2. Use of Earmarked Reserves**

Each earmarked reserves will be allocated an account code on the Council's Omega accounting system. The Responsible Financial Officer will allocate authorised expenditure (compliant with the Council's Financial Regulations) to the appropriate code.

Each month the schedule of payments is presented to the Council for approval and expenditure against all account codes is part of the Clerk's Financial Report. This provides monthly monitoring of the use of earmarked reserves.

### **2.3. The Annual Accounts**

The Annual Governance and Accountability Return with the associated annual accounts are presented to the Financial & Policy Committee, then the Council in June each year. Part of the presentation is the Reserves Statement.

The Reserves Statement shows how Box 7 of the Annual Governance and Accountability Return is allocated according to the Reserves Policy. This includes the earmarked reserves.

Reviewing the Reserves Statement gives the Council an opportunity to consider the relevance and adequacy of the earmarked reserves. The Council can choose to close any earmarked reserve that it considers is no longer required, any remaining funds can be reallocated to another earmarked reserve or returned to unallocated reserves.

When conducting the review, the Council can also decide to increase the allocation to a particular earmarked reserve. This could be an allocation from a surplus in the annual accounts, if any, or from the unallocated reserves, bearing in mind the guidance that unallocated reserves should be approximately equal to six months of the precept.

#### 2.4 Current Earmarked Reserves

See the separate document 'Earmarked Reserves – Statement of Purpose' for the reason for/purpose of the current earmarked reserves.

Protocol reviewed at the Council meeting on 22nd November 2021. To be reviewed annually