

Policy Number:	F13
Relevant Delegation:	Not Applicable
Adoption Details:	25 June 2024
Last Review Details:	

PURPOSE:

The purpose of this policy is to:

- Provide a structured framework for the establishment and utilisation of Financial (Cash-Backed) Reserves within the Shire of York. These reserves are intended to serve as a safeguard against future financial uncertainties and to facilitate strategic planning for major expenditures.
- Ensure the prudent management and utilisation of reserves to safeguard the financial stability and meet the future needs of the Shire of York and its community.

POLICY SCOPE:

This policy applies to all cash-backed reserves within the Shire of York.

Reserves are essential for meeting future financial needs, balancing current and future community needs, and planning for major works.

POLICY STATEMENT:

1. Reserves will be established to address known or anticipated liabilities, or where it is deemed prudent to set aside funds for specific purposes in future years.
 2. Council will support the establishment of reserves in the following categories:
 - Compliance with legal or contractual obligations.
 - Mitigation of the financial impact of major asset purchases or significant non-recurrent expenditures.
 - Risk mitigation and strategic opportunities to minimise operational disruptions and capitalise on emerging opportunities aligned with strategic objectives.
 - Provision for known or predicted liabilities listed in the Long-Term Financial Plan (LTFP) or beyond its scope, including future debt repayment.
 3. Management of reserves will include:
 - Aggregation of interest earned into the specific reserve to maximise growth.
 - Consideration of reallocating residual funds from completed reserve purposes towards other budgetary needs.
 - Transparency through reflection of all transfers to and from reserves in the Annual Budget and LTFP.
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EVALUATION & REVIEW:

- Annual re-evaluation of the policy's impact during the Budget process.
- Documentation and adoption of new reserves and review of existing ones to ensure efficiency.
- Effectiveness measured by the provision of adequate reserves to meet future capital needs.
- Prompt review and consideration of any significant changes in relevant legislation or guidelines.

PENALTIES:

Not applicable.

KEY TERMS/DEFINITIONS:

Act means the *Local Government Act 1995*

Regulations means the *Local Government (Financial Management) Regulations 1996*

Responsible Officer:	Executive Manager Corporate & Community Services
Contact Officer:	Finance Manager
Relevant Legislation:	<i>Local Government Act 1995</i> Sections 6.2(4)(e); 6.11; 6.38 <i>Local Government (Financial Management) Regulations 1996</i> Regulations 17; 18; 27(g); 38
Relevant Documents:	Strategic Community Plan Annual Budget

Review History:

Date Review Adopted:	Resolution Number
25 June 2024	080624
