



Surrey LPC Reserves Policy

Principles

- Surrey LPC regularly reviews the LPC's reserves, at a minimum of once per annum.
- The LPC has a structured approach to reserve setting.
- The LPC considers that reserves are required for three discrete purposes:
 - To fund emergency or important projects
 - To maintain the operation of the organisation in the short term
 - To cover closedown costs
- A target level is identified based on developing a range of options for these three purposes.
- Actual reserves are identified from the statutory financial accounts.
- Actual reserves are compared to target and a plan is put in place to make adjustments as necessary.

Background

- The LPC determines what are reasonable reserves and proactively manages them by formally reviewing the position, monitoring and making adjustments where necessary on an annual basis, using the following information:

Element	Basis minimum	£	Basis maximum	£	Notes
Unexpected spend					
Short-term running costs					
Close down costs e.g redundancy and professional advice/fees					
Totals					

- If the level of reserves is too high, then the LPC will consider adjusting the amount of levy collected until the reserves are back to normal. If the level of reserves is too low, then the LPC may need to consider the following measures:
 - (a) overall approach to reserves
 - (b) review the levy income
 - (c) review the LPC expenditure
 - (d) consider sustainability and LPC size, structure
 - (e) if necessary, consider a levy increase

Surrey LPC Reserves

At the 8th May 2024 LPC meeting, using the principles and background information, the members discussed the three elements used to determine the reserves. It was noted that Surrey LPC:

- Has no employee redundancy costs as these reserves are held within CPSS.
- The short-term running costs are for example, members expenses, insurances and HR advice.
- Plus, additional reserves for unexpected spends.

As such agreement was made to base reserves at 6 months of the LPC annual budget, excluding budgeted payments for CPSS. The Surrey Levy is based on the budget as a fixed sum. The committee decision moves the reserves from 50% to 28% min /35% max reserves of the annual budget.

Reviewed: 28th May 2025.

Next Review Date: May 2026.