

BRATTLEBY PARISH COUNCIL

GENERAL ACCOUNTS POLICY

Reserves Policy

ADOPTED AT COUNCIL 03 Feb 2025

Purpose

Brattleby Parish Council is required to maintain adequate Financial Reserves to meet the needs of the Parish Council.

Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of Reserves needed for meeting estimated future expenditure when calculating the budget requirement.

Local Councils have no legal powers to hold revenue reserves other than for reasonable working capital or for specifically earmarked purposes. It follows that the year-end General Reserve should not be significantly higher than the annual precept. If the amount of reserves at the year-end are above a certain level in relation to the annual precept the council must give an explanation of the reserves held to the Auditor.

There is no specified minimum level of reserves that an authority should hold, and it is the responsibility of the Responsible Financial Officer (RFO) to advise the Council about the level of reserves and to ensure that there are procedures for their establishment and use.

The purpose of this policy is to set out how the Council determines and reviews the level of reserves.

Indicatively (The Good Councillor's guide to finance and transparency, Department for Communities and Local Government 2017) it is shown that reserves of between 3 and 12 months expenditure should be achieved by the Parish Council.

Types of Reserve

The council may hold 3 types of reserves categorised as: General Reserves, Earmarked, and Ringfenced

- General Reserves - held to cushion the impact of uneven cashflow or unexpected events,
- Earmarked -held for specific purposes
- Ringfenced - held for one purpose only and cannot be transferred, for example grants allocated for a specific project only, which may not be used for any other purpose

The Responsible Financial Officer will keep a schedule of reserves held at the year-end.

General Reserves

General Reserves do not have any restrictions as to their use. These reserves can be used to smooth the impact of uneven cash flows, offset budget requirements if necessary or can be held in case of unexpected events or emergencies.

The primary means of building the General Reserve is through an allocation in the annual budget.

Earmarked Reserves

Earmarked Reserves will be established on a “needs” basis in line with anticipated requirements to meet known or predicted liabilities.

Earmarked Reserves must be reviewed and / or established by the council at ordinary parish council meetings

Expenditure from earmarked reserves can only be authorised by the council at a Parish meeting.

Any decision to set up a reserve must be made by the Council.

All Earmarked Reserves are recorded within the councils meeting minutes and held by the Responsible Financial Officer (RFO) who lists the various Earmarked Reserves and the purpose for which they are held.

Sums can be moved between earmarked reserve headings, by council resolution only, should the need arise or should priorities change.

The council may hold Earmarked Reserves for genuine and intended purposes only.

Ringfenced Reserves

These are funds that should not be used for any other purpose and are recorded by the RFO.

e.g. new ideas from the community each year in order to support a variety of projects over the life of the fund.

Community Infrastructure Levy - CIL Regulation 59C

S106 Developers Contribution – generated through new housing developments.

Other ringfenced funds, for example donations/grants for a specific item could occur during the year.