

Reserves Policy

Adopted:

Review:

1. Purpose

- 1.1 Partney and Dalby Parish Council is required to maintain adequate Financial Reserves to meet the needs of the Parish Council. The purpose of this policy is to set out how the Council will determine and review the level of reserves.
- 1.2 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. The Governance and Accountability for Smaller Authorities in England, A Practitioners Guide (March 2025) sections 5.33 to 5.39 advises that this should be considered as part of the annual budgeting process. However, there is no specific minimum of the level of reserve that the authority should hold and it's the responsibility of the Responsible Financial Officer (RFO) to advise the Parish Council about the level of reserve and to ensure that there are procedures for their establishment and use.

2. Types of Reserves

- 2.1 Reserves can be categorised as earmarked or general.
- 2.2 Earmarked reserves can be held for several reasons and shall only be used for the purpose for which they were created. Earmarked Reserves are agreed by Full Council and are reviewed annually when the budget is agreed.

When the purpose of an Earmarked Reserve becomes obsolete, or where there is an over-provision of funds, the excess may, on the approval of the Parish Council, be transferred to other budget headings within the revenue budget or to the general reserve, or to one or more other earmarked reserves.

- 2.3 General Reserves are funds which do not have any restrictions to their use. These reserves cushion the impact of uneven cash flows, offset budget requirements, if necessary, or can be held in the case of unexpected events or emergencies.

The generally accepted recommendation (The Smaller Authorities Practice Panel - Practitioners Guide) with regard to the appropriate minimum level of a Smaller Authority's General Reserve is that this should be maintained at between three (3) and twelve (12) months

The Council will keep 80% of its general revenue as a reserve.

3. Management and control of reserves

- 3.1 Movements in earmarked reserves and the general reserves shall be reported to the Full Council as part of the report from the RFO via the Finance working party. The use of the reserve is approved by full council.

The level of general reserve shall be reviewed on an annual basis during the annual budget review and agreed by the parish council. The minimum level of general reserve shall be recommended to the parish council by the RFO. This will form part of the recommendations for the Annual Budget and Precept request by the parish council.

Earmarked Reserves shall be reviewed on an individual basis. This review will also be undertaken as part of the Annual budgetary review. Approval for the creation, amendment, cessation or continuation of Earmarked Reserves will be presented to the council by the RFO and approved by Full Council.