



Reserves Policy
Adopted 3rd September 2024 minute ref 24/070

1 Introduction

- 1.1 The Parish Council is required by statute to maintain financial reserves sufficient to meet the needs of the organisation and in addition has statutory limitations on how it spends certain receipts which it must ensure are accounted for separately to the council's general funds.
- 1.2 The Joint Panel on Accountability and Governance Practitioners' Guide (JPAG) (section 1.13) recommends that a General Reserves Policy is put in place and have reviewed the level and purpose of all Earmarked Reserves.
- 1.3 Whilst there is no statutory minimum (or maximum) level of reserves, the council has no power to hold revenue reserves other than those for reasonable working capital needs or specific earmarked purposes.
- 1.4 JPAG Practitioners' Guide, which sets out the 'proper practices' for how the council must maintain its accounts, recommends that the minimum level of general reserves should be between three and twelve months of net revenue expenditure. For an authority of the council's size, it states that the lower end (three months, or 25%) is appropriate.
- 1.5 The council's Internal and External Auditors review the council's reserves and their justification annually.
- 1.6 This policy sets out how the council will manage its reserves.

2 General Reserve

- 2.1 The general reserve is not ringfenced (earmarked) for any specific expenditure. Its purpose is to smooth the impact of uneven cashflow or cover unexpected/emergency expenditure. It is not intended to fund on-going expenditure.
- 2.2 The general reserve will be replenished as part of the budget process in any year where it has been utilised for unexpected/emergency expenditure.
- 2.3 JPAG states that the generally accepted recommendation to the appropriate minimum level of general reserves should be maintained at between three and twelve months of net revenue expenditure. The council will hold a general reserve of at least 50% of its net revenue expenditure this is the difference between its budgeted income and expenditure less any budgeted capital expenditure, expenditure from earmarked reserves and budgeted transfers to reserves.

3 Earmarked Reserves

The Council may establish ringfenced (earmarked) reserves for any reason where it reasonably believes it may incur expenditure in the future. The council's current earmarked reserves are detailed below.

3.1 Elections Reserve

This earmarked reserve is to cover the cost of elections. The council may determine to increase this reserve when the costs of an election are determined by Somerset Council.

3.2 Pavilion Refurbishment

This earmarked reserve is to support the pavilion refurbishment project. The Council may wish to increase this reserve at the end of the financial year.



3.3 Village Hall and Recreation Ground

This earmarked reserve is to meet large expenditure items for the village hall and recreation ground. The Council may wish to transfer any unused budget at the end of each financial year for the village hall and recreation ground could be added to this reserve.

3.4 Noticeboards.

This earmarked reserve is to cover unexpected expenditure related to the four noticeboards in the parish.

3.5 Solar Panels

This earmarked reserve is to cover unexpected expenditure related to the solar panels on the village hall roof, that belong to the parish council

3.6 Speed Indicator Device

This earmarked reserve is to cover unexpected expenditure related to the Speed Indicator Device.

3.7 Play Area Refurbishment

This earmarked reserve is to hold funds relating to the play area refurbishment. This reserve is likely to be closed once the funding is completed.

3.8 Environment Plan

This earmarked reserve is to hold the grant funding obtained in 23/24 financial year, to support events and initiatives by the parish council environment group. The council may wish to transfer any unused budget for the environment plan to this reserve at the end of the financial year.

3.9 CIL Receipts Reserve

CIL Receipts are subject to statutory restrictions requiring they only be used for certain kinds of expenditure. In accordance with Financial Regulations the council will hold a CIL Receipts Reserve to ensure CIL receipts are separately accounted for.

4 Review and Variation to Policy

This policy will be reviewed annually by Long Sutton Parish Council as part of setting the council budget.

Where it determines there is justification for doing so, the Council may make decisions which are at variance to this policy.