



Brightwell Cum Sotwell Parish Council

Reserves Policy

Version	Release Date	Distribution	Notes	Reviewed	Date Adopted
BSCPC Pol 19	April 2024	April 2024		April 2024	April 2024

Document Sign Off & Adoption

This document was distributed to Councillors prior to the 19th March 2024 Parish Council Meeting. The Policy was discussed at the meeting. No revisions were required and the Policy was formally adopted (Ref: 5c of the minutes of that meeting).

Adoption Witnessed by the Clerk to Brightwell Cum Sotwell Parish Council

Name: _____ Gabrielle McEvoy _____

Signature: _____ *G. U. McEvoy* _____

Date: _____ 17/04/24 _____

Brightwell Cum Sotwell Parish Council, hereinafter referred to as “the Council”.

1. Introduction

- 1.1 The 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.
- 1.2 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.
- 1.3 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.



2. Types of Reserve

2.1 The council can hold 3 types of reserves categorised as General Reserves, Earmarked and Ringfenced.

- General Reserves – held to cushion the impact of uneven cashflow, inflationary impacts and 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 RFO will keep a schedule of reserves held at the year-end within the council's accounting package.

3. General Reserves

- 3.1 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.
- 3.2 The primary means of building the General Reserve is through an allocation in the annual budget.
- 3.3 Approval of the full council is required to move funds from the General Reserve.
- 3.4 The level of financial reserves held by the council will be agreed by the council during the discussions held regarding the setting of the budget for the next financial year.
- 3.5 Guidance states that 'a council' should typically hold between 3 and 12 months expenditure as a general reserve (Good Councillor's Guide on Finance and Transparency)

4. Earmarked Reserves

- 4.1 Earmarked Reserves will be established on a "needs" basis in line with anticipated requirement to meet known or predicted liabilities.
- 4.2 Earmarked Reserves must be reviewed and/or established by the Council at the annual budget setting meeting.
- 4.3 Expenditure from earmarked reserves can only be authorised by the full council at Parish Council meetings.
- 4.4 Any decision to set up a reserve must be made by the Council.
- 4.5 All Earmarked Reserves are recorded within the council's accounting package and held by the RFO which list the various Earmarked Reserves and the purpose for which they are held.



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

5. Ringfenced Reserves

- 5.1 These are funds that cannot be used for any other purpose and are recorded in the council's accounting package.
- Community Infrastructure Levy (CIL) Regulation 59C sets out that a local council must use CIL receipts passed to it to 'support the development of the local Council's area, or any part of that area by funding a) the provision, improvement, replacement, operation or maintenance of infrastructure: or b) anything else that is concerned with addressing the demands that development places on an area.
 - S106 Developers Contribution – generated through new housing developments.
 - Other ringfenced funds, for example donation/grants for a specific item could occur during the year.