

Blundeston & Flixton Parish Council

Reserves Policy

Introduction

1.1 Blundeston & Flixton Parish Council is required, under statute, to maintain adequate financial reserves to meet the needs of the organisation.

1.2 Section 50 of the Local Government Finance Act 1992 requires that billing and precepting authorities in England and Wales have regard to the level of reserves needed to meet estimated future expenditure when calculating the budget requirement.

1.3 The Joint Panel on Accountability and Governance (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 higher end of twelve months is appropriate. It is the responsibility of the Responsible Financial Officer to advise the Council about the level of reserves and to ensure that there are procedures for their establishment and use.

1.4 The purpose of this policy is to set out how the Council will determine and review the level of reserves.

General Reserve

2.1 The general reserve, commonly termed the 'working balance', is a balance on the Council's revenue account which is not held for any specific purpose other than to smooth the impact of uneven cashflow or to cover unexpected/emergency expenditure.

2.2 The general reserve balance is to be maintained at a level based upon an assessment of the Council's main areas of income and expenditure. This is considered by the Responsible Financial Officer (RFO) when setting the annual budget for approval by the Council.

2.3 Any surplus on the reserve above the required balance may be used to fund capital expenditure, be appropriated to earmarked reserves, or used to limit any increase in the precept.

Earmarked Reserves

3.1 Earmarked reserves will be established for specific items of expenditure to meet known or anticipated liabilities or projects.

3.2 The Council, when establishing the need for an earmarked reserve, will set out:-

- The reason/purpose of the reserve
- How and when the reserve can be used
- Procedures for the management and control of the reserve
- A limit for the reserve and a timescale for review of the reserve to ensure continuing relevance and adequacy.

3.3 Earmarked reserves that have been used to meet a specific liability would not need to be replenished, having served the purpose for which they were originally established.

3.4 All earmarked reserves are recorded on a central schedule held by the Responsible Financial Officer which lists the various earmarked reserves and the purpose for which they are held.

The Council operates the following earmarked reserves:-

Elections Reserve

- This earmarked reserve is to cover the cost of any by-elections.
- The current expected costs are £4,000 for a contested election.

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.

This policy was adopted by the council at its meeting held on 14 April 2025

Date of next review – April 2026

Reviewed April 2026

Next Review April 2027