

Bramhope & Carlton Parish Council

Reserves Policy

Adopted: 25th January 2022

Date of last review:

Date of next review: April 2026

To be reviewed by: Finance & Administration Committee

To be approved by: Full Council

POLICY AIM

To ensure the appropriate level of reserves are maintained

EXECUTIVE SUMMARY

Bramhope & Carlton Parish Council is required, under statute, to maintain adequate financial reserves in order to meet the needs of the organisation. Section 50 of the Local Government Finance Act 1992 requires local precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. Reserves comprise two types:-

EARMARKED

Those reserves that are set aside for a specific purpose or to counter a specific known risk. Saving for a specific project could be managed through an ear marked reserve.

GENERAL RESERVE

The General Reserve is there to safeguard the Council against unexpected and unbudgeted events or emergencies. Whilst these are unknown events, risk management activities can assist in identifying the types, scale and frequency of risks that may occur. The Governance and Accountability for Smaller Authorities in England guides that the General Reserve should be kept at a level of between three and twelve months' Net Revenue Expenditure. There is a wide range to reflect the large variation in size of Councils and their individual circumstances taking into consideration risk levels. Net Revenue expenditure is classified as the precept less any loan repayment or capital expenditure.

CURRENT LEVEL OF RESERVES

The level of financial reserves held by the Council will be agreed by the Parish Council during the discussions held regarding the setting of the budget for the next financial year.

The current minimum level of General Reserves to be held by the Council is £50,000 which equates to 6 months of predicted expenditure.

This policy will be reviewed on an annual basis to ensure these levels remain appropriate as changes in activity levels / range of services provided will inevitably lead to changes in the requisite minimum of General Reserves.

MONITORING

Monthly checks

PERSONS RESPONSIBLE

RFO/Internal Auditor – reporting to Full Council

