HOW CAPLE, SOLLERS HOPE AND YATTON GROUP PARISH COUNCIL

RESERVES POLICY

Introduction:
How Caple, Sollershope and Yatton Group 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 Parish Council will determine and review the level of reserves.

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. However, there is no specific level of reserves that an authority should hold, and it is the responsibility of the Responsible Financial Officer to advise the Parish Council about the level of reserves to ensure adequate financial security.

Types of Reserves:
Reserves may be categorised as General Reserves or Earmarked (specific) Reserves.

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

At all times as a minimum, there should be sufficient to cover council expenditure for six months. In 2025/26 this would be £5,250.00. If the General Reserve is exhausted due to extreme circumstances, the Council may make emergency borrowings from Earmarked Reserves, which will be replaced in the following annual budget.

Earmarked Reserves:
Earmarked Reserves are held for several reasons and shall only be used for the purpose for which they are assigned:

- Renewals – to plan and finance an effective programme of equipment replacement
- Carry forward of underspend – expenditure committed to a project but not spent in the budget year.
- Developers Contributions – proceeds from developers that can only be used for specific purposes.
- Other Earmarked Reserves may be set up to meet known or predicted expenditure.

Any decision to set up an Earmarked Reserve must be approved by Full Council.

Where the purpose of an Earmarked Reserve becomes obsolete, or where there is over-provision of funds, the excess may, on the approval of the Parish Council, be transferred to other budget headings within the approved budget, to one or more other Earmarked Reserves or to General Reserves.

Management and Control of Reserves:
Expenditure from either Earmarked Reserves or General Reserves must be approved by Full Council on recommendation by the Finance Working Group.

The level of Earmarked Reserves and General Reserves will be reviewed by Full Council as part of the annual budgeting process.

The Responsible Financial Officer will maintain a detailed schedule of all reserves and will report at least quarterly to full council.

Current Level of Financial Reserves:

The current level of Reserves at 1.4.25 is: £7,985.77

General Reserves (including general expenditure):	**£7,838.77**

Earmarked Reserves:

~~Special Projects (SIDs) £3000 bases, £2700 SID from PCC grant~~	~~£5,700.00~~
Coronation Raffle Money	£147.00
Total Earmarked Reserves:	**£147.00**

Adopted at a full council meeting on: 13.5.25

To be reviewed: Annually