



Studley Parish Council	
BALANCES and RESERVES POLICY	
Status	Adopted
Date approved	28 March 2023
Date of next review	January 2024

Introduction

Studley Parish Council is required to maintain adequate financial reserves to meet its needs. The purpose of this policy is to set out how the council will determine and review its 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 specified minimum or maximum level of reserves that an authority should hold, and it is the responsibility of the Responsible Financial Officer to advise the Council about the level of reserves and to ensure there are key protocols for their establishment and use.

The Governance & Accountability for Local Councils Practitioners Guide 2023 (the Practitioners' Guide) states:

As with any financial entity, it is essential that authorities have sufficient Reserves (General and Earmarked) to finance both its day-to-day operations and future plans. It is important, however, given that its funds are generated from taxation/public levies, that such reserves are not excessive.

This policy will be reviewed annually in January.

Specific/Earmarked Reserves

Funding that is "earmarked" means the council is retaining a reserve for specific items of expenditure which can be built up over a number of years to reduce the impact of any significant expenditure in one year.

The following table shows Studley Parish Council's current (as at February 2023) earmarked reserves which will include for:

- Renewals:** to allow for an effective programme for the replacement of assets.
- Insurance and contingency:** in case of a claim the council may need to meet the excesses not covered by insurance.

Account	Balance 02/2023
Parish Lands	380.00
Recreation	2,965.00
Burial Account	45,000.00
General Admin	4,500.00
Community Infrastructure Levy	32,095.98
Neighbourhood Development Order	12,215.50
Scouts	1,500.00
Neighbourhood Watch	754.22
VE Day contribution	20.00
Fairtrade funds	84.21
ATC	15,000.00

Other earmarked reserves may be set up to meet known or predicted liabilities.

General Expenditure Reserves

These reserves are not held to fund future expenditure. In extreme circumstances if the general reserves were exhausted due to unforeseen pressures the council would be able to use its earmarked reserves in the short term but would have to ensure that, if used, they would be replenished the following year.

These funds can be used for unexpected emergencies or events in order for the council to meet its legal and statutory requirements. The following list is not exhaustive:

- Unexpected challenge eg audit.
- Clerk illness.
- Cover for short term cash flow issues.
- Essential repairs/maintenance.
- Unexpected administration duties.
- Employment obligations.
- Election costs in the case of a contested election or by-election.

Risk	Analysis
Challenge	Costs incurred through threat to village, people and its surroundings, or investigation into council practices.
Employee	Costs incurred through extra hours worked, illness cover.
Short term cash flow	Delay of funds expected.
Essential repairs	Unexpected issues relating to assets.
Unexpected administrative duties	Costs incurred through challenge or to address an opportunity that arises in relation to the Village, residents or surroundings.
Employment obligations	Provision for costs relating to employment obligations such as redundancy, disciplinary issues.

The level of general reserves or working balances is a matter of judgement and so this policy does not attempt to prescribe a blanket level, however the level of general reserves should not be significantly ie more than three times, higher than the annual precept.

The advice contained within the Practitioners' Guide is that any authority with net revenue expenditure (NRE) in excess of £200,000 should plan on 3 months' equivalent General Reserve. Those authorities with NRE of less than £200,000 can plan on a general reserve equivalent to between 3 months – 12 months precept.