



Congresbury Parish Council

Finance Reserves Policy

Date of adoption by Parish Council		Next review date	March 2027
Signature of Chairman of Parish Council		Policy reference	POL – 013

1. Introduction

The purpose of this policy is to define the roles and responsibilities within the Parish Council to ensure sufficient reserves are maintained. This will assist the Council to set out how to 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 specified minimum level of reserves that an authority should hold, and it is the responsibility of the Parish Clerk and/or Responsible Financial Officer to advise the Council about the level of reserves and to ensure that there are procedures for their establishment and use.

Reviewing the Council's Financial Risk Assessment is part of the budgeting and year end accounting procedures to identify planned and unplanned expenditure items and indicate an appropriate level of Reserves.

Any decision to set up a reserve must be given by the Council, and expenditure from reserves can only be authorised by the Council.

2. Types of Reserves

There are two types of reserves currently held by Congresbury Parish Council (CPC) and categorised as general or earmarked.

General Reserves

General Reserves are funds which do not have any restrictions as to their use. These reserves can cushion the impact of uneven cash flow, unexpected inflation, offset the budget requirement if necessary or can be held in case of unforeseen events, unusual circumstances or emergencies. In such event where these reserves are used in full or part the Council will put together a plan to replenish them.

Setting the level of General Reserves is agreed with the annual budget. JPAG (March 2023) advises:

"The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.

The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.

In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, situation, risks and plan their budget so as to ensure that the adopted level is maintained. Authorities with significant self-generated income (other than the precept or levy) should take into account situations that may lead to a loss in revenue as well as increased costs and adapt their general reserve accordingly.”

Earmarked Reserves

Earmarked reserves (EMR) can be held for several reasons and shall only be used for the purpose for which they were created including:

- Renewals – to enable the Council the planning and financing of equipment replacement and property maintenance/refurbishment. These reserves highlight that these funds are specifically for this purpose without the need to vary budgets.
- Carry forward of underspend - some services commit expenditure to projects but cannot spend the budget in year. Reserves are used as a mechanism to carry forward these resources.
- Moneys received for a specific use – must be accounted for separately and returned if not used e.g. grant money, CIL and S106.
- Other – may be set up from time to time to meet known or predicted liabilities. Earmarked Reserves will be established on a “needs” basis, in line with anticipated requirements and may include insurance reserve to enable the Council to meet the excesses of claims not covered by insurance.

Congresbury Parish Council EMRs:

- Cadbury Hill Reserve
- Airport Expansion
- CIL monies 22-23
- MGT Legal fees
- Community Resilience
- Public toilets CIF (North Somerset Council funding from initial transfer to the parish Council)
- Old School Rooms repairs & maintenance
- Public toilets
- Closed churchyard
- Burial Ground
- Library income
- CIL monies 24-25
- MGT unspent grant
- CIL monies 25-26

3. Policies

- a) Congresbury Parish Council will strive to keep the recommended amount of precept in reserve
- b) The use of earmarked reserves will follow the Financial Regulations of the Parish Council
- c) Any decision to use monies from the general reserve must be made by the Full Council.
- d) All reserves will be reviewed annually by the Finance Committee with recommendations being put forward to Full Council.