



EVENLEY
PARISH COUNCIL

www.evenleypc.org.uk

Reserves Policy

Evenley Parish Council

Adopted at its meeting on 17th June 2024

1 PURPOSE

Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed to meet estimated future expenditure when calculating the budget requirement. The level of reserves will vary according to local circumstances and will be informed by the future expenditure plans of the authority.

Evenley Parish Council is adopting a Reserves Policy to support their budget setting process and ensure they maintain appropriate levels of general and earmarked reserves.

2 TYPES OF RESERVES

General Reserves

The general reserve represents the unspecified balances held by the council. The purpose of the general reserve is to operate a working balance to help manage the impact of uneven cashflows during the financial year, and to provide a contingency amount for emerging or unforeseen events.

The balance of the general reserve will increase or decrease at the end of each financial year, subject to the final actual performance against budget.

There is no definitive minimum or maximum level of general reserves that an authority should hold, although recommended guidance within the Good Councillors Guide to Finance and Transparency 2019 suggests an amount of between three and 12 months net revenue expenditure (NRE*).

Evenley Parish Council aim to maintain the general reserve at a minimum of 12 months NRE and review this level at least annually as part of the budget setting process.

**NRE is defined as the precept less any loan repayments and/or amounts included for capital projects and transfers to earmarked reserves.*

Earmarked Reserves

Earmarked reserves allow the accumulation of funds for use at a future date for specified planned expenditure projects. Balances on earmarked reserves will increase through decisions of the council to add to the requirement and decrease as they are spent on the specified projects. Once a project has ended, the earmarked reserve will be closed, and any remaining balance transferred to the general reserve.

There is no minimum or maximum level of recommended earmarked reserves as this will depend entirely on the planned future projects of the authority.

Some earmarked reserves are restricted and can be used only for the purpose they were initially put aside for.

These typically include:

Section 106 and/or Community Infrastructure Levy (CIL) – can only be used to fund certain items.

Some Grants – may be restricted to the original reason for the grant award, and unused funds may be required to be returned to the granting body.

Evenley Parish Council aims to maintain a level of earmarked reserves appropriate to the level of future planned expenditure projects and review these at least annually as part of the budget setting process.

3 REVIEW AND VARIATION TO POLICY

This policy will be reviewed annually by Evenley Parish Council as part of setting the council budget. Where it determines there is justification for doing so, the Council may make decisions which are at variance to this policy.