Hanbury Parish Council

Reserves Policy – approved by the Parish Council Finance Committee on 13th August and by the full council in September

2025 and reviewed annually.

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Hanbury Parish Council Reserves Policy Adopted September 2025

1 Introduction Hanbury Parish Council (HPC) 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 minimum 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 that there are procedures for their establishment and use.

2 Types of Reserves

Reserves may be categorised as General or Restricted/earmarked.

3 General Reserves

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

Setting the level of General Reserves is agreed with the Annual Budget and is to be no lower than £10,000.

4 Restricted or Earmarked Reserves

Restricted or Earmarked Reserves are held for several reasons and shall only be used for the purpose for which they were created.

• **Renewals** – to enable services to plan and finance an effective program of equipment replacement and planned property maintenance. These reserves are a mechanism to smooth expenditure so that a sensible replacement program can be achieved without the need to vary budgets.

• **Carry forward of underspend** – expenditure committed to a project but not spent in the budget year. Reserves can be used as a mechanism to carry forward these resources.

• **Developers Contributions/CIL** – proceeds from developers/authorities that can only be used for specified purposes.

• **Other restricted or Earmarked Reserves** may be set up from time to time to meet known or predicted liabilities. Any decision to set up an Earmarked Reserve must be made by the Finance advisory group/committee and approved by the Parish Council, and these are to be reviewed annually when the budget is agreed.

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

5. Management and Control of Reserves

Movements in Earmarked Reserves and General Reserves shall be reported to the Parish Council as part of the quarterly report following the finance advisory group/committee meeting.

The use of Reserves shall be approved by the Parish Council. The level of General Reserves shall be reviewed on an annual basis during the annual budgetary review and agreed by the Parish Council.

The minimum level of General Reserves shall be recommended to the Parish Council by the Responsible Financial Officer. This will form part of the recommendations for the Annual Budget and Precept request by the Parish Council.

Earmarked Reserves shall be reviewed on an individual basis. This review will also be undertaken as part of the Annual Budgetary Review.

Recommendations on creation, amendment, cessation or continuation of Earmarked Reserves will be given by the Responsible Financial Officer to the Parish Council by way of a report forming part of the recommendations for the Annual Budget and Precept request by the Parish Council.

Approval for the creation, amendment, cessation or continuation of Earmarked Reserves will be given by the Parish Council.