

Reserves Policy 2024-25

# Introduction

As well as managing "operational" budgets on a year-to-year basis, the Parish Council must also manage its sustainable long-term future. This document explains how this would be achieved.

The Council reviewed the status of all reserves between October and December 2023, with reference to the proper practice of the governance and accountability of smaller authorities as laid out in the NALC *Joint Panel on Accountability and Governance Pracitioner’s Guide March 2023,* to fulfil the principles of the Annual Governance Statement Assertion 1, and to adhere to the Local Government Finance Act 1992, S49A

# General (Revenue) Reserves

The General Reserves provide the Council with sufficient funds to cover unexpected or unforeseen expenditure or emergencies. The use of General Reserves must be authorised by the Council.

The level of General Reserves shall be reviewed on an annual basis during the annual budgetary review and should be a minimal of three months’ net revenue expenditure. The Council aims to maintain a General Reserve equivalent to at least 50% of precept.

|  |  |  |
| --- | --- | --- |
| **General Reserve** | **Contribution as of 1 April 2024** | **Duty to act** |
| General Reserve | £29,200 | Local Governance Finance Act 1992, S49A.  |

# Earmarked Reserves (EMRs)

Ripponden Parish Council has authorised the establishment of several Earmarked Reserves (EMRs) to allow for future expenditure commitments over two or more years. These reserves shall be used only for the purpose for which they have been created.

Where the purpose of a specific EMR becomes obsolete, or where there is an over-provision of funds, the excess may, on the approval of the Council, be transferred to the General Reserve or one or more other EMRs.

The Council’s approval is required for any expenditure from the EMRs.

At the annual budget setting meeting, the Parish Council decides the values to be allocated from forthcoming year’s operational expenditure into each EMR. The Parish Council also considers whether any unallocated balances – for example, at the financial year end -- should be reallocated to some or all of the EMRs. The values of the EMRs -- together with income and expenditure -- are reported to a Full Council meeting. Full Council must also

The purpose and operation of each EMR is detailed below.

|  |  |  |
| --- | --- | --- |
|  **EMR** | **Contribution as of 1 April 2024** | **Power/duty to incur expenditure** |
| Bench renovation | 500.00 | Parish Councils Act 1957, S1. |
| Building repair costs | 30,000.00 | Local Government Act (LGA) 1972, section 133. |
| Car parking provision | 3,000.00 | Road Traffic Regulation Act 1984, subsections 57 and 63. |
| Elections/co-options (two contests) | 7,000.00 | Local Government Act (LGA) 1972, S7. |
| Employment (leave of absence mitigation) | 14,000.00 | Local Government Act (LGA) 1972, section 112. |
| Noticeboard replacement  | 640.00 | Local Government Act (LGA) 1972, section 142. |
| Playground repair  | 2,000.00 | Local Government (Miscellaneous Provisions) Act 1976, S19. |
| Replant memorials/renovate horticultural sites | 4,000.00 | Public Health Act 1875, section 164. |
| Telephone box repair | 1,500.00 | Local Government Act (LGA) 1972, section 144. |
| Website update | 2,000.00 | Local Government Act (LGA) 1972, section 142. |
| **Total** | **£64,640.00** |  |

# Capital Reserves

Ripponden Parish Council has a capital reserve of monies remaining from the sale of Central Hall in Ripponden. The Parish Council reviewed this reserve in November 2023 and set out what the reserve may be used for in the coming years.

## Purpose

The purpose of the capital reserve is to enable the purchase of **new** capital assets as and when an opportunity arises that the Parish Council wishes to pursue. This fund can also be used for the purchase of small assets – for example, IT equipment -- but this is not the primary purpose of this fund.

|  |  |  |
| --- | --- | --- |
| **Allocation**  | **Potential contribution** | **Power/duty to incur expenditure** |
| Festive lights | 12,000.00 | Local Government Act (LGA) 1972, section 144. |
| Playground equipment | 7,000.00 | Local Government (Miscellaneous Provisions) Act 1976, S19. |
| Public space railings  | 10,000.00 | Highways Act 1980, S96. |
| CCTV for the detection or prevention of crime  | 10,000.00 | Local Government and Rating Act 1997, S31. |
| Building renovation and conversion costs | 12,000.00 | Local Government Act (LGA) 1972, section 133. |
| **Total** | **£51,000.00** |  |

# Procedures for the management and Control of reserves

Movements in Specific Reserves and General Reserves shall be reported to the Full Council on a quarterly basis as part of the normal accounting reports, and on an annual basis as part of the annual accounting report. The use of Reserves shall be approved by the Council having regard to this policy and the Parish Council’s Financial Regulations.

# version Dates

|  |  |  |
| --- | --- | --- |
| *Reserves authorised by Council on 30 November 2023, resolution number* ***18942,*** *page number* ***6807.*** | **Policy adopted by Full Council:** R18967, page 6820. | **Review date: Dec 2024.** |