



# BRANDON

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## TOWN COUNCIL

### **FINANCIAL RESERVES MANAGEMENT POLICY**

#### **1. Purpose**

1.1 Brandon Town Council is required to maintain adequate financial reserves to ensure its ability to deliver services, manage unexpected events, and comply with proper financial practices. Guidance from the Smaller Authorities Proper Practices Panel (SAPPP) / JPAG Practitioners' Guide recommends that all smaller authorities adopt a formal Reserves Policy and periodically review the level and purpose of all reserves. There is no statutory minimum or maximum level of reserves; however, councils may only hold revenue reserves for reasonable working capital needs or for specific, earmarked purposes.

This policy sets out how Brandon Town Council will determine, manage, and review both its General Reserves and Earmarked Reserves.

1.2 It is the responsibility of the Responsible Financial Officer to advise the Council about the level of reserves and to ensure that agreed procedures are adhered to for their establishment and use.

#### **2. Types of reserves**

2.1 Reserves are categorised as general or earmarked.

2.2 Earmarked Reserves are funds set aside for specific, known or anticipated future expenditure. They help ensure that the Council can:

- Meet project commitments
- Manage long-term asset maintenance
- Plan responsibly for capital projects
- Spread large costs over multiple years

Earmarked Reserves must not be used to fund ongoing operational expenditure.

2.3 General reserves are funds which do not have any restrictions as to their use. These reserves can be used to:



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- Smooth the impact of uneven cash flows
- Offset the budget requirement if necessary
- It can be held in case of unexpected events or emergencies.

### **3. Earmarked Reserves**

#### **3.1 Establishing and Managing Earmarked Reserves**

When creating or reviewing an Earmarked Reserve, the Council will identify:

- a) The amount of the reserve
- b) The purpose and justification
- c) Expected use and timeframe
- d) Management, control, and review arrangements

All Earmarked Reserves will be:

- Recorded and monitored by the Responsible Financial Officer (RFO)
- Reviewed at least twice per year by Full Council.
- Approved or amended only by Full Council.

### **4. Annual Review of Reserves**

The Council's Internal and External Auditors will review the level and justification of reserves annually. In addition, Brandon Town Council will undertake the following each year:

- A formal review of all reserves during budget setting
- An assessment of financial risks to determine whether reserve levels are adequate
- Publication of reserve levels in the annual accounts and budget reports

### **5. Governance and Reporting**

The RFO will maintain an up-to-date schedule of reserves.

Transfers to and from reserves must be approved by Full Council.

Reserves must be used only for the purposes for which they were established, unless Full Council formally resolves otherwise.

All use of reserves will be transparent and reported within financial statements.



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### **6. Current level of financial reserves**

6.1 The level of financial reserves held by the Council will be agreed by Full Council when setting the budget and precept for the forthcoming financial year.

6.2 The current level of general reserves to be held by the Council is no less than 6 months running costs of the council. For the 2026/27 Financial Year this shall be no less than £241,264.50.

6.3 The current level of earmarked reserves held by the council is shown in the schedule attached to this document

6.4 At the end of each Financial Year, any underspend to be moved into appropriate reserves, leaving a minimum bank balance of £40,000.00.

### **7. Current Financial Service Provider**

7.1 The current financial service provider is Unity Trust. The credit rating and reputation of the provider is considered by Full Council during the discussions held regarding the level of financial reserves.

7.2 The Council may consider other providers as appropriate to achieve the best return on their investments. The credit rating and reputation of the provider must be relevant to local government policies and best practice.



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### 1. General Reserve

Reserve Name	Purpose	Current Balance	Notes
General Reserve	Supports cashflow, emergencies and unforeseen expenditure	£244,613.47	Reviewed annually; replenished during budget setting if used

### 2. Earmarked Reserves

Reserve Name	Purpose	Current Balance	Notes
New Cemetery	Work being undertaken on proposed new cemetery	£120,000	
New Vehicle	Eventual replacement of vehicle	£10,000	Capital Planning
Mowers & Equipment	Replacement of mowers or equipment	£10,000	Capital Planning
Elections	Funds for election costs	£5,000	
Playground Equipment	Replacement of Play equipment	£30,000	Capital Planning
IT Equipment	Replacement of IT Equipment	£4,500	Capital Planning
Projects	Funding for projects	£10,000	Flexible use



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