

BARDON MILL PARISH COUNCIL

Reserves Policy

Adopted: 12th August 2025

1. Purpose of the Policy

This Reserves Policy sets out how Bardon Mill Parish Council will determine and manage its reserves. The aim is to ensure the Council holds adequate financial reserves to meet its needs and support effective financial management.

2. Types of Reserves

Bardon Mill Parish Council has the option of two main types of reserves:

a) General Reserve:

This is held to cushion the impact of uneven cash flows, emergencies, or unexpected events. It is not earmarked for specific purposes and acts as a working balance.

b) Earmarked Reserves:

These are set aside for specific projects, future commitments, or known liabilities. Earmarked reserves must be spent only on the purpose for which they were created.

3. General Reserve – Recommended Level

As per JPAG guidance, the Council's general reserve should be maintained at a level of between 3 and 12 months of net revenue expenditure.

For a smaller council with a precept under £25,000, a general reserve of approximately 50% to 100% of the annual precept is considered appropriate.

The actual figure will be reviewed annually based on risk, planned projects, and anticipated cash flow.

4. Earmarked Reserves – Criteria

Earmarked reserves will be established on a needs basis, in line with anticipated future requirements. These may include but are not limited to:

- Election costs
- Asset replacement (e.g., playground equipment, benches)
- Projects (e.g., bus shelter, signage)
- Maintenance liabilities (e.g., village hall contributions, tree works)

Each earmarked reserve will have a clear description and justification recorded in the Council's financial reports.

5. Review and Reporting

- Reserves will be reviewed as part of the annual budget setting process.
- The Council will receive an updated reserves position quarterly as part of financial reporting.
- Any movement in earmarked reserves (creation, addition, or drawdown) must be approved by the Council and minuted accordingly.

6. Use of Reserves

General reserves may be used to:

- Manage unexpected expenditure
- Fund temporary shortfalls in income
- Support one-off spending that cannot be met from earmarked reserves

Earmarked reserves must only be used for the purpose intended, unless the Council formally resolves to reallocate them.

7. Policy Review

This policy will be reviewed annually, or more frequently if circumstances require.

Adopted by Bardon Mill Parish Council

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Minute reference: 48/25