Tedburn St Mary Parish Council

Tedburn St Mary Parish Council Reserves

This document sets out Tedburn St Mary Parish Council's approved and agreed practices. Any deviation must be made by resolution of the full Council and recorded below.

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Table of Contents

Reserves Policy

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1. Introduction

The Council is required, under statute, to maintain adequate financial reserves in order to meet the needs of the organisation. Section 49A of the Local Government Finance Act 1992 requires that billing and precepting authorities in England and Wales have regard to the level of reserves needed to meet estimated future expenditure when calculating the budget requirement.

The Council's policy on the establishment, maintenance and adequacy of reserves and balances will be considered annually.

The Council will hold reserves for these three main purposes:

a. A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of the general reserves.

b. A contingency to cushion the impact of unexpected events or emergencies – this also forms parts of general reserves.

c. A means of building up funds, often referred to as allocated reserves, to meet known or predicted requirements; allocated reserves are accounted for separately but remain legally part of the general fund.

2. General Reserves

General reserves is the term used for the general fund balance, this is a balance held in the bank which is not for any specific purpose other than to cushion the council's finances against any unexpected short-term problems in the councils' cash flow. The general reserves are to be maintained at a level based upon a risk assessment carried out annually by the Responsible Finance Officer (R.F.O) when setting the budget for the forthcoming year.

Any surplus on the general reserve above the required balance may be used to fund capital expenditure, be appropriated to earmarked reserves or used to limit any increase in the precept.

The following General Reserves are held by Tedburn St Mary Parish Council on 31st July 2025.

TOTAL GENERAL RESERVES	**£12,844.98**

3. Financial Risk Management

In order to assess the adequacy of the general fund when setting the annual budget, the R.F.O will take account of the strategic, operational and financial risks facing the council. The requirement of the level of the unallocated reserves balance for the forthcoming year will therefore be based upon a risk assessment of the council's main areas of income and expenditure and take into account any provisions and contingencies that may be required.

The main items to be considered are:

Financial risk	Analysis of risk
Pay inflation is greater than budgeted	The cost-cost-of-living increase is above the level allowed for in the estimates
Inflation is greater than budgeted for services and goods and professional and other services costs increase above estimate.	A general assumption is made when estimating the percentage increase
Contingent liabilities results in the council may facing costs due to a potential obligations arising from past responsibilities or an unplanned future event.	The council becomes liable to pay contingent liabilities

This is not a definitive list and other risks may present.

4. Allocated Reserves

Allocated Reserves represent amounts that are generally built up over a period of time which are earmarked for specific items of expenditure to meet known or anticipated liabilities or projects. The 'setting aside' of funds to meet known future expenditure reduces the impact of meeting the full expenditure in one year.

The Council, when establishing an earmarked reserve, will set out:

a. The reason / purpose of the reserve.

b. How and when the reserve can be used.

c) The Council will monitor the reserves monthly. The clerk updates income and expenditure against the reserves monthly and presents to council for amendments and approval.

The following earmarked reserves are held by Tedburn St Mary Parish Council on the 31st July, 2025

ALLOCATED RESERVES	31st July 2025
Cemetery	£10,880.43
Footpaths and Bridleways	£845.24
Elections	£1,600.00
Car park	£1,200.00
Devon Air Ambulance	£500.00
Computer replacement	£1,000.00
CiLCA training reserve	£900.00
Play Area equipment	£2,700.00
Little Chapel	£10,000.00
Neighbourhood Plan	£5,903.04
Woodlands Bus Stop	£364.50
Defib pads	£500.00
	£36,393.21

In assessing the adequacy of reserves the strategic, operational and financial risks facing the Tedburn St Mary Parish Council, will be considered. The level of earmarked reserves will be reviewed annually.