

Pauntley Parish Council Reserves Policy

Adopted 15th May 2023

To be Reviewed Annually:

Amended and adopted 14th October 2024

Reviewed and adopted 12th May 2025

Background

Local authorities need to plan to hold a certain amount of funds in reserves for a variety of reasons. Often these will be earmarked for specific purposes to help the council save up each year towards the cost of capital projects, replacing equipment, in case of contested elections, etc. However, it is also good practice for a Council to hold general *revenue* reserves for reasonable working capital, although the level of a Council's Reserves should be considered carefully.

The generally accepted recommendation with regard to the appropriate minimum level of a Local Council's Reserve (as opposed to its Earmarked Reserves), is that this should be maintained at between three and twelve months of Net Revenue Expenditure (NRE)

1. Net Revenue Expenditure (subject to any planned surplus or deficit) is effectively Precept less any Loan Repayment and/or amounts included in the Precept for Capital Projects and transfers to Earmarked Reserves¹

2. The reason for the wide range (3 to 12 months) is to cater for the large variation in sizes of individual Councils. The smaller the Council, the closer the figure should be to 12 months Net Revenue Expenditure, the larger the Council, the nearer to 3 months. In practice, a Council with an NRE in excess of £200,000 should plan on 3 – 6 months equivalent General Reserve.²

Application to Pauntley Parish Council

As Pauntley Parish Council is a small Council with a small Precept, it should be aiming to maintain General Reserves closer to 12 months Net Revenue Expenditure.

Pauntley Parish Council Reserves Policy

Pauntley Parish Council and the Responsible Financial Officer will work together to prepare and agree well-thought out, accurate, and detailed Budgets and Precept proposals which take into account, amongst other things:³

¹As per guidance from NALC's Audit and Accounts Advisor Derek Kemp.

²As above.

³As above.

- General running costs (including increases in National Pay Award for staff)
- Current and future activities (including the possibility of devolved services)
- Councillor and staff training and development
- Capital projects
- Replacing and repairing equipment and assets
- Contingencies

Level of Financial Reserves

The level of financial reserves to be held by the Council will be agreed by Parish Councillors during the discussions held regarding the setting of the budget for the next financial year.

The aim will be to hold a Reserve Fund of not less than 50% of the net revenue expenditure. Where this reserve is depleted the Council will consider the appropriate period of time over which to replace it to that level.

The Election Fund.

To be built up between election years at 25% of the anticipated cost (£250) of a contested election per annum to be held at £1900.- *doesn't stack up – how much for an election. May change the hold at figure if needed.*

Asset Maintenance Fund

Defibrillators will be 10 years old in 2025. Reserve to be held at £1600 reached over 5 years at £320 per year. Following replacement of defibs necessary to budget annually for replacement over a 12 year period.

Noticeboards to be held at £1250 to allow for the large noticeboard or the smaller ones to be replaced. £250 per year over a 5 year period until £1250 reached and then reviewed.

IT Equipment. To be held at £500 to allow for laptop replacement if necessary. Once used the sum needs to be built up at a rate of £100 a year until £500 is reached.

Bus Shelters and phone boxes to reserve £100 per year for annual maintenance with reserve accrued to cover any other maintenance requirements.

Compton Green Trees. To reserve £200 per year for surveys and maintenance. To be reviewed following each survey.

The General Revenue Reserve Fund.

Comprising surplus funds from previous years' precept.

The above levels of reserves were agreed and this document adopted by the Parish Council at the meeting on the 12th May 2025, to be reviewed again in a year's time.