



Bingham Town Council

Reserves Policy

Introduction

Bingham Town Council is required to maintain adequate financial reserves to meet the needs of the organisation. The purpose of this policy is to set out how the Council will determine and review the level of reserves. Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

Types of Reserves

Reserves can be categorised as general or earmarked. The Council work to a three-year reserves plan which forecasts the projects (earmarked reserves) and details the general reserve (unallocated).

Any recommendation to set up an earmarked reserve for a project/activity, will be a decision of the Full Council.

General Reserve

The Policy, Resources and Major Projects Committee will monitor the level of the General Reserve fund when reviewing the three-year reserves expenditure plan. The General Reserves will also be reviewed during the budget setting process.

The Council will hold sufficient working balances to cover the key risks it faces. With a Net Revenue Expenditure of over £200,000, the Council will hold a General Reserve amounting to 3 months of the Net Revenue Expenditure of the Council. In the financial year 2023/2024, the figure held in the General Reserve will be above £87,256 (net budget requirement minus reserves allocation).

If in extreme circumstances, the General Reserve was exhausted due to major unforeseen spending pressures within a particular financial year, the Council will draw down from its earmarked reserves to provide short term resources. The Council would also perform a full review of the key projects at that time.

This Reserves Policy was recommended by the Policy, Resources and Major Projects Committee on xxxxxx and was adopted by Bingham Town Council on xxxxxx

Minute Reference: