KING'S SUTTON PARISH COUNCIL:
RESERVES POLICY

King's Sutton Parish Council is required to maintain adequate financial reserves to meet the needs of the Council . (Local Government Finance Act 1992 sections 32 and 43 . This policy sets out how the Council determines and reviews the level of its financial reserves.

The Council holds reserves for three main purposes:

• A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing (general reserves)

• A contingency to cushion the impact of unexpected events or emergencies (general reserves)

• A means of building up funds over time, to meet known or predicted requirements for future capital expenditure items (designated reserves).

General reserves

The level of general reserves held by the Council is carefully reviewed on an annual basis during the annual budgetary review which starts in November and finishes in January when the precept is agreed by resolution.

General Reserves are funds which do not have any restrictions as to their use. These reserves can be used to smooth the impact of uneven cash flows, offset the budget requirement if necessary or can be held in case of unexpected events or emergencies. The Parish Council resolved on 5th January 2023 (Minute 180.22/23) that a reserves level of between 25-75% of total annual expenditure is appropriate, dependent on the nature of the expenditure . The only opportunity to adjust the level of general reserves is when calculating the required precept during the budgetary process or by releasing designated reserves.

Designated Reserves

Designated Reserves are categorised by line relating to the specific item of capital expenditure. They are reviewed by the Finance, Governance and Policy Committee at every meeting. During the course of the year, the totals will increase in April , if additional budgetary provision has been made or at any time if earmarked grants are received and decrease if expenditure has been incurred. This is detailed on the Reserves document updated for each meeting by the Responsible Finance Officer.

Items may include specific projects building reserves for a future one-off expenditure, for example, a community gym or items such as tree works which are ongoing expenditure items taking place every 2-3 years for which an annual budgetary provision is made to smooth precept requirements.

The Finance, Governance and Policy Committee will consider whether to recommend virements to the Parish Council dependent on the needs and priorities of the specific items.

Some items of designated reserves may relate to ringfenced funds from section 106 or Community Infrastructure Levy.

Review

This policy will be reviewed annually.

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Reviewed: 14th May 2024: Minute FGP 07.24/25

Approved: 6th June 2024: Minute 52.24/25 B1

Reviewed: 18th March 2025: Minute FGP 100.24/25 C

Approved: 3rd April 2025 : Minute 259.24/25 B2.2

Reviewed: 19th March 2026: Minute FGP 92.25.26 F

Approved: 2nd April 2026: Minute 257.25/26 B4