

# Biddulph Town Council



## RESERVES POLICY

### WRITTEN BY:

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### REVIEWED:

April 2024

### APPROVAL DATE:

Finance Strategy and Management Committee – 28 May 2024

Town Council – 11 June 2024

### REVIEW DATE:

April 2025

### INTRODUCTION

1.1 Biddulph 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.

There is no specified minimum level of reserves that an authority should hold. It is the responsibility of the Responsible Financial Officer and the Members of the Council to determine the level of reserves and to ensure that there are procedures for their establishment and use.

1.2 The Local Government Finance Act 1992 requires local precepting authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

All councils should continue to ensure that their reserves remain adequate for planned future needs and contingencies without placing undue constraints on current expenditure.

Councils with very high levels of reserves relative to their spending should review the purposes for which these are held to ensure they are still required.

This document forms part of this review process, which is reviewed, and risk assessed annually.

## PROVISIONS

2.1 Reserves can be categorised as '**general**' or '**earmarked**'.

2.2 The main purposes of the **General Reserves** are firstly to operate as a working balance to help manage the impact of uneven cash flows and secondly, to provide a contingency to cushion the impact of emerging or unforeseen events or genuine emergencies. In general, a robust level of reserves should be maintained and consider operational and financial issues facing the Town Council.

The Council must at all times keep a minimum balance sufficient to pay salaries to staff and associated expenses e.g. National Insurance, tax contributions and pensions. In addition, any contractual arrangements should be maintained for a period of time. Good practice states that local councils should hold an amount in reserves to meet unexpected expenditure, typically between 3 and 12 months expenditure. In 2024-25, Biddulph Town Council approved that the value of general reserves equates to £300,000, equating to around 5-months of 2023-24 expenditure.

2.3 **Earmarked or 'specific' Reserves** can be held for several reasons. As the name suggests these represent amounts which are 'earmarked' for specific items of expenditure to meet known or predicted liabilities or projects.

Earmarked Reserves can be used to "smooth" the effects of certain expenditure commitments over a period of time, thereby reducing the impact of significant expenditure in any one year.

Earmarked Reserves are typically held for:

- Renewals - used to plan and finance an effective programme of equipment replacement, planned property repair and maintenance or grounds maintenance. These reserves are a mechanism to smooth expenditure so that a sensible replacement programme can be achieved without the need to vary budgets.
- Medium to long-term projects - in this instance, the Council will make provision over a number of years for large-scale projects such as the purchase of burial land or public realm and infrastructure projects.

- Carry forward of under-spend - some expenditure budgeted for projects in a given financial year cannot be spent in that year. Reserves are used as a mechanism to carry forward these resources.
- Insurance reserve - to enable the Council to meet the excesses not covered by insurance.

The Town Council has responsibility to ensure funds are spent in line with their purpose. The purpose of each earmarked reserve should be reviewed annually to ensure that it is still relevant.

2.4 The Council will be required to identify the following when making recommendations for each reserve:

1. The reason/purpose of the Reserve.
2. How and when the Reserve can be used.
3. Any procedures for the Reserve's management and control.
4. A process and timescales for review of the Reserve to ensure continuing relevance and adequacy.

2.5 In order to **assess the adequacy** of Reserves when setting the budget, both the Responsible Financial Officer and the Committees should take account of the strategic, operational and financial risks facing the Committee/Council.

The financial risks should be assessed in the context of the Council's overall approach to risk management.

The Responsible Financial Officer should ensure that the Council has put in place effective arrangements for internal audit of the control environment and systems of internal control.

## APPENDIX A – MAY 2024 LEVEL OF RESERVES

### Current Level of Financial Reserves

#### Earmarked Reserves

Figures based on estimated reserves as at May 2024

**General Reserves allocation** £300,000

| <b>Projects:</b>  |         |
|---|---------|
| Allotment developments (all sites), e.g. accessible plot, new site development, enhancements to existing provision. | £2,000  |
| Biddulph Works Together (including possible new role match-funding)   | £12,000 |
| Health and Wellbeing projects   | £5,000  |
| 93 Bus additional contribution  | £2,000  |
| Footway lighting (annual cost)  | £4,000  |
| EON lighting improvements/ repairs  | £5,000  |
| Youth facilities, inc. detached youth worker  | £3,000  |
| Development of Station Road (phase 2 and memorial to local industries)  | £7,000  |
| Tourism enhancements  | £1,000  |
| Heritage and restoration (including cenotaph)   | £5,000  |
| Environment and Climate Change  | £5,000  |
| Biddulph Grange Country Park Visitor Centre enhancements  | £2,000  |
| Town Hall clock repairs   | £1,000  |
| IT enhancements/ replacements   | £5,000  |
| Footpath and green space enhancements   | £5,000  |
| Additional Christmas lights and event   | £5,000  |
| Business Development projects   | £2,000  |
| Aldi/ SCC land maintenance- bus route   | £3,000  |
| Support for town projects (vol/com sector organisations)  | £60,000 |
| Repairs/ enhancements- Civic regalia  | £6,000  |

|  |                 |
|--|-----------------|
| <b>Town Hall (and toilet blocks) Development:</b>  |                 |
| Town Hall developments (internal)  | £5,000          |
| Town Hall developments (external)  | £120,000        |
| Management/ maintenance of bus hub and old toilet block  | £5,000          |
| <b>Neighbourhood Plan implementation:</b>  |                 |
| Projects to include (to be determined by Working Group): <ul style="list-style-type: none"> <li>• Environmental mapping</li> <li>• Capital/ public realm projects</li> </ul> | £10,000         |
| <b>Burial Grounds:</b>   |                 |
| Improvements to paths, drainage, memorial testing, trees   | £5,000          |
| Garden of Remembrance development  | £40,000         |
| Future burial area   | £25,000         |
|  | <b>£350,000</b> |
| <b>TOTAL</b>   | <b>£650,000</b> |