Appleton Parish Council

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Reserves Policy

Adopted at the Parish Council meeting on Tuesday 15th July 2025

Introduction

This policy describes how Appleton Parish Council will exercise financial prudence by making provision in its budget for Earmarked Reserves.

Scope

This policy and its procedures apply to the parish council's execution of its financial obligations. This policy and its procedures will be followed by the Clerk, Assistant Clerk/RFO, any other relevant employees and councillors.

The Legal Framework

The Local Audit and Accountability Act 2014 and the Local Government Act 1972 are the primary sources of legislation governing the ways in which a parish council manages its financial affairs. Governance and Accountability for Smaller Authorities (the Practitioners Guide) provides local councils with guidance (some mandatory) for financial management and outlines the information required by the external auditor. The Financial Regulations and Standing Orders of the council provide further guidance

The Parish Council is required by statute to maintain financial reserves sufficient to meet the needs of the organisation and in addition has statutory limitations on how it spends certain receipts which it must ensure are accounted for separately to the council's general funds.

Whilst there is no statutory minimum (or maximum) level of reserves, the council has no power to hold revenue reserves other than those for reasonable working capital needs or specific earmarked purposes.

The council's Internal and External Auditors review the council's reserves and their justification annually.

This policy sets out how the council will manage its reserves and is separate to the Parish Council's Investments Policy which sets out how the council will hold its reserves

Expenditure from the Reserves

A decision to set up a reserve budget must be made by the Parish Council.

Expenditure from reserves can by authorised by the Parish Council or the Finance and General Purposes Committee.

Earmarked reserves

The Parish Council may establish ringfenced (earmarked) reserves for any reason where it reasonably believes it may incur expenditure in the future.

Contingencies (Earmarked Reserves)

These reserves can be used to smooth the impact of uneven cash flows, offset the budget requirement when calculating the precept or be held in case of unplanned or unexpected events or emergencies.

The Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide, which sets out the 'proper practices' for how the council must maintain its accounts, recommends that the minimum level of general reserves should be between three and twelve months of net revenue expenditure (forecast annual expenditure of the Council, excluding capital items). For an authority of the council's size, it states that the lower end (three months, or 25%) is appropriate.

Elections earmarked reserve

This is an earmarked reserve to cover the cost of by-elections. The Parish Council may determine to lower the reserve immediately before/after ordinary election years where the likelihood of a by-election is lower.

Parish Hall earmarked reserve

This is an earmarked reserve for capital works and renovation works for the Parish Hall.

Youth Work earmarked reserve

This is an earmarked reserve for youth projects.

Parish Ranger Van replacement earmarked reserve

The Parish Council purchased a new electric van in 2024, however each year amounts will be added to this reserve in order purchase a replacement in the future.

Environmental Improvement schemes earmarked reserve

This is an earmarked reserve for investments for any environmental improvements.

Community Scheme/ consultant costs for PDO earmarked reserve

This is an earmarked reserve for use for Planning Consultants and for utilising for legal advice in relation to large developments in the area. For example, for cost of legal fees for the Six 56 development and the costs in relation to the South Warrington Local Parishes group.

Legal advice regarding employment earmarked reserve

This is an earmarked reserve to utilities funds for employment advice and assistance.

Air Quality monitors earmarked reserve

This is an earmarked reserve for the installation of air quality monitors.

Public Health earmarked reserve

This is an earmarked reserve for investments in public health issues.

Public Amenity earmarked reserve

This is an earmarked reserve for investments in public amenities.

Review and variation to policy

This policy will be reviewed periodically and may be subject to variations and additions.