Version No.	3
Adopted Date:	June 2024
Last Reviewed Date:	June 2025
Next Review Date:	October 2026

RESERVES POLICY

1 Introduction

1.1 This policy has been developed in accordance with the Local Government Finance Act (1992) which requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. It is the responsibility of the Finance Manager to advise the Council about the level of reserves and to ensure that there are clear protocols for their establishment and use.

1.2 General reserves can be used to smooth the impact of significant pressures, offset the budget requirement if necessary or can be held in case of unexpected events or emergencies.

1.3 Earmarked reserves will be established on a "needs" basis, in line with planned or project requirements, and would be established through a decision of the Council. The Council, when establishing an earmarked reserve, will set out:

- the reason/purpose of the reserve;
- how and when the reserve can be used;
- procedures for the management and control of the reserve;
- a process and timescale for review of the reserve to ensure continuing relevance and adequacy.

2 Policy

2.1 The Council will only maintain reserves for the following reasons:

- a sum approximately equal to 4-6 months of its revenue expenditure will be maintained as the General (non-earmarked) reserve, in accordance with good practice;
- other reserves which are earmarked for special purposes or future development, or to meet commitments, will be maintained, as necessary.

2.2 The Council must ensure that a proper and appropriate exercise has been undertaken and that the levels of closing reserves for the year remain "fit for purpose".