

## GENERAL RESERVE POLICY 2024/2025

VERSION NUMBER V	V3
DATE & MINUTE REFERENCE (Council)	F&A 10/12/2023
DATE OF NEXT REVIEW	November 2025

### **General Reserve**

#### **As per Joint Panel on Accounting & Governance (JPAG) Practitioner's Guide**

As with any financial entity, it is essential that authorities have sufficient reserves (general & earmarked) to finance both their day-to-day operations & future plans.

The general reserve of an authority comprises its cash flow & contingency funds to cover unexpected inflation, unforeseen events & unusual circumstances. The general accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three & twelve months of net revenue expenditure.

In practice, any authority with income & expenditure in excess of £200,000 should plan to have a minimum of 3 months and up to a maximum of 12 months equivalent net revenue expenditure.

It is of utmost importance that each authority adopt, as a general reserve policy, the level appropriate to their size, risks, and plan their budget so as to ensure that the adopted level is maintained.

Authorities with significant self-generated income (other than the precept) should take into account situations that may lead to a loss in revenue as well as increased costs and adapt their general reserve accordingly.

## General Reserve 2425

	£		£
As at 1/4/24	£119,862	24/25 Net Budget	£439,228
Contribution to Reserve agreed @ FC 23/01/24 ***	£26,100		
Forecast underspend as per Budget statement 31/10/24	£25,722	3 months net	£109,807
		Income stream	£84,977
Forecasted General Reserve @ 31/3/25	£171,684		£194,784
General Reserve shortfall to be funded by Precept 25/26	-£23,100		

\*\*\* Contribution to Reserve (above) is made up of two figures, £11,600 & £14,500 both of which were agreed @ FC 23/01/24. The £14,500 was agreed to fund some of the pension strains costs, as the council accounted for all of the pension strain costs in the 2023/24 financial year. This was the reason for the reduction in reserves, therefore it is only correct that this amount should then go back into the reserve. A forecast has also been produced for the 2025/26 reserve and the Town Council should not need to put in anymore contributions going forward.

### Background information:

#### **Extract from the Full Council minutes from 23/01/24:**

The recommendation received from F&A committee would demonstrate to the auditor that the Council has a plan to build up its reserves.

**It was RESOLVED:** To increase the General Reserve fund over the next 3 years by increasing the precept (£11,600 per year, £35,000 total).

Due to the fact that Neston Town Council is in a more positive position as it works towards budget setting for the coming year; the remainder of the General Reserve can be funded in 2025/26, rather than splitting the agreed £11,600 over the next two years. Adding less of a burden for 2026/27.

NB: The full amount required to bolster the General Reserves was shown in the 2023/24 accounts.

**Recommendation:**

1. To adopt the above policy for the General Reserve Calculation in 2024/25.
2. To consider increasing the General Reserves by £23,100 for 2025/26, removing the burden of the previously agreed £11,600 for 2026/27.

**T. Godfrey**

**Finance Manager (RFO)**

**Z. Dean**

**Locum Chief Officer**

**4<sup>th</sup> December 2024**