

# Bix and Assendon Reserves Policy

Adopted: May 2026

## **Introduction:**

Bix and Assendon Parish Council is required to maintain adequate financial reserves to ensure financial security. This policy set out how the Council will determine and review the level of reserves.

There is no statutory minimum or maximum level of reserves which a parish council should hold, but there is clear guidance within the annually updated Joint Panel on Accountability and Governance Practitioners Guide (JPAG). This advises *“It is essential that authorities have sufficient reserves (General and Earmarked) to finance both its day-to-day operations and future plans. It is important, however, given that its funds are generated from taxation/public levies, that such reserves are not excessive”*.

Sections 32 and 43 of the Local Government Finance Act 1992 also require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.

Auditors will usually comment on the adequacy of the General Reserve. They will also check that earmarked reserves have been reviewed and are still required.

It is the responsibility of the Responsible Financial Officer to advise the Parish Council about the level of reserves and to ensure that there are procedures for the establishment and use.

**General Reserve:** The general reserve is a fund that does not have any restrictions on what it may be spent on. If unexpected expenses arise, the Council may agree to spend a specific sum of money from the General Reserve.

If the General Reserve is depleted, it is in order to budget for an amount to be added each each year to bring it back up to the required level. In this way, unexpected spending can be smoother over several years, potentially preventing the precept from being raised. ***The General Reserve is recommended to be 3-12 months' worth of the precept, smaller authorities at the higher end.***

The recommended level for Bix and Assendon PC Parish Council is 4 months (approximately one third of the precept)

**Earmarked Reserves:** Earmarked reserves must be separately identified. They are held for genuine and intended purposes and can be used for the purpose in which they were created. Reserves can lose value due to inflation, therefore an effort must be made to spend the earmarked reserves on the intended projects within a reasonable time.

The Council must approve any new earmarked reserves and agree:

- Purpose
- Level of immediate and targeted funding
- Expected timescale for spending

If the general reserve is exhausted due to unforeseen circumstances, the Parish Council is permitted to draw from the earmarked reserves.

**Management and Review of Reserves:** General and earmarked reserves shall be reviewed on an annual basis and agreed by the Parish Council as part of the budget setting process. A reserves statement shall be published annually on the parish council website.