Agenda item 14
Council
10 April 2024

Tracey Brown
Town Clerk and Responsible Financial Officer

SALTNEY TOWN COUNCIL – RESERVES POLICY

INTRODUCTION

1 Saltney Town Council is required under legislation to maintain adequate financial reserves to meet the needs of the Council. Legislation does not provide any specific minimum levels of reserves that the Council should have, and it is the responsibility of the Town Clerk and Responsible Financial Officer to advise the Council about the level of reserves and to ensure that there are procedures for their establishment and use.

TYPES OF RESERVES HELD BY THE TOWN COUNCIL

2 The Town Council holds two types of reserves, General Reserves and Specific Reserves:-

- **General Reserves –** are the funds which do not have any restrictions for their use and are available for such circumstances as incurs cash flows, to offset excess expenditure over budget from the previous year, unexpected events or emergencies and to accommodate in the short term, the potential requirements of the town funding the retention of services “transferred” from the Principal Authority.

- **Specific Reserves** - are established on a need basis and the creation of a Specific reserve can only be authorised by the Council. Specific Reserves are set up for a specific purpose and are to be used for the purpose stated unless the Council resolves to use them for other purposes.

CREATION AND MAINTENANCE OF RESERVES

3 The General Reserve is created by allocating a level of budgetary provision to create a General Reserve or by transferring any surplus achieved in that financial year to that Reserve. The General Reserve be sufficient to cover the key financial risks as identified in the Councils Risk Assessment Document and be held at a minimum equal to the first payment made by the Principal Authority of the Precept each year for cashflow purposes. The Risk Assessment document is reviewed on an ongoing basis, but at least annually. Should an extreme circumstance occur which exhausts the General

Reserve then the Specific Reserve, under resolution of the Council be transferred into the General Reserves.

4 The Specific Reserves were set up for the specific purpose that the heading of each of the Specific Reserves indicates. Once expenditure under any of the Specific Reserves equal the total amount of the specific reserve, no further payment should be made under that reserve except by the resolution of Council. The Council may wish to reinstate the Specific Reserves with a value approved by the Council.

5 Both the General Reserves and the Specific Reserves levels a reported on the quarterly comparison of budget to actual income and expenditure. The final accounts when place before the Council, for approval, show the movements to the reserves throughout the year. The balances to be maintained are a matter for the Council to approve following the recommendations of the Town Clerk and Responsible Financial Officer.

LEVEL AND REVIEW OF RESERVES

6 The level of the reserves should be agreed by Council at its budget meeting in January each year and should be reviewed along with the Risk Assessment Document on an ongoing basis.