



ST STEPHEN PARISH COUNCIL

Bricket Wood, Chiswell Green and Park Street

Reserves Policy

INTRODUCTION

- 1.1 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.
 - 1.2 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.
 - 1.3 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. For an authority of the council's size, it states that the lower end (three months, or 25%) is appropriate.
 - 1.4 The council's Internal and External Auditors review the council's reserves and their justification annually.
 - 1.5 This policy sets out how the council will manage its reserves and is separate to the council's Investments Policy which sets out how the council will hold its reserves.
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2. Contingency and Earmarked Reserves

2.1 Contingency Reserves

General working capital. These reserves are unallocated and provide contingency funding for unexpected events or emergencies whilst also taking into consideration the potential loss of regular income accounted for in the annual budget.

2.2 Parish-Wide Future Developments

- This earmarked reserve funds improvements to the buildings and infrastructure within the parish.
- It will be utilised to cover:
 - The design, development, and costs of community engagement in determining final plans.
 - Any required planning applications.
 - Enhancement, rebuilds, and new builds.
- The reserve will be built from excess contingency reserves, interest from deposits, and any surplus accruing from the annual budget.

- The reserve will be managed by the Finance Committee and made available in line with budgeted projects.

2.3 Trees and Woodlands

- This reserve supports the maintenance, planting, and preservation of trees, hedgerows and woodlands within the parish.
- It ensures the Parish Council can meet its environmental commitments and respond to issues such as storm damage, disease, or required replanting efforts.
- The reserve will be reviewed annually to align with the Parish Council's 10 Woodland Management Plan and works that are required within the Parish.

2.4 Play Areas

- This reserve funds repairs, maintenance, and new installations for the 6 Parish Council play areas.
- It provides for periodic upgrades to meet health and safety standards and improve community facilities.
- The reserve will be built from planned allocations and any external grants received.

2.5 Equipment

- This reserve ensures that the Parish Council has funds available to replace or purchase necessary equipment.
- Covers both operational equipment, machinery, vehicles for Council activities and community-use assets.
- Allocations to this reserve will be determined as part of the Council's annual budget review and/or towards the Rolling replacement plan

2.6 Neighbourhood Plan

- This reserve supports the development and updates of the Parish Council's Neighbourhood Plan.
- It will cover consultancy fees, surveys, community engagement activities, and publication costs.
- The reserve will be managed by the Planning Committee and used in accordance with statutory requirements and community consultation.

2.7 S106 Reserves

- This reserve holds funds received through Section 106 agreements from developers.
 - These funds are earmarked for infrastructure, community, and environmental improvements as stipulated in planning agreements.
 - These funds are currently agreed and allocated to the Parish Council projects from St Albans District Council in accordance with legal agreements and community needs and are held in reserves should the project not be completed in the year of receipt of funding
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3. Review and Management of Reserves

- The Finance Committee will review reserve levels to ensure relevance and accuracy at least annually as part of the budget-setting process and at agreed intervals throughout the year
- Transfers to and from reserves must be approved by the Finance Committee, relevant Committee up to £20k or Full Council unless already pre-approved in the budget.
- Virement (re-allocation) requests must always be approved by Full Council
- The Parish Council will ensure reserves are used responsibly to meet both current and future financial obligations while maintaining financial sustainability.

Adopted by St Stephen Parish Council on 20 March 2025