TONYREFAIL & DISTRICT COMMUNITY COUNCIL
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Policy on General Reserves

Basis for Policy:

The Council is required by statute to maintain adequate financial reserves in order to meet the needs of the organisation. S.50 of the Local Government Finance Act 1992 requires that billing and precepting authorities in England & Wales have regard to the level of reserves needed to meet estimated future expenditure when calculating the budget requirement. The council has determined to follow the advice set out in the Governance & Accountability for Local Councils in Wales – A Practitioners Guide (2019 Edition) jointly published by One Voice Wales and the Society of Local Council Clerks.

Earmarked Reserves:

The Council may hold earmarked reserves, which are set aside for specific purposes and for savings for future projects with the levels assessed and approved as realistic by the Council. These earmarked reserves must be assessed on a minimum six-monthly basis to determine suitable progress on the specific purpose for which they have been set aside.

General Reserves:

It is generally accepted that general (un-earmarked) revenue reserves usually lie within a range of three to twelve months of gross expenditure. However, the amount of general reserve is assessed at least annually and approved during the budget setting stage by Council.

The minimum amount of general reserves required for Tonyrefail Community Council is **£50,000**.

Where general reserves are utilised during the financial year, the Town Council will agree to formulate a suitable plan to replenish the reserves budget during the following financial year to the minimum amount or provide suitable justification as to why this cannot be done alongside an agreed financial plan for operation.

Review:

This policy will be reviewed annually.

Adopted at Full Council Meeting on 31st January 2023 (Min. 7(a))