

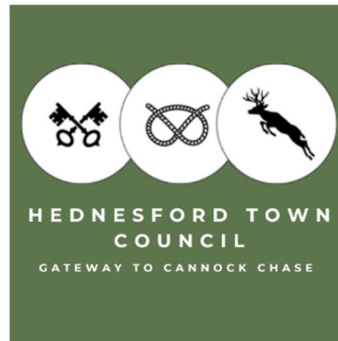
HEDNESFORD TOWN  
COUNCIL

GATEWAY TO CANNOCK CHASE

# Reserves Policy







Draft Review – April 2026

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## **1. INTRODUCTION**

1.1 The Town 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.

## **2. GENERAL RESERVE**

2.1 The general reserve is not ringfenced (earmarked) for any specific expenditure. Its purpose is to smooth the impact of uneven cashflow or cover unexpected/emergency expenditure. It is not intended to fund on-going expenditure.

2.2 The general reserve will be replenished as part of the budget process in any year where it has been utilised for unexpected/emergency expenditure.

2.3 The council will usually hold a general reserve of at least 25% of its net revenue expenditure, this is the difference between its budgeted income and expenditure less any budgeted capital expenditure, expenditure from earmarked reserves and budgeted transfers to reserves.

## **3. EARMARKED RESERVES**

3.1 The council may establish ringfenced (earmarked) reserves for any reason where it reasonably believes it may incur expenditure in the future. The council's current earmarked reserves are detailed below.

#### **4. ELECTIONS RESERVE**

- 4.1 This earmarked reserve is to cover the cost of by-elections.
- 4.2 The reserve will be held at the approximate cost for one by-election.
- 4.3 The current expected costs are £12,000 per by-election.
- 4.4 The council can elect to add underspent budget to the reserve.
- 4.5 The underspend in 2025 26 is £2,500
- 4.5 The council may determine to increase or lower the reserve before or after ordinary election years.

#### **5. REDUNDANCY RESERVE**

- 5.1 An earmarked reserve of £10,000 is to mitigate any unforeseen redundancies for officers due to changes in the number of officers or changes in support needed for the Town Council.
- 5.2 The Council will review this reserve as part of the annual budget process.

#### **6. OTHER RESERVES**

- 6.1 The Council will review the need for other reserves, e.g. the Pye Green Community Centre as part of the annual budget process and centre risk assessment.
- 6.2 The Year ending 2025 26 includes a Grant funding reserve of £6,024.50 for the warm HUB provision

#### **7. CARRY FORWARD RESERVE**

- 7.1 There will be occasions where the council commits to expenditure from its current year budget but does not spend/incur the debt during the financial year.
- 7.2 Where this occurs, the corresponding budget will be transferred to the Carry Forward Reserve at year end and a corresponding entry entered into the committee's EMR budget for the following financial year.

#### **8. CIL RECEIPTS RESERVE**

- 8.1 CIL Receipts are subject to statutory restrictions requiring they only be used for certain kinds of expenditure.
- 8.2 In accordance with Financial Regulations the council will hold a CIL Receipts Reserve to ensure CIL receipts are separately accounted for.

8.3 The Year ending 2025 26 includes a Community Infrastructure Reserve of £35,097.94.

## **9 REFUNDABLE DEPOSITS RESERVE**

9.1 As part of the hire of the centre, room hire deposits will be requested and held.

9.2 Deposits are also held on file for longer term hirers.

9.3 Deposits are accounted for separately to hire fees to ensure the value held is stated correctly and returned to the hirer when the room hire has completed.

9.4 The deposits awaiting refund are held in reserve with the balance at year end 2025 26  
£3,945

## **10. REVIEW AND VARIATION TO POLICY**

10.1 This policy will be reviewed annually at the end of the financial year by the Finance, Operations and Personnel Committee as part of monitoring the council budget.

10.2 Where it determines there is justification for doing so, the Finance, Operations and Personnel Committee or Full Council, may make decisions which are at variance to this policy.