



SAXMUNDHAM TOWN COUNCIL

RESERVES POLICY

Annual Approval: 9 January 2024

Minute Item: 150/23RC



General Reserves

The Town Council faces a variety of risks that it needs to be in a position to face should ever an emergency arise, as well as to ensure adequate cashflow at all times.

The Town Council has a General Reserve and a Capital Replacement Fund, the latter as a kind of 'sinking fund' to enable it to renew capital items when they reach the end of their lifespan.

The Town Council will ensure, in setting its annual budget and precept level, that the total amount set aside for the General Reserve and Capital Replacement Fund amount to a minimum of one third of the annual precept income. This is considered an appropriate minimum buffer against potential major risks.

The Town Council will ensure that the amount provided within this total for the General Reserve represents a sufficient proportion, having regard to the risks and cashflow provision it covers.

Earmarked Reserves

In addition to a General Reserve, the Town Council may and does set up specific earmarked reserves of reasonable amounts for designated purposes that may cross financial years.

Legal Considerations

Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. There is no specific minimum level of reserves that an authority should hold.

Monitoring and Review

The Town Council will review its Reserves Policy Statement each year.

The Town Council will use the Reserves Policy as the monitor when it sets its annual budget.