

# Great Milton Parish Council

## Reserves Policy

December 2025

## Introduction

Great Milton Parish Council maintains adequate financial reserves to meet the needs of its business and ensure financial security.

## Legal Requirements

The Smaller Authorities Proper Practices Panel (SAPPP) advises on reserves as follows:

- 5.31 *As with any financial entity, it is essential that authorities have sufficient reserves (general and earmarked) to finance both their day-to-day operations and future plans.*
- 5.32 *Smaller authorities have no specific right to accumulate funds via the precept. All reserves should be reviewed and justified regularly (i.e. at least annually). It is good practice to transparently publish both the level and rationale of all reserves.*

## General Reserves

General Reserves do not have restrictions as to their use and can be used in the case of unexpected events or emergencies.

Considering the SAPPP Practitioner's Guide 2025, Great Milton Parish Council aims to maintain a general reserve (or general fund) of six months operating costs.

SAPPP advise the following;

- 5.33. *The general reserve of an authority comprises its cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances.*
- 5.34. *The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.*
- 5.35. *The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.*
- 5.36. *In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, situation, risks and plan their budget so as to ensure that the adopted level is maintained. Consideration of the minimum level of reserves requires not only consideration of level of income and expenditure but also the risks to that income.*

## Earmarked Reserves

Earmarked Reserves are held to enable the Council to build up sufficient funds to meet its capital expenditure programme – for example replacement equipment or facilities maintenance. Earmarked Reserves may also include designated funds for reasonably foreseeable irregular spending – for example tree felling following storm damage or legal fees associated with a planning application.

An Earmarked Reserve can be transferred to General Reserves or another Earmarked Reserve if approved by Great Milton Parish Council at a properly convened meeting.

SAPPP advises;

- 5.38. *None of the above in any way affects the level of earmarked and/or capital receipts reserves that an authority may or should hold.*
- 5.39. *There is, in practice, no upper or lower limit to EMR/CRRs save only that they must be held for genuine and identifiable purposes and projects, and their level should be subject to regular review and justification (at least annually and at budget setting) and should be separately identified and enumerated. Significant levels of EMRs in particular may give rise to enquiries from internal and/or external auditors.*

## Review

This policy, the Reserves and their relative justification will be reviewed annually, with the setting of the Budget.