

Dursley Town Council – Reserves Policy

Introduction

This policy was approved by the Council on the 5th October 2021

It is essential that authorities have sufficient Reserves (General and Earmarked) to finance both its day to day operations and future plans. It is important, however, given that its funds are generated from taxation/public levies, that such reserves are not excessive.

This policy sets out how Dursley Town Council will manage its reserves.

The council's Internal and External Auditors review the council's reserves and their justification annually.

General Reserve

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.

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 (3) and twelve (12) months Net Revenue Expenditure (NRE).

The reason for the wide range (3 to 12 months) is to cater for the large variation in sizes of individual authorities. The smaller the authority the closer the figure should be to 12 months NRE, the larger the authority the nearer to 3 months.

Dursley Town Council's aim is that our general reserve is between 3 and 6 months NRE.

Earmarked (Named) Reserves

There is, in practice, no upper or lower limit to Earmarked Reserves. They must be held for genuine and intended purposes, and their level should be subject to regular review and justification (at least annually) and should be separately identified and enumerated. Significant levels of Earmarked Reserves in particular may give rise to enquiries from Internal and/or External Auditors.

The Council's Earmarked Reserves include funds managed by the Town Improvements, Policy & Finance and Green Spaces Committees. All expenditure requested by the relevant committee is to be confirmed at Council.

Earmarked Reserves to be reviewed annually, where reserves held over three years without expenditure, or a project being identified the funds are to be returned to the general reserve unless decided otherwise by Council

There are a number of Earmarked Reserves over £3,000:

Town Improvements Committee

Festive Dursley

Tourism

CCTV

Dursley Town Council – Reserves Policy

Green Spaces Committee

Cemetery Extension
Additional Allotments
Machinery/Vehicles

Green Spaces Committee (cont.)

Play Areas/Equipment
Highfields Play Area (S106 funds)
WMRG Pavilion Improvements
Kingshill Play Area

Policy & Finance Committee

Jacobs House
H&S Audit
Election Costs

A number of smaller earmarked reserves (less than £3,000) are also maintained.

Community Infrastructure Levy (CIL) Reserve

The Community Infrastructure Levy (CIL) allows local authorities in England and Wales to raise funds from developers undertaking new building projects in their area. The money can be used to fund a wide range of infrastructure that is needed as a result of development. Stroud District Council adopted CIL in February 2017 and it was implemented on the 01st April 2017.

Dursley Town Council receives a 25% share of CIL monies collected by Stroud District Council for development within the Dursley Parish boundary as a result of having a fully approved Neighbourhood Development Plan.

In accordance with Financial Regulations the council will hold a CIL Reserve to ensure CIL receipts are separately accounted for.

Review

This policy will be reviewed by the Policy & Finance Committee every 2 years or at the request of the Town Clerk.