



FINANCIAL RESERVES POLICY

Knaresborough Town Council is required by statute to maintain 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.

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.

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 maintained at between 3 and 12 months of net revenue expenditure. In practice, any authority with income and expenditure more than £200,000 should plan towards 3 months equivalent general reserves. Knaresborough Town Council has decided a minimum of 5 months operating capital to hold as a general reserve is appropriate for a council of its size.

Knaresborough Town Council maintains two types of reserves:

General Reserves:

The general reserve is not ringfenced (earmarked) for any specific expenditure, but is intended to cover the following capital needs; to smooth the impact of uneven cashflow and to cover unexpected/emergency expenditure

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

Earmarked Reserves:

The Council will keep such sums in earmarked reserves as is considered necessary to support future expenditure on specific projects, or as funds built up towards significant future revenue expenditure or to meet anticipated liabilities.

The council's current earmarked reserves are listed in the table below:

Earmarked/Designated Funds	£	As at Sept 2024
Castle Maintenance/Castle Lighting	1,294	To cover lighting maintenance requirements flagged up by the council's specified contractor
Neighbourhood Development Plan	5,072	To cover future requirements of the NDP project

Festive Lighting	18,537	To cover unexpected maintenance and repairs and additional lighting needs as specified by the current contractor and not covered by the annual budget
Regalia	2,000	To cover mayoral chains etc repairs and replacement
Allotments	2,215	To cover maintenance needs at the allotment sites under landowner's (the council) responsibility
Links Charity	4,150	Money held on behalf of the former charity and reserved until March 2025 for Scouts
King George V Field	4,535	Held by council as sole trustee and reported to charity commission. Cannot be used for any other purpose.
Knaresborough House	5,500	To cover rental agreement with NYC
Knaresborough Nidd Gorge	3,500	Grant award that remains unclaimed
Mayoral Charity Fund	4	Money held on behalf of the mayor to go towards a named charity
CIL	652	Subject to statutory restrictions. Infrastructure related expenditure.
Tree Maintenance	1000	To cover any unexpected tree maintenance on council owned land
Bands in the Castle	500	To help with costs for bands/groups performing free of charge in the Castle area
Conyngham Hall Improvement	9,602	To cover any costs KTC agree to improve the area known as Conyngham Hall and gardens
Castle 2030	500	To build up a sum of money to assist with the 900 th Castle Anniversary celebrations
Events	2,163	Projects, Community and Environment committee underspend to go towards future KTC events
	61,224	

The amount of funds held in both Earmarked and General Reserves is identified regularly at the Finance and General Purpose Committee meetings and in detail prior to the annual setting of the council budget for the following year using the format as shown below:

<u>Reserves 20xx/20xx</u>	
Bank Balance at DD/MM/YYYY	£xx,xxx.xx
minus King George V Field	£x,xxx.xx
minus Links Charity	£x,xxx.xx
minus Mayoral Fund	£xxx.xx
minus Other Earmarked Reserves	£xx,xxx.xx

Balance	£xxx,xxx.xx
minus X months potential spend based on the 20xx/xx budget of £xxx,xxx	£xx,xxx.xx
Balance	£xxx,xxx.xx
5 months operating capital (recommendation 3-6 months)	£xx,xxx.xx
General Reserve	£xx,xxx.xx

The Reserve Policy is to be viewed in conjunction with the council's Financial Management Risk Assessment

Adopted: October 2024

Review: 2025