

Reserves Policy

Luxulyan Parish Council

10 July 2025

1.0 Background

In accordance with The Practitioners' Guide 2025, Section 5.36, and at the recommendation of the internal auditor, the council has decided to set a Reserves Policy appropriate for the parish council's turnover, commitments and risks. The council should have "funds to cover unexpected inflation, unforeseen events and unusual circumstances." It is also required to "budget so as to ensure that the adopted levels are maintained."

1.1 Turnover

The parish council's precept (proposed budget minus predicted receipts) has increased in the last four years from £28,000 to £34,000; however, the annual Band D tax burden on Luxulyan parishioners has risen only £7.25, or 60p per month.

1.2 Commitments

Over the last decade the council's turnover has reflected its increased commitment to public amenities such as the playing field, public conveniences, and cemetery. The council has taken up maintenance of the verges and its two defibrillators need parts and consumables renewed regularly.

Increased levels of communication and transparency are demanded of all government authorities, even at the parish level, and the specified technical levels require more investment, training and maintenance than in the past.

1.3 Risks

The risks and responsibilities associated with the council's commitments are various and are assessed regularly in its Risk Assessment document.

1.4 Recommendations

For a medium-size authority like Luxulyan PC, The Practitioner's Guide 2025 recommends a general reserve "between three and twelve months of net revenue expenditure."

2.0 Reserves Policy

Luxulyan Parish Council recognises that its commitments require reserves at the larger end of the scale; that is, a **general reserve of approximately 6 months' of the precept.**

2.1 Specified reserves

The funds should be organised in specified reserves (listed in Section 3), but these reserves may borrow and lend from each other so that “unexpected inflation, unforeseen events and unusual circumstances” will not pose financial risks to the council.

2.2 Election Reserve

The cost of an election in Luxulyan Parish was estimated at approximately £7,500 for 2025. Therefore, as a minimum, this amount of cash must be available at an election. However, as parish council elections are generally held every four years, the need for an election reserve fluctuates greatly and after an election these funds may be used for other purposes on the understanding that the funds must again reach at least £7,500 at the next election.

3.0 Goal to work toward (2026-27)

Currently, with a precept of approximately £34,000, 6-months' precept would be £17,000 and the council's goal will be to work toward these figures in increments:

NAME	AMOUNT	PERCENTAGE of precept
Contingency Reserve	4,500	13
Election reserve	2,500	7
General Bldg reserve	3,000	9
Toilets reserve	3,000	9
Playing Field reserve	3,000	9
Cemetery reserve	1,000	3
TOTAL	17,000	50

DATED: 10 July 2025

MINUTE: 25/49.B

SIGNED: *Kay Baker* (acting Chair)