Cyngor Tref
Rhuddlan
Town Council

Reserves Policy

Policy Adopted	10/10/2024
Reviewed Annually / Last Reviewed	08/05/2025
Current Review	14/05/2026

1.Introduction

Rhuddlan Town Council has a legal requirement to maintain reserves sufficient to meet its operational needs. Legislation does not specify the levels of reserves the Council should hold but the norm is that General Reserves should be between 3-12 months of average Council revenue spend.

2. Types of reserves:

2.1. General Reserve – These are not ringfenced funds used for revenue expenditure and are available for such circumstances as uneven cash flows, to offset excess expenditure over budget from the previous financial year, unexpected events, spend or emergencies, and to accommodate, in the short term, the potential requirements of the town funding the retention of services 'transferred' from the Principal Authority.

2.1.1 The agreed reserve for 2026/2027 is £107,353

2.2 Earmarked Reserve – These are ringfenced reserves for any reason where the Council reasonably believes it may incur an expenditure in the future. The Councils current earmarked reserves are shown below

2.2.1 The Council has no earmarked reserves in the 2026/2027 budget.

3. Creation and Maintenance of Reserves

3.1 The General Reserve is created by allocating budget to create the General Reserve during the annual budget and precept meeting held in January. It is the responsibility of the Clerk & Responsible Officer to advise the Council on estimated available funds at financial year end that could be used. The General Reserve must be sufficient to cover the key financial risks as identified in the Council's financial risk assessment document. Should an circumstance occur during the financial year which exhausts the General Reserve, the Earmarked Reserve should, under resolution of the Council, be transferred into the General Reserve.

3.2 The Earmark Reserve is established for the specific purpose under the heading of each specific Earmarked Reserve budget item. When a specific Earmarked Reserve is fully spent then no further spend should be made against that specific Earmarked Reserve except by resolution of the Council and available other reserves being available. The Council may wish to reinstate the Earmarked Reserve with a value approved by the Council.

3.3 Both the General Reserve and Earmarked Reserve are reported on quarterly by the Clerk and Responsible Financial Officer. The final accounts when placed before the Council, for approval, shows the movements in the reserves throughout the year. The balances to be maintained are a matter for the Council to approve following recommendations from the Town Clerk and Responsible Financial Officer.