



# NORTH TAWTON TOWN COUNCIL

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This procedure is a document that sets out North Tawton Town Councils approved and agreed practices. Any deviation must be by resolution of the full Council.

<b>DOCUMENT NAME:</b>	Reserves & Financial Risk Policy		
<b>Approved by:</b>	North Tawton Town Council		
<b>Approval date:</b>	3 <sup>rd</sup> March 2026		
<b>Minute Ref:</b>	295:25/26		
<b>Review date:</b>	March 2027		
<b>Version no:</b>	4		
<b>Version Control and Revisions:</b>			
Version	Point	Description of Change	Date
2		Reserves values changed throughout	14/12/2022
3		Reserves values changed throughout	7/2/2023
4		Reserves values changes throughout	March 2026

## THIS IS A CONTROLLED DOCUMENT

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# Background

## The Governance & Accountability for Local Councils Practitioners Guide:

“Councils have no legal powers to hold revenue reserves other than for reasonable general working capital needs or for specifically earmarked purposes. Earmarked reserves, which are set aside for specific purposes and for accumulation for future projects, should be realistic and approved by the Council. However, the amount of general reserve should annually be risk assessed and approved by the Council”

### 1 Purpose

**1.1** North Tawton Town Council is required to maintain adequate financial reserves to meet the needs of the organisation. This policy sets out how the Council will determine and review the levels of reserves it holds.

**1.2** Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed to meet estimated future expenditure when calculating the annual budget requirement. There is no specified minimum or maximum level of reserves that an authority should hold, and it is the responsibility of the Council's Responsible Financial Officer to advise the Council about the levels of reserves required, and to make sure there are clear protocols for their establishment and use.

### 2 Types of Reserves

**2.1** The Council held funds should be put in the categories of General and Earmarked reserves.

#### 2.2 General reserves

This represents the balance of Council funds in the current accounts. The main purposes of the General Reserves are:

- to operate as a working balance to help manage the impact of uneven cash flows and
- to provide a contingency to cushion the impact of emerging or unforeseen events or genuine emergencies.

In general, a robust level of general reserve should be maintained and take account of operational and financial issues facing the Town Council.

#### 2.3. Earmarked reserves

This provides a means of accumulating funds, for use in a later financial year, to meet known or planned policy initiatives.

- Earmarked Reserves can only be set up and increased by decision of the Council and will decrease as they are spent on their specific intended purposes.
- The purpose of an Earmarked Reserve is to set aside amounts for projects that extend beyond one year or as a contingency against a specific situation occurring.
- Once an Earmarked Reserve has been established by the Town Council it is the responsibility of the Responsible Finance Officer to ensure funds are spent in line with their purpose.
- The purpose of each Earmarked Reserve will be recorded on a schedule held by the Clerk/RFO and should be reviewed annually to ensure that it is still relevant.

#### 2.4 Restricted reserves

These reserves are, as the name indicates, restricted in their use and must be spent specifically for the purpose for which they were originally received - for example:

- S106 receipts
- unspent loans or grants – unspent balances should be returned to the donor
- capital receipts – i.e. monies received from the sale of capital items

### 3 Role of Responsible Finance Officer

It is the responsibility of the Responsible Finance Officer (RFO) to advise the Town Council about the level of reserves that it should hold and ensure that it has clear protocols for their establishment and use. There is no statutory minimum but there are

four significant safeguards in place against the Town Council over committing itself financially:

- The balanced budget requirement.
  - RFO Powers. (Local Government Finance Act 1988)
  - The External Auditors responsibility to review and report on financial standing.
  - The year-end audit report from the Town Council's Internal Auditor
- North Tawton Town Council, on the advice of their RFO, must make its own judgements on the level of reserves, considering all relevant local circumstances.
- Local circumstances vary.
  - A well-managed authority with a prudent approach to budgeting should operate with reserves in the Town Council's current range given its emerging service responsibilities.
  - It is the responsibility of the RFO to ensure reserves are spent in line with their purpose.
  - Where expenditure is planned in future accounting periods, it is prudent to build up reserves in advance.
  - The RFO has a fiduciary duty to local taxpayers and must be satisfied that the decisions taken on balances and reserves represent responsible stewardship of public funds.

#### 4 Summary

General Reserves should be between 25% and up to 100% of the precept. The figure for General Reserves is obtained from Assessment of Potential Risks (not covered by insurance) and will be reviewed on an annual basis prior to setting the budget and precept.

**General reserves are £77,113 as of 31<sup>st</sup> December 2025, which is 48% of the current 2025-2026 precept, which is sufficient to meet the needs of the Council considering the identified financial risks and level of earmarked reserves.**

Earmarked reserves are based on an assessment of potential costs and will also be reviewed on an annual basis. Earmarked reserves as of 31<sup>st</sup> December 2025 are £126,776.

Item	Purpose	Policy for use	Target reserve	Current/ Predicted Reserve	Risk	RFO Comments
<p><b>320 Asset - Town Council Office</b>  (Ground floor occupancy with privately owned flat above)</p>	<p>Future refurbishment of the office (other than via insurance claim) and replacement of boiler, alarm, lighting, furniture, etc</p>	<p>To replace necessary items only when the requirement is identified to maintain an office for the Town Clerk to work and meetings to be held.</p> <p>Power to incur expenditure <i>LGA 1972 s.111/LGA 1972 s.127(1)</i></p>	<p>£10,000.00</p>	<p>£3946</p>	<p><b>M</b></p>	<p>Building Exterior redecorated 2022 – next requirement not before 2027 (current cost to NTTC £1500) <b>Accrual of £500 required per year</b></p> <p>The Boiler is serviced every year and in good working order the average cost to replace a boiler will typically fall between £1,150-£5,500. This accounts for the cost of a new boiler, which typically falls between £500-£3,000 and the average cost for installation, between £650-£2,500. The boiler is over 11 years old. Accrual for new boiler and installation is required, Office furniture is in good condition and no requirement for repair/replacement identified.</p> <p>Interior lighting may require replacement if circumstances change, flooring and décor in good condition and no requirement for repair/replacement identified.</p> <p>Electrics serviced 2025, PAT testing carried out 2025.</p> <p>Alarm and CCTV serviced 2025. CCTV was upgraded in 2025.</p> <p>Internal décor is in good condition. Windows are in good condition. Flooring is in good condition. Toilet sink tap repaired 2023, toilet in good condition Level of earmarked reserves deemed insufficient into 2026/2027</p> <p><b>Budget £2,000 towards earmarked reserves per year.</b></p>

<p><b>321 Asset - Public Conven- iences</b></p>	<p>Future full refurbishment of toilets and repairs not covered under insurance claims</p>	<p>To replace necessary items when the requirement is identified.</p> <p>Power to incur expenditure <i>Public Health Act 1875 s.164 – LGA 1972 Sch 14 para 9(1)</i></p>	<p>£25,000.00</p>	<p>£495</p>	<p><b>L</b></p>	<p>Insurance claim 2022 used to replace all toilet panels and doors due to vandalism. Toilet basins are in good working order and no requirement for maintenance or replacement identified – checked daily Internal Wall and floor tiles are in good working order and no requirement for maintenance or replacement identified. Exterior cleaned 2022 – no defects in the exterior structure identified, roof not assessed but possible repairs needed as damp showing on ceiling. Hand wash/dryer supplied under service agreement with Wallgate. Structural survey carried out 2023 no areas identified for maintenance.</p> <p><b>Budget £500 towards earmarked reserves per year.</b></p>
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<p><b>322 Cemetery</b></p>	<p>Unbudgeted repair costs to cemetery, including general maintenance and tree works.</p>	<p>Necessary replacement or repair of any equipment approved by Full Council/ Committee, not currently budgeted for</p> <p><i>Power to incur expenditure – Public Health Act 1875 s.164</i></p>	<p>£10,000</p>	<p>£5796</p>	<p><b>M</b></p>	<p>Separate budget for memorial inspections and repairs where no NOK are found. Tree Survey Separate budget for Chapel of rest maintenance – windows and doors repaired/repainted 2021-22 – Structural survey findings for maintenance. Separate budget for grass cutting and banks/hedge maintenance Separate budget for routine maintenance of benches, paths, Memorial Cross.</p> <p><b>Budget of £5,000, from 2026/2027 per year.</b></p>
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<p><b>346 Asset – New Cemetery</b></p>	<p>All works necessary to lay out the cemetery extension appropriately – Unforeseen maintenance of the cemetery trees, memorials, paths and chapel of rest not covered by budget</p>	<p>To lay out the cemetery to ensure the planning permission does not lapse (if approved) and maintain the cemetery</p> <p>Power to incur expenditure <i>LGA 1972 s.214(6)</i></p>	<p>£25,000.00</p>	<p>£49,693</p>	<p><b>H</b></p>	<p>Should planning permission be approved, a budget to lay out pathways and section off green burial area on planning extension once approved.</p> <p>£49,693 moved from General Earmarked Reserve to New Cemetery EMR.</p> <p><b>Target met.</b></p>
<p><b>323 Warm Space and winter Assistance Fund</b></p>	<p>Fund the provision of warm community spaces</p>	<p>The fund is managed by the Town Clerk - <i>Power to incur expenditure – Localism Act 2011 ss1-8 GPC</i></p>		<p>£4370</p>	<p><b>L</b></p>	<p>Reserve made up of council allocated reserves, resident donations and DCC Grant.</p>

<b>325</b> <b>Asset</b> <b>Clock</b> <b>Tower</b>	To maintain the Clock Tower	Funds to be accrued for future maintenance of Listed Building <i>power to incur expenditure Parish Councils Act 1957 s.2,</i>	£5000	£59.54	<b>H</b>	General maintenance and repairs.  <b>Budget £500 2026/2027</b>
<b>326</b> <b>Defibrillators Service agreement renewal</b>	4 Defibrillators under SWAST service agreement accrual for renewal Jan 27	For renewal of service agreement January 2027  <i>Power to incur expenditure Public Health Act 1936 s.234</i>	£6,000	£1,000	<b>L</b>	Reserves used to enter into 4-year service agreement with SWAST for provision of 4 defibs January 2023  <b>Budget £500 2026/2027</b>  <b>To agree to roll-over balance of Defib Replacement budget code 4515 to EMR (£250 as at 31.12.2025)</b>
<b>327</b> <b>Asset – Town Centre Carpark</b>	Unforeseen maintenance costs not budgeted for, accrual for re-surfacing, line painting, EV charging	Necessary Contracted works over and above that budgeted for to ensure the carpark is fit for purpose  <i>Power to incur expenditure Road Traffic Regulation Act 1984 s.57(1)(b)</i>	£50,000	£15,128	<b>H</b>	Stone and brick walls were surveyed 2021 and repaired 2022 – next survey recommended 2026, separate budget for gardening Extensive maintenance during 2023 on the lighting of the carpark due to water ingress. The drain at the bottom of the carpark regularly blocks and causes flooding (Lengthsman is tasked to clear twice per year) - <i>Mrs Jacky Smith, Senior Engineer from West Devon Borough Council, previously made comment to NTTC 'it appears that the very small drain beside the brick wall pipe is running up hill and advises to install raised kerb edging between the car park and Orchard Court with installation of an ACO channel drain sounds like a good solution.'</i> Accrual is required for future stone walling, line painting and eventual resurface <b>To vire access fees receipts to EMR</b>  <b>Budget £4,000 per year to earmarked reserve.</b>
<b>328</b> <b>Environment Fund</b>	To accrue funds for Environmental issues/projects	Any matter approved by full Council/ committees, that have a positive environmental impact on the Parish <i>Power to incur expenditure dependent upon project/purpose</i>	£3000	£1,238.95	<b>L</b>	2022 purchased replacement trees to replace those that have been cut down, 2023 bird boxes and hedgehog highway  <b>Budget £500 2026/2027</b>

<b>329 Project Develop- ment</b>	Accrual of set up fees for any future project approved by Council/Committees	Any project approved by full council/committees, not currently budgeted for, that will incur immediate costs, to the benefit of the Parish  <i>Power to incur expenditure dependent upon project/purpose</i>	£10,000	£6,684.75	<b>L</b>	Provision for project management tasks for North Tawton, approved by Full Council.  <b>Any costs associated to this project to be taken from Earmarked reserves with no additional budget provision 2026/2027</b>
<b>336 Asset – Memorial Park</b>	Accrual of funds for unbudgeted replacement of equipment and unbudgeted unforeseen maintenance/repair to any area of the park	Necessary replacement or repair of any equipment approved by Full Council/ Committee, not currently budgeted for  <i>Power to incur expenditure – Public Health Act 1875 s.164</i>	50,000.00	£7621	<b>H</b>	Asset management plan in process of being written which will build in projected costs and timetable for replacement items. RoSPA inspections every May identify areas for maintenance. Weekly and monthly safety inspections carried out by NTTC on all play equipment, surfaces, general assets (bins, benches etc) Grass cutting, hedge and routine bush maintenance separately budgeted for Routine maintenance of non-play equipment separately budgeted for Maintenance of play equipment and surfaces separately budgeted for New shelter installed December 2022; Trampoline fully refurbished 2023. Tree Survey completed December 2025 and tree remedial works to be quoted. Most play equipment identified to be replaced planning application will need to be submitted as not like for like and in a conservation area. Grants and s,106 funding will help pay towards replacement costs but Council will need to match fund. <b>£5000 budget 2026/2027</b> <b>To agree to roll-over balance of Play Equipment budget code 4905 (£5000 as at 31.12.2025)</b>

<b>330</b> <b>Staff Contingency Personnel Costs</b>	Locum cover and recruitment costs not currently budgeted for	Emergency expenditure for Locum cover in the event of protracted Clerk absence and recruitment costs if not already budgeted for  <i>Power to incur expenditure – LGA 1972 s.112</i>	7,000.00	£6,740	<b>L</b>	<b>no budget provision 2026/2027</b>
<b>331</b> <b>IT Costs</b>	Unbudgeted replacement/repair of all IT equipment required to carry out the functions of Town Council	Necessary repair and replacement as determined by full Council/Committees and Clerks Delegations  <i>Power to incur expenditure – LGA 1972 s.111</i>	£5,000	£3032	<b>L</b>	Town Clerks desktop replaced January 2026, Deputy Clerks laptop replaced January 2026 as not compatible with Windows 11. Consider replacing Clerks laptop in 2027/2028. Moved to Outlook 365 2026. Updated website 2025.  <b>No budget provision 2026/2027</b>
<b>337</b> <b>Asset Closed Churchyard</b>	Unbudgeted and unforeseen Maintenance	Necessary repair and replacement as determined by full Council/Committees and Clerks Delegations  <i>Power to incur expenditure – LGA 1972 s.215</i>	£25,000	£7748	<b>M</b>	Churchyard surveyed 2021 and large schedule of repairs to walls and cobbled footpaths carried out during 2022 – next survey 2026 Lych Gates surveyed 2021, refurbishment completed January 2024. Grass cutting, shrubs and bush maintenance separately budgeted for General maintenance of benches etc separately budgeted for Tree maintenance – tree survey completed 2025 and quotations for remedial works to be requested. Memorial inspections – separately budgeted for  <b>No budget provision for 2026/2027</b> <b>To agree to roll-over balance of General Maintenance Closed Churchyard 4260 to EMR (£3000 as at 31.12.2025)</b>

<b>332 Election costs</b>	Reserve to meet potential future Election Costs/By-election-Town Poll	Election costs as billed by WDBC only  Power to incur expenditure – LGA 1972 s.111	£6,000	£4,543.20	<b>L</b>	Elections due 2027  <b>No budget provision for 2026/2027</b>  <b>Agree to roll-over unused funds from 4105 (£4600 at 31.12.2025) to EMR</b>
<b>333 General Asset Maintenance costs</b>	Unbudgeted unforeseen costs associated with assets of the Council that do not have its own specified reserve (Suds Pond, benches, bins, planters etc)	Expenditure approved by full Council/Committee and/or Town Clerks Delegations for necessary emergency repairs or replacement not currently budgeted for or subject to insurance claim  <i>Power to incur expenditure – dependent upon asset/location</i>	£15,000	£2,462	<b>H</b>	Suds pond fence repaired January 2024. Replacement troughs and planters 2023 Benches repaired/replaced 2023 Safety inspections carried out monthly Separate budgets for general maintenance  <b>Budget £2,500 budget for 2026/2027</b>
<b>339 Town Leaflet</b>				£385	<b>L</b>	<b>no budget provision 2026/2027</b>
<b>334 Grants</b>	Provide grant to bodies/Charities that are not currently budgeted for	Applications in accordance with NTTC Grants policy		£1926.83	<b>L</b>	<b>no budget provision 2026/2027</b>

<b>341 Merry Go Round Grant</b>		Applications in accordance with NTTC Grants policy		£10.20	L	<b>To Vire balance to Grants EMR 334</b>
<b>342 Lych Gate Appeal</b>		Power to incur expenditure <i>LGA 1972 s.111/LGA 1972 s.127(1)</i>		£244	L	<b>To Vire balance to Churchyard EMR</b>
<b>343 Emergency Plan</b>				£50.00	L	Currently writing revised Emergency Plan <b>Agree to roll over un-spent funds from 4305 to EMR</b>
<b>344 Christmas Trees &amp; Lights</b>		Power to incur expenditure <i>LGA 1972 s144 &amp; S145</i>		£2000	L	No increase in 2026/2027 but recommended thereafter of £3000
<b>345 SUDS Pond</b>	Contingency to make emergency repairs	Power to incur expenditure <i>LGA 1972 s.111/LGA 1972 s.127(1)</i>		£1600	L	<b>To agree to roll-over un-spend budget from SUDS Pond Code 4505 (£1000 as at 31.12.2025)</b>

<b>347</b> <b>External Auditor</b>	Contingency to cover costs incurred when objections are received regarding the AGAR		£10,000	£8000	<b>M</b>	Costs for External Auditor for 2023/2024 AGAR were £5435 in additional charges. 2024/2025 not been finalised therefore, no final cost. 2026 could incur two invoices from PKF Littlejohn
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