



MACCLESFIELD TOWN COUNCIL

Reserves Policy



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1. Introduction

1.1 Macclesfield Town Council is required by statute to maintain adequate financial reserves and to separately account for certain restricted receipts from general funds.

1.2 While there is no statutory minimum or maximum level of reserves, the council may only retain revenue reserves for reasonable working capital or specific earmarked purposes.

1.3 The Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide recommends that general reserves should cover between three and twelve months of net revenue expenditure. For a council of this size, the lower end of this range (25%) is deemed appropriate.

1.4 The council's internal and external auditors review the level and justification of reserves annually.

1.5 This policy outlines how the council manages its reserves. It is separate from the Investments Policy, which governs how reserves are held.

2. General Reserves

2.1 The general reserve is not earmarked for specific purposes. It exists to manage uneven cash flow and unforeseen or emergency costs, not to support ongoing expenditure.

2.2 If the general reserve is used, it will be replenished through the following year's budget process.

2.3 The council will normally maintain a general reserve of at least 25% of its net revenue expenditure, excluding capital spending, use of earmarked reserves, and budgeted transfers to reserves.

3. Earmarked Reserves

3.1 Earmarked reserves are designated for specific future expenditure. Current earmarked reserves include:

3.1.1 Elections Reserve

Covers the cost of by-elections.

May be reduced immediately before or after ordinary election years when the risk of by-elections is lower.

3.1.2 Allotments Reserve

Used to fund works and improvements at allotment sites.

3.1.3 Play Areas Reserve

Intended for investment in play areas across Macclesfield.



4. Monitoring and Review

- 4.1 The Responsible Financial Officer (RFO) will review reserve levels annually as part of the budget-setting process and in preparation for the council's final accounts.
- 4.2 Internal and external auditors will assess reserve balances and their justifications during annual reviews.
- 4.3 Any proposal to draw from or amend reserves must be approved by Full Council.
- 4.4 This policy will be reviewed every three years, or sooner if required.