Sibbertoft Parish Council – Reserves Policy (Public Summary) November 2025.

What is a precept?

All local councils set a precept. Every Council has a budget, the amount of money required to fund its operations. A precept is the shortfall of money after a Council has deducted its predicted income from its planned expenditure for the upcoming year.

How a precept is calculated

The precept is divided by the taxbase (number of households) in the parish, and Unitary Council area eligible to pay Council Tax. It calculates the charge that each council charges the residents to carry out services.

The Unitary Council collects the Council Tax for the local government bodies. It pays the amounts to the parish and Town councils at the start of each financial year. District and county councils and Unitary Councils receive additional local government funding to provide community schemes. In contrast, a parish council only receives council tax funding.

The amount of Council tax changes when the Council increase or decreases its budget or the taxbase (number of households) for the area increases or decreases.

How are Council Tax charges calculated?

The Council Tax charge is the precept divided by the taxbase. This calculation provides a figure on a Band D basis, the averaging banding of property size**.**

Why do we hold reserves?

Reserves are the council's savings. They make sure we can:

- Pay for unexpected costs (like urgent repairs).
- Keep services running if income or grants are delayed.
- Plan ahead for bigger projects without sudden increases in the precept.

How much should we keep?

National guidance says parish councils should hold **between 3 and 12 months of annual spending** in reserves. For Sibbertoft, this means around **£11,250**. This is the safety net that protects the council and the community. Northants Calc suggest 6-12 months.

Types of reserves

- **General reserves**: our emergency fund for day-to-day risks.
- **Earmarked reserves**: money set aside for specific projects, such as elections, playground improvements, or biodiversity work.

How are reserves managed?

- Reviewed every year when we set the budget.
- Reported openly at council meetings.
- Only used with council approval, and recorded in the minutes.

What happens if reserves are too low?

If reserves fall below the recommended level, the council will:

- Consider adjusting the precept to meet demand.
- Apply for grants and external funding.
- Delay or reduce non-essential spending until reserves are rebuilt.

This summary helps residents understand why reserves are important and shows that the council is managing money responsibly.