133 DRAFT BUDGET AND PRECEPT 2026-27:

GENERAL RESERVE

TOWN CLERK BRIEFING NOTE

Further to the Budget Advisory Group's consideration of the Draft Budgets, I have given further consideration to RTC's General Reserve level.

The forecast General Reserve as at 31 March 2026 is a cause for significant concern. At £13,071 it is believed it would be at its lowest level.

For councils with income/expenditure over £200,000pa, the NALC *Practitioner's Guide* (essential guidance to ensure councils meet their statutory finance, audit and governance obligations) recommends that the General Reserve should be at least 3 months of net revenue expenditure (NRE).

NRE is calculated as gross revenue expenditure less gross income (excluding the precept).

This means that, for the year ending 31 March 2026, RTC's General Reserves should be *c*£75,000 – meaning there will be a forecast shortfall of *c*£62,000. It is likely that this will be picked up by RTC's Internal Auditor.

The principal implication of having a low General Reserve is reduced financial resilience: without drawing on reserves earmarked for other purposes – and/or cutting planned expenditure - RTC could find itself struggling to react to unforeseen events requiring a financial response. It might also cause RDC to re-evaluate whether it would be transferring its community assets to a 'safe pair of hands'.

RF 28.1.26