

1. **Purpose**

- 1.1. Parish Councils are required to maintain adequate financial reserves to meet the needs of the organisation. The purpose of this policy is to set out how the Council will determine and review the level of reserves.
- 1.2. Section 50 of the Local Government Finance Act 1992 requires local councils to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. However, there is no specified minimum level of reserves that an authority should hold.

2. **Types of reserves**

Reserves can be categorised as **general, earmarked and ring-fenced**:

- 2.1. **General reserves** are funds that do not have any restrictions to their use. These reserves can be used as a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing e.g. prior to receipt of precept. General reserves are reviewed and risk-assessed annually via the budget process and approved by the Council. General reserves are generated from the precept and interest from bank savings.
- 2.2. **Earmarked reserves** are set for specific purposes and for saving for future projects; they should be realistic and approved by the Council. Earmarked reserves will be established on a needs basis, in line with anticipated requirements.
- 2.3. **Ring-fenced reserves** to cover liabilities for unexpected events or emergencies.

3. **Reporting of reserves**

- 3.1. All reserves are recorded on the accounts held by the Responsible Finance Officer and an update report is made regularly at Parish Council meetings and annually in the budget statement.

4. **Level of reserves**

The Council currently holds the following reserve funds. These are held in addition to the current budget/spending round:

See below

General Reserves - operational	£9,000	This is held to finance the general day-to-day operations of the Council in case of emergencies that may arise during the year. The level is the approximate equivalent of the current precept.
General Reserves - uncommitted	£2,000	This is for any unexpected expenditure, e.g. repairs of assets - once agreed by Council.
Earmarked Reserves	£2,650	Contingency held awaiting resolution of payment liability for hedge trimming work at W.P.
Ring-fenced Reserves - Allotments	£2,500	£500 contingency £2000 fund held for unexpected emergency
Ring-fenced Reserves – Election	£5,000	Fund held to finance any called-for election by residents
Total General & Earmarked Reserves	£21,150	

REVIEW HISTORY

Version 1	Adopted	May 2017
Version 2	Adopted	October 2018
Version 3	Adopted	31/07/20
Version 4	adopted	(November 2020)
Version 5	amendment	21/4/21