



Old Woughton Parish Council Reserves Policy

Reviewed and adopted November 2025

Purpose

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.

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.

Types of reserves

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

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. **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 as required, in line with anticipated requirements.
3. **Ring-fenced reserves** to cover liabilities for unexpected events or emergencies.

Reporting of reserves

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.

Level of reserves

The Council plans to hold the following reserve funds. These are held in addition to the current budget:

General Reserves – £15,000

This is held to finance the general day-to-day operations of the Council in case of emergencies that may arise during the year.

Earmarked Reserves – None

Ringfenced Reserves (Allotments) – Variable

Funds raised from tenancy fees from allotment holders kept for the sole purpose of maintaining and improving the allotment site. This figure changes year to year, based on income from the allotments and outgoings.

Ringfenced Reserves (Election) - £5000

Fund held to finance any called-for election by residents.

Review History

May 2017	New policy adopted
October 2018	No changes
July 2020	No changes
November 2020	No changes
April 2021	Minor changes
April 2022	Minor changes
November 2025	Minor changes