

WOOLMER GREEN PARISH COUNCIL

Reserves Policy

1. Introduction

This Reserves Policy is based on guidance issued by the National Association of Local Councils (NALC), the Chartered Institute of Public Finance and Accountancy (CIPFA), and reflects expectations of internal and external auditors.

The policy sets out how the Parish Council will determine, hold, and review its financial reserves to ensure sound financial management and transparency.

2. Purpose of Reserves

The Parish Council holds reserves in order to:

- Ensure the Council can meet its financial obligations and maintain services
- Provide a contingency for unexpected events or emergencies
- Support cash flow where income and expenditure occur at different times
- Enable the Council to plan for known or anticipated future projects

3. Types of Reserves

The Parish Council may hold the following types of reserves:

a) General Reserves

General Reserves are held to cushion the impact of uneven cash flows, unexpected expenditure, or unforeseen events.

b) Earmarked Reserves

Earmarked Reserves are set aside for specific purposes or projects approved by the Parish Council, such as asset replacement, capital projects, or known future costs.

4. Level of Reserves

In line with NALC and CIPFA guidance, there is no prescribed minimum or maximum level of reserves. The Parish Council will determine the appropriate level of General Reserves based on its individual circumstances and risk profile.

As a general guide, the Parish Council will aim to maintain General Reserves of at least 12 months of the annual precept.

When setting and reviewing the level of reserves, the Parish Council will take into account:

- The size of the Council and its annual budget
- The reliability and stability of income (including the precept)
- The Council's exposure to financial and operational risks

- Planned and potential future expenditure
- The Council's ability to raise additional income if required

The adequacy of reserves will be reviewed annually.

5. Use of Reserves

- The use of reserves must be approved by the Parish Council through a formal resolution.
- Earmarked Reserves will only be used for the purpose for which they were created, unless the Council agrees otherwise.
- Reserves are not intended to be used to fund recurring expenditure on an ongoing basis.

6. Review and Monitoring

The Parish Council will maintain a clear record of all reserves, including their purpose and current balance.

The level and purpose of reserves will be reviewed at least annually and reported to the Parish Council. This review will consider:

- Current financial position and forecast
- Identified risks and contingencies
- Progress on earmarked projects

Information on reserves will be included in the annual accounts.

Adopted: 10 February 2026

The policy will be reviewed annually or sooner if there are significant changes to the Council's financial circumstances.