

# Great Warford Parish Council

## Reserves Policy

### 1. Introduction

- 1.1. The Parish Council is required by statute to maintain adequate financial reserves to meet the needs of the Parish Council.
- 1.2. The Parish Council must ensure that statutory limitations on how it spends and records certain receipts are also met.
- 1.3. There is no statutory minimum or maximum level of reserves which can be held by the Parish Council, however, the Smaller Authorities Proper Practices Panel recommends that the minimum level of general reserves should be between three and twelve months of net revenue expenditure. For Great Warford, this should be at the higher end of this recommendation (3 months is recommended for authorities with net revenue expenditure of over £200,000).
- 1.4. The level of reserves held by the Parish Council is reviewed annually by the internal and external auditors.
- 1.5. This policy sets out how reserves will be managed by the Parish Council.

### 2. Types of reserves

- 2.1. General reserve: This comprises unallocated funds which are intended to mitigate uneven cashflow and cover unexpected inflation, unforeseen events and unusual circumstances.
- 2.2. Earmarked reserves: These are funds allocated for specific purposes and projects and, unless unearmarked by resolution of the Parish Council, cannot be used for other purposes.

### 3. Management of reserves

- 3.1. General reserves and earmarked reserves will be reviewed at least annually.
- 3.2. Levels of reserves will be considered during annual budget setting processes and will inform the precept setting process to ensure the financial security and sustainability of the Parish Council.
- 3.3. Where Community Infrastructure Levy (CIL) funds are received, these will be directed to a Community Infrastructure Levy earmarked reserves and held as such until the funds are spent. All spend of CIL funds will be undertaken in accordance with the regulations governing such receipts.
- 3.4. There will be occasions when the Parish Council makes financial commitments during its current financial year for which the financial transaction is not completed by the year end. In these circumstances, earmarked reserves will be created to ring-fence relevant funds to enable completion of the commitment.

### 4. Review of policy

- 4.1. This policy will be reviewed annually by the Parish Council as part of the budget setting process.

Adopted: 19/11/25

Next review: November 2026