

Winterbourne Parish Council Financial Reserves Policy

This policy sets out the criteria for determining financial reserves, which should be carried forward from one year to the next and held on account. These reserves: (i) are required to meet unexpected demand including emergencies (the general reserve); (ii) have been provided to the Parish Council for a specific purpose (specified funds); (iii) or represent specific unused income or savings for a specific project (earmarked reserve).

The Responsible Financial Officer will maintain a detailed schedule of all reserves which will form part of the monthly financial summaries.

This policy was adopted by Winterbourne Parish Council on the *[date]* and will be reviewed annually as part of determination of budget and precept request for the following year.

General Reserve

Taking into account the risks identified and assessed in the Parish Council risk register, and general guidance from NALC, the Parish Council will maintain the general reserve at an amount equivalent to twelve months precept income, or to cover twelve months of fixed costs¹, whichever is the greater.

If the general reserve is exhausted due to extreme circumstances, the Council may make an emergency borrowing from earmarked reserves, which will be replaced in the next annual budget.

Any surplus on the reserve above the required balance may be used to fund capital expenditure, be allocated to earmarked reserves or used to limit any increase in the precept.

Specified Funds

Specified funds include grants received for specific activities or projects, and monies held for other activities or organisations (such as those for the Neighbourhood Plan Steering Committee).

These specified funds may generally only be used for the purpose intended. The Parish Council usually has to account for expenditure to the awarding body, and may be liable to return unused funds. Such monies therefore must only be used for the purpose intended, and must be held pending such expenditure.

Earmarked Reserves

Earmarked reserves may derive from non-precept income which is generally intended to cover or offset the costs of a particular activity or amenity², or money set aside by the Parish Council towards a capital project.

¹ Fixed cost are taken to include salary and other employment related costs, insurance premiums, and contracts including grounds maintenance, IT and utility services

² Examples include allotment garden rents, contract for use of the Glebe Hall car park, Village Link advertising fees

These earmarked reserves will be retained and carried forward against relevant planned expenditure in future years.