

Winfarthing Parish Council

Reserves Policy



Introduction

The Council is required, under statute, to maintain adequate financial reserves in order to meet the needs of the organisation.

The Council's policy on the establishment, maintenance and adequacy of reserves and balances will be considered annually.

The Council will hold reserves for these three purposes:

- **General Reserve**

The Joint Panel on Governance and Accountability states the appropriate minimum level of general reserves should be maintained at between three and twelve months of net revenue expenditure. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve. A general reserve will include:

- A **working balance** to help cushion the impact of uneven cash flows, such as the time lag between the start of the new financial year and the receipt of the first precept payment and the upfront payment of VAT prior to reclaiming
- A **contingency** to cushion the impact of unexpected events or emergencies

- **Earmarked reserves:**

- A means of building up funds, to meet known or predicted requirements
- Money held for specific purposes such as CIL (Community Infrastructure Levy)
- Money pledged but payments unmade

- **Capital reserves:**

- Money for capital projects (the purchase of buildings or land)

At the end of financial year 2024/25, the Council's general reserves were around £4,600 £1,683 short of the specific requirements detailed in appendix 1. £413 was added to the budget for 2025/26 and therefore the general reserves of the council will be around £5013 for 2025/26. It is anticipated that the reserves will be made back up to around £6,283 by 2028/29.

The Council's specific requirements are detailed in appendix 1

Appendix 1

Working Balance

The Council has considered the need for a working balance for 2025/26:

	Use	Budget
Cash Flow	To enable the payment of invoices prior to the receipt of the precept payment	£2000
VAT payments	The payment of VAT prior to reclaim	£200
Total		£2200

Contingency

The Council has considered the need for a contingency for 2025/26:

	Use	Budget
Parish Council Assets	To cover unexpected maintenance costs	£1500
Election	The potential cost of a by-election	£750
Unexpected costs	To cover the cost of unexpected events such as travellers or other community needs	£1500
Total		£3750

Earmarked Reserves

Earmarked Reserves at 16 July 2025:

Community Infrastructure Levy Funding (CIL) £176.30

Any further earmarked reserves identified before the year end will be shown in the end of year accounts.