

Acklington Parish Council – Reserves Policy

1. Purpose of the Policy

The purpose of this policy is to ensure that Acklington Parish Council maintains adequate financial reserves to:

- Support effective financial management
 - Provide stability against unexpected events
 - Plan for future projects and asset maintenance
 - Ensure continuity of services
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2. Types of Reserves

The Council maintains the following types of reserves:

2.1 General Reserve

This is the main working balance of the Council and is used to:

- Manage cash flow
- Cover unexpected expenditure
- Provide short-term financial stability

2.2 Earmarked Reserves

Funds set aside for specific purposes, including:

- Asset maintenance or replacement (e.g. play equipment, benches)
- Elections
- Community projects
- Contingencies for known future liabilities

Each earmarked reserve will be reviewed annually and clearly identified in the accounts.

3. Level of Reserves

3.1 General Reserve Level

The Council will aim to maintain a General Reserve equivalent to:

- **3 to 12 months of annual precept expenditure**

For a smaller parish council, a higher proportion may be appropriate due to limited income streams and higher exposure to risk.

If the reserve falls below or exceeds this range, the Council will:

- Review the level and justification
 - Adjust the precept or spending plans accordingly
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4. Earmarked Reserves

Earmarked reserves will be:

- Established by formal Council resolution
- Used only for their intended purpose
- Reviewed at least annually during budget setting

Where a project is completed or no longer required, remaining funds may be:

- Returned to the General Reserve
 - Reallocated by Council decision
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5. Risk Management

The Council will maintain reserves to mitigate risks such as:

- Unexpected repairs to assets
- Legal or insurance excess costs
- Reduction in income
- Emergency situations

This approach aligns with good governance guidance from bodies such as the National Association of Local Councils.

6. Budget Setting and Precept

When setting the annual budget and precept, the Council will:

- Consider the adequacy of reserves
 - Avoid excessive accumulation of public funds without clear purpose
 - Ensure transparency for residents
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7. Review of the Policy

This policy will be:

- Reviewed annually as part of the budget process
 - Updated as necessary to reflect changes in legislation, guidance, or Council priorities
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8. Transparency

Details of reserves will be:

- Published in the annual accounts
 - Available to the public upon request
 - Reported regularly to Council meetings
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9. Responsibility

Overall responsibility for this policy lies with:

- The full Council
- Supported by the Responsible Financial Officer (Clerk)