



Hartshill Parish Council

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HARTSHILL PARISH COUNCIL

RESERVES POLICY

1. Purpose of the Policy

This policy sets out how the Council will determine and review the level of reserves it holds to support its activities and ensure financial stability.

2. Types of Reserves

The Council maintains two types of reserves:

a) General Reserves

These are funds held to meet day-to-day operational needs and unexpected expenditure. They are not allocated for any specific purpose.

b) Earmarked Reserves

These are funds set aside for specific projects, contingencies, or known future expenditure.

3. General Reserves Level

The Council will maintain general reserves equivalent to between 3–12 months of net revenue expenditure.

The level of general reserves will be reviewed annually during the budget-setting process and must be justified and minuted.

When setting the level, the Council will consider:

- The size of the Council and annual budget
- Predictability of income (including precept payments)
- Likelihood of unforeseen expenditure
- Cash flow requirements
- Risks identified in the Council's risk assessment

If general reserves fall below or exceed this range, the Council will provide a clear explanation and take appropriate action.

4. Earmarked Reserves

Earmarked reserves may be established for:

- Asset maintenance and replacement (e.g. play areas, buildings)
- Election costs
- Legal or insurance contingencies
- Community projects
- Any other agreed future expenditure

Each earmarked reserve will:

- Have a clear purpose
- Be reviewed annually
- Be supported by a rough estimate of required funding

5. Use of Reserves

Reserves will only be used with approval from Full Council and must be properly recorded in the minutes.

General reserves may be used for:

- Emergency or unforeseen expenditure
- Bridging cash flow gaps

Earmarked reserves may only be used for their intended purpose unless formally reallocated by the Council.

6. Review and Monitoring

The Council will:

- Review reserves annually as part of the budget-setting process
- Monitor reserves regularly through financial reports
- Ensure transparency in the Annual Governance and Accountability Return (AGAR)

7. Responsibilities

The Responsible Financial Officer (RFO) will:

- Advise the Council on appropriate reserve levels
- Report on reserves as part of financial monitoring
- Ensure reserves are clearly recorded in accounting records