

Glanton Parish Council

Reserves Policy

1. Purpose

This policy sets out how Glanton Parish Council will manage and maintain its financial reserves.

The Council recognises the importance of holding adequate reserves to support sound financial management, protect against financial risk, and assist with future projects or unexpected expenditure.

2. Types of Reserves

The Council may hold the following types of reserves:

General Reserves

The general reserve represents funds held to manage day-to-day financial risks, unexpected expenditure, and cash flow.

Earmarked Reserves

Earmarked reserves are funds set aside by the Council for a specific purpose, project, asset, or anticipated future expenditure.

3. General Reserves

The level of the general reserve will be reviewed annually as part of the budget-setting process.

When determining the appropriate level of reserves, the Council will consider:

- the size of the Council and annual budget;
- known financial risks and liabilities;
- cash flow requirements;
- levels of unavoidable expenditure;
- uncertainty around future income or costs.

As a small parish council, Glanton Parish Council will seek to maintain reserves at a level considered proportionate to its operational and financial requirements.

4. Earmarked Reserves

The Council may establish earmarked reserves for specific purposes where it considers this appropriate.

Earmarked reserves may include:

- asset maintenance or replacement;
- future projects;
- election costs;
- grant-funded projects;
- donations received for a particular purpose.

The Council currently holds approximately £10,000 received through donation funding.

Unless legally restricted by the terms of the donation or grant, earmarked reserves remain funds of the Council and may be reviewed or reallocated by formal Council resolution if circumstances change.

5. Use of Reserves

Reserves should not normally be used to fund ongoing recurring expenditure.

Use of reserves must be approved by the Council and properly recorded in the minutes.

The Council may use reserves:

- for planned projects or asset expenditure;
- to manage unexpected or emergency expenditure;
- to support cash flow where necessary;
- where expenditure would otherwise create an unreasonable precept increase.

6. Review and Reporting

Reserve balances will be reviewed regularly as part of the Council's financial monitoring arrangements.

The Council will consider reserve levels annually when setting the budget and precept.

Earmarked reserves and the general reserve will normally be identified separately within financial reports and accounting records.

7. Transparency

Information relating to reserves will be included within the Council's accounting and governance documents where required by law or guidance.

8. Review

This policy will be reviewed every two years or sooner if required by changes in legislation, guidance or council operations.