

# MARSHAM PARISH COUNCIL

## Reserves Policy

### Introduction

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

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 Smaller Authorities Proper Practices Panel 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)

Notes to the Annual Accounts will detail the movement of reserves during the financial year.

The Council's specific requirements are detailed in appendix 1

Reviewed February 2026  
Next review February 2027

## Appendix 1

### Working Balance

The Council has considered the need for a working balance for 2026/27:

	Use	Budget
Cash Flow	To enable the payment of invoices prior to the receipt of the precept payment	£5000
VAT payments	The payment of VAT prior to reclaim	£1600
<b>Total</b>		<b>£6600</b>

### Contingency

The Council has considered the need for a contingency for 20XX/XX:

	Use	Budget
Parish Council Assets	To cover unexpected maintenance costs	£5000
Election	The potential cost of a by-election	£500
Unexpected costs	To cover the cost of unexpected events such as travellers or other community needs	£1500
<b>Total</b>		<b>£7000</b>

### Earmarked Reserves

Current: any anticipated earmarked reserves at the end of 2025/26: 0

CIL receipts - £0

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