



WHITTINGHAM, CALLALY & ALNHAM PARISH COUNCIL

Reserves Policy (Draft Template)

1. Introduction

Whittingham, Callaly and Alnham (WCA) Parish Council is required to maintain adequate financial reserves to meet the needs of its operations and ensure long-term financial stability. This policy sets out the approach to establishing, maintaining, and reviewing the Council's reserves in line with guidance from the Joint Panel on Accountability and Governance (JPAG).

A prudent level of reserves is typically between three and twelve months of net revenue expenditure. For a smaller council, the aim is to maintain reserves closer to the upper end of this range.

2. General Reserves

General reserves are held to cushion the impact of uneven cash flows and offset budget requirements.

The General Reserve should as a minimum, at the start of the financial year, contain sufficient funds to meet the budgeted expenditure for that financial year.

3. Designated (Earmarked) Reserves

3.1 Strategic Reserves

Strategic reserves are funds held to protect against possible events that would put strain on the Parish Council's ability to function at a minimum level should those events occur:

- Delay in receiving annual precept - £5,000
- Election expenses - £3,000
- Clerk long term sickness - £1,000
- IT equipment - £1,000
- Insurance excess - £250

As the probability of all these events occurring in a single financial year is small the Strategic reserves should be maintained at **£x,000**. This amount should be reviewed annually during budget setting and must be approved by full Council.



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WCA Parish Council will aim to build up its Strategic reserves over the coming financial years.

3.2 Other Designated Reserves

Designated reserves are funds set aside for specific, anticipated liabilities. These may include clearly identified Parish Council projects or the planned purchase and maintenance of assets. They are reviewed annually during budget setting and must be approved by full Council.

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4. Ring-Fenced Reserves

These are external grants or contributions received for specific projects. The Council must use these funds only for the purpose intended or return them if unused.

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5. Management and Control

- All decisions to create, use, or amend reserves must be approved by full Council
- The RFO will maintain a schedule of all reserves, updated annually
- General and designated reserves are reviewed during the budget setting process
- Any movement of funds must be recorded in the RFO's financial reports

6. Review

This policy will be reviewed every two years or sooner if financial circumstances or relevant guidance change.

Adopted by WCA Parish Council on

[insert date]