

RAWRETH PARISH COUNCIL

Reserves Policy

Adopted 3rd December 2025

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1. Introduction

Rawreth Parish Council is required by statute to maintain financial reserves sufficient to meet the needs of the organisation. Certain reserves must be accounted for separately due to statutory or practical restrictions.

While there is no statutory minimum or maximum level of reserves, the Council has no power to hold revenue reserves other than for reasonable working capital needs or clearly defined future purposes.

The Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide recommends that general reserves should be between three and twelve months of net revenue expenditure. For a parish council of this size, minimum three months (25%) is considered appropriate.

The Council's reserves and their justification are reviewed annually as part of the budget-setting process and in line with audit expectations.

This policy outlines how Rawreth Parish Council will manage its reserves.

2. General Reserve

The General Reserve are funds which do not have any restrictions to their use. These reserves cushion the impact of uneven cash flows, offset budget requirements, if necessary, or can be held in the case of unexpected events or emergencies.

The Council will aim to maintain a General Reserve of a minimum 3 months, but no less than 25% of its annual net revenue expenditure (excluding capital and earmarked reserve) to cover three months running costs, represented by Clerks Salary, HMRC, NEST Pension contributions, Maintenance Contract, Container Hire, VAT, Hall Hire, Bank Charges

If the General Reserve is used, it will be replenished through the budget-setting process in the following financial year.

3. Capital Reserve

Capital Reserve is a sum set aside as a contingency.

4. Earmarked Reserves

The Council may establish earmarked reserves for specific purposes where it anticipates future expenditure. These funds are ring-fenced and reviewed annually.

Earmarked reserves can be held for several reasons and shall only be used for the purpose for which they were created. Earmarked Reserves are agreed by Full Council and are reviewed annually when the budget is agreed.

When the purpose of an Earmarked Reserve becomes obsolete, or where there is an over-provision of funds, the excess may, on the approval of the Parish Council, be transferred to other budget headings within the revenue budget or to the general reserve, or to one or more other earmarked reserves.

5. Review and Variation to Policy

This policy will be reviewed annually during the budget-setting process by the Parish Clerk and approved by Full Council. The Council may vary from this policy where there is a clearly justified need, which must be documented and approved at a Council meeting.

This policy was adopted by the Council at its meeting held on 3rd December 2025.

SIGNED.....CHAIRMAN