

# Financial Reserves Policy

Adopted:	April 2026
Next Review:	April 2027

## Purpose of the Reserves Policy

The Council is required to maintain adequate financial reserves to meet foreseeable needs and commitments, and also to have money available in the event of an emergency. Current guidance in the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide and followed by the Parish Council is that the amount of financial reserve held should, where possible, be a sum about equal to the twice the annual precept.

## Reserve Components

### General Reserve

The use of this is not restricted. It can be used to smooth the impact of uneven cash flows, offset the budget requirement, or can be used to cope with unexpected events or emergencies. The Parish Council has adopted the following policy for this reserve:

- It is intended to maintain the General Reserve at a level equivalent to between three and twelve months of net revenue expenditure, but at all times there should be sufficient to cover staff salaries for two months.
- If the balance is drawn down, replenishment will be provided for in the next annual budget.
- If the General Reserve is exhausted due to extreme circumstances, the Council may make temporary use of funds from Earmarked Reserves, subject to council approval, with repayment provided for in the next budget.

### Earmarked Reserves

These are to be set up to meet known or predicted liabilities. Current examples include:

- Elections

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- Planned Maintenance
- Pitomy Farm Play Area
- Pitomy Farm Open Space
- Twinning
- Community Infrastructure Levy/Section 106
- Community Park
- Staffing

## Procedure Adopted for the Management of Reserves

- Any decision to set up a reserve must be made by the Full Council.
- Expenditure from reserves can only be authorised by the Full Council.
- The reserves will be reviewed by the Full Council as part of the annual budgeting process.
- The Responsible Finance Officer (RFO) will maintain a detailed schedule of all reserves, which will form part of the monthly reconciliation.
- When considering any investment, the Parish Council will consider Security (protecting the capital sum invested from loss), Liquidity (ensuring the funds invested are available for expenditure when needed) and yield in that order of importance.
- All interest earned shall support effective treasury management activities (if required)
- Earmarked reserves for capital projects are clearly identified and shall only be used for this purpose