

# Winfarthing Parish Council

## Reserves Policy



### Introduction

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

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 Joint Panel on Governance and Accountability 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)

At the end of financial year 2025/26, it is anticipated that the Council's general reserves will be around £4719, £2381 short of the specific requirements detailed in appendix 1. £794 was added to the budget for 2026/27 and therefore the general reserves of the council will be around £5513 for 2026/27. It is anticipated that the reserves will be made back up to around £7100 by 2028/29.

The Council's specific requirements are detailed in appendix 1

Adopted 21 July 2025  
Last Review December 2025  
Next review February 2026

## 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	£2700
VAT payments	The payment of VAT prior to reclaim	£650
<b>Total</b>		<b>£3350</b>

### Contingency

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

	Use	Budget
Parish Council Assets	To cover unexpected maintenance costs	£1500
Election	The potential cost of a by-election	£750
Unexpected costs	To cover the cost of unexpected events such as travellers or other community needs	£1500
<b>Total</b>		<b>£3750</b>

### Earmarked Reserves

Earmarked Reserves at 1 December 2025:

Community Infrastructure Levy Funding (CIL)	£176.30
Speed Awareness Device	£840.00

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

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