

Beetley 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 an 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

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- **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

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- **Capital reserves:**

- Money for capital projects (the purchase of buildings or land)

The Council's level and allocation of reserves are set in the annual budget / precept in April each year.

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

Adopted August 2025
Next review August 2028