

LONGWICK CUM ILMER PARISH COUNCIL

RESERVES POLICY

Introduction:

Longwick cum Ilmer Parish Council is required to maintain adequate financial reserves to meet the needs of the organisation. The purpose of this policy is to set out how the Council will determine and review the level of reserves.

Sections 32 and 43 of the Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. However, there is no specified minimum level of reserves that an authority should hold and it is the responsibility of the Responsible Financial Officer to advise the Council about the level of reserves and to ensure that there are procedures for their establishment and use.

Types of Reserves

Reserves can be categorised as general or earmarked.

Earmarked Reserves can be held for several reasons:

- Renewals – to enable services to plan and finance an effective programme of vehicle, equipment and infrastructure replacement and planned maintenance. These reserves are a mechanism to smooth expenditure so that a sensible replacement programme can be achieved without the need to vary the budget.
- Carry forward of underspend – some services commit expenditure to projects, but cannot spend the budget in year. Reserves are used as a mechanism to carry forward these resources.
- Insurance reserve – to enable the Council to meet the excesses of claims not covered by insurance.
- Other earmarked reserves may be set up from time to time to meet known or predicted liabilities.

General Reserves are funds which do not have any restrictions as to their use. These reserves can be used to smooth the impact of uneven cash flows, offset the budget requirement if necessary or can be held in case of unexpected events or emergencies.

Earmarked Reserves

Earmarked Reserves will be established on a “needs” basis, in line with anticipated requirements. Any decision to set up a reserve must be made by the Council. Expenditure from reserves can only be authorised by the Council.

General Reserves

The level of General Reserves is a matter of judgement and so this policy does not attempt to prescribe a blanket level. The primary means of building general reserves will be through an

allocation from the annual budget. This will be in addition to any amounts needed to replenish reserves that have been consumed in the previous year.

Setting the level of General Reserves is one of several related decisions in the formulation of the medium-term financial strategy and the annual budget. The Council should build and maintain sufficient working balances to cover the key risks it faces, as expressed in its financial risk assessment.

If in extreme circumstances General Reserves were exhausted due to major unforeseen spending pressures within a particular financial year, the Council would draw down from its earmarked reserves to provide short term resources.

Even at times when extreme pressure is put on the Council's finances the Council must keep a minimum balance sufficient to pay one month's salaries to staff in General Reserves at all times.

Current Level of Financial Reserves

The level of financial reserves will be agreed by the Parish Council usually during discussions held regarding the setting of the budget for the next financial year.

The current level of general reserves to held by the Council is three twelfths of the annual precepted figure i.e., to fully cover three months' expenditure.

This figure is £9,323.33 for the total precept of £37,293.32 in the financial year 2025-2026.

The Council have agreed to the following levels of reserves:

Opening Balance	£ 679,291.21
Receipts	£ 49,147.86
CIL Funds	£ 586,027.08
Playground	£ 5,260.00
Maintenance	£ 18,134.00
Grants	£ 4,000.00
Play in the Park	£ 1,500.00
Office / Admin	£ 24,809.00
3 Months Running Costs	£ 9,323.33
Neighbourhood Plan	£ 6,000.00
	£ 73,385.66

CIL Breakdown	
To be spent by Mar 26 (extension granted)	£ 118,057.57
To be spent by Mar 26	£ 120,964.53
To be spent by Mar 27	£ 45,486.65
To be spent by Mar 28	£ 65,678.34
To be spent by Mar 29	£ 217,684.67
To be spent by Mar 30	£ 18,155.32
	£ 586,027.08

The above levels of reserves were agreed and this document adopted by the Parish Council at the meeting on the 15th July 2025, to be reviewed again when setting the budget for the next financial year.