

# Wormegay 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)

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

The Council's specific requirements, as recommended at Jan 2025, are detailed in appendix 1

Reviewed Jan 2025  
Next review Jan 2026

## Appendix 1

### Reserves Report

#### General Reserve

It is recommended that a council of this size maintain a General Reserve equivalent to approximately 12 months' Net Revenue Expenditure (NRE). Based on the draft budget for 2025/26, this is estimated at £10,000, and considering the recommended earmarked reserves outlined below, the council's General Reserve would fall within the advised range.

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#### Earmarked Reserves

It is recommended to earmark the following funds in the accounts under earmarked reserves:

- **Parish CIL (£734.40):** Reserved for new infrastructure projects (must be earmarked).
- **Election Costs (£2,500.00):** To cover potential future election expenses.
- **HR Fund (£2,500.00):** For HR-related costs, including payroll issues, recruitment, and locum clerk cover.
- **Cemetery (£0.00):** Recommended to save burial fees here for long-term maintenance.
- **Asset Maintenance/Repairs (£2,500.00):** For planned or emergency repairs to council assets.

**Total Earmarked Reserves:** £8,234.40

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#### Summary

- **General Reserve (recommended level):** £10,000 approx
- **Earmarked Reserves:** £8,234.40
- **Total Reserves:** £18,234.40
- **Bank Statement Balance** - The bank statement balance as of 31.10.2024 is **£20,078.97**. However, this has not been reconciled with the cashbook, and there are likely to be uncashed cheques affecting the actual balance. A full reconciliation is recommended to confirm the final figures.