

Trunch Parish Council

Reserves Policy

1. Introduction

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

1.2 The Council's policy on the establishment, maintenance and adequacy of reserves and balances will be considered annually.

2. The Purpose of Reserves

The Council will hold reserves for these three purposes:

2.1 General Reserve

The Joint Panel on Accountability and Governance (JPAG) 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 a minimum of 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, the upfront payment of VAT prior to reclaiming or the funding of a grant funded project, prior to the grant being received or claimed.
- A **contingency** to cushion the impact of unexpected events or emergencies

2.2 Earmarked reserves:

- A means of building funds, to meet known or predicted requirements
- Money held for specific purposes such as Section 106 planning obligations or the Community Infrastructure Levy (CIL)
- Money pledged but payments unmade

2.3 Capital reserves:

- Money held for capital projects (the purchase of buildings or land, this could be from a previous disposal of an asset, land or property).

Notes to the Annual Accounts will detail the movement of reserves during the financial year, both monies received and paid out.

The Council's specific requirements are detailed in appendix 1

Reviewed 02/2026

Next review 02/2027

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	£15,000
VAT payments	The payment of VAT prior to reclaim	£1000
Total		£16,000

Contingency

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

	Use	Budget
Parish Council Assets	To cover unexpected maintenance costs	£10,000
Election	The potential cost of a by-election	£2,000
Unexpected costs	To cover the cost of unexpected events such as travellers or other community needs	£2000
Total		£14000

Earmarked Reserves

Anticipated earmarked reserves at the end of 2025/26: £6000

Earmarked reserves recommended: £10,000 for playground flooring

Section 106/CIL receipts - £0

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