

Wokingham Without Parish Council



Reserves Policy

Version 1.1

Introduction

- Wokingham Without Parish Council (WWPC) is required to maintain adequate Financial Reserves to meet the needs of the Parish Council. The purpose of this policy is to set out how the Parish Council will determine and review the level of Reserves.
- Sections 32 and 43 of the Local Government Finance Act 1992 require 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 specific minimum level of reserves that an authority should hold, and it is the responsibility of the Responsible Financial Officer to advise the Parish Council about the level of reserves to ensure that there are procedures for their establishment and use.

Types of Reserves

- Reserves may be categorised as General or Specific.

General Reserves

- General Reserves are funds which do not have any restrictions as to their use. These reserves cushion the impact of uneven cash flows, offset budget requirements, if necessary, or can be held in case of unexpected events or emergencies.
- Setting the level of General Reserves is agreed with the Annual Budget.
- The council will strive to hold levels of general reserves in line with Joint Panel on Accountability and Governance (JPAG) guidance (January 2020) section 5.3, of 3 months' Net Revenue Expenditure (NRE)

Earmarked Reserves

- Earmarked Reserves are held for several reasons and shall only be used for the purpose for which they were created.
 - Renewals
To enable services to plan and finance an effective program of equipment replacement and planned property maintenance. These reserves are a mechanism to smooth expenditure so that a sensible replacement program can be achieved without the need to vary budgets.
 - Carry forward of underspend
Expenditure committed to a project but not spent in the budget year. Reserves can be used as a mechanism to carry forward these resources.
 - Community Infrastructure Levy (CIL)
Proceeds from development in the parish that can only be used for capital projects.
 - Other Earmarked Reserves
These may be set up from time to time to meet known or predicted liabilities.
- Any decision to set up an Earmarked Reserve must be made by the Parish Council and these are to be reviewed annually when the budget is agreed. Where the purpose of an Earmarked Reserve becomes obsolete, or where there is an over-provision of funds, the excess may, on

the approval of the Parish Council, be transferred to other budget headings within the revenue budget or to General Reserves or to one or more other Earmarked Reserves.

5. Management and Control of Reserves

- Movements in Earmarked Reserves and General Reserves shall be reported to the Parish Council. The use of Reserves shall be approved by the Parish Council.
- The level of General Reserves shall be reviewed on an annual basis during the annual budgetary review and agreed by the Parish Council. The minimum level of General Reserves shall be recommended to the Parish Council by the Responsible Financial Officer, and shall be based on the most up to date JPAG guidance. This will form part of the recommendations for the Annual Budget and Precept request by the Parish Council.
- Earmarked Reserves shall be reviewed on an individual basis. This review will also be undertaken as part of the Annual Budgetary Review. Recommendations on creation, amendment, cessation or continuation of Earmarked Reserves will be given by the Responsible Financial Officer to the Parish Council by way of a report forming part of the recommendations for the Annual Budget and Precept request by the Parish Council.
- Approval for the creation, amendment, cessation or continuation of Earmarked Reserves will be given by the Parish Council.

A copy of the council's current reserves balances is available from the parish office on request.