



WISTOW PARISH COUNCIL

Reserves Policy

DOCUMENT CONTROL

Changes

Approved by

Date

Next Review

Creation

Full Council

October 2026

October 2027



Purpose

This policy sets out how Wistow Parish Council holds and manages reserves to support financial stability, manage risk, and meet known future commitments.

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.

The recommendations in the Practitioners' Guide from the Smaller Authorities Proper Practices Panel that the generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.

Principles

The Council will maintain prudent reserves to:

- provide a working balance for day-to-day cash flow;
- protect against unforeseen expenditure or income shortfalls;
- fund planned and approved future projects or asset replacement;
- support effective risk management.

Types of reserves

General reserves

The general reserve is held for unexpected or urgent expenditure and short-term cash flow needs. It is not intended for planned spending.

Earmarked reserves

Earmarked reserves are amounts set aside for specific purposes approved by full council. They may include, for example:

- asset replacement or major repairs;
- ongoing projects not completed within the financial year;
- known future liabilities or one-off commitments.

Setting the level of reserves

The level of reserves will be reviewed annually during budget preparation and set by full council. In deciding the appropriate level, the Council will consider:

- annual income and expenditure;
- risks identified in the risk register;
- planned capital or maintenance works;
- expected timing of income and expenditure;
- any dependency on grants or other uncertain funding.

Use of reserves

- Reserves will only be used for the purpose for which they were established.
- Any transfer into or out of an earmarked reserve must be approved by full council or the relevant committee, in accordance with the Financial Regulations.



- Unspent funds for completed projects will not normally be carried forward.

Review

The Council will review reserves at least annually as part of the budget and precept-setting process. The review will be informed by the budget, three-year forecast, asset management needs, and risk assessment.

Reporting

The RFO will report the reserves position to full council as part of the budget papers and, where appropriate, through in-year financial monitoring.