



Winsham Parish Council Reserves Policy

Purpose

The Council is required to maintain adequate financial reserves to meet foreseeable needs and commitments, and also to have money available in the event of an emergency.

General Reserve

1. The use of this is not restricted. It can be used to smooth the impact of uneven cash flows, offset the budget requirement, or can be used to cope with unexpected events or emergencies.
2. It is intended to maintain the General Reserve to at least a level equivalent to two months precept income, but at all times there should be sufficient to cover staff salaries for two months.
3. If the balance is drawn down, replenishment will be provided for at as soon as possible.
4. If the General Reserve is exhausted due to extreme circumstances, the Council may make emergency borrowings from Earmarked Reserves, which will be replaced at a future date.

Earmarked Reserves

These are to be set up to meet known or predicted liabilities, for example

- Replacing buildings, street furniture, and equipment
- Routine repair of heavy maintenance items
- Risks not covered by insurance

Procedure

1. Any decision to set up a reserve must be made by the Council
2. Expenditure from reserves can only be authorized by the Council.
3. The reserves will be reviewed by the Council as part of the annual budgeting process.
4. The Responsible Financial Officer will maintain a detailed schedule of all reserves which will form part of the accounts package.

Signed: Dated 6th December 2017, Minute No: 3428 c)