

Shipton Gorge Parish Council

Reserves Policy

November 2025

Approved by Full Council: 13/11/2025

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1.0 Introduction

Shipton Gorge Parish Council is required to maintain adequate reserves to meet the needs of the organisation. The purpose of this policy is to set out how the Council will determine and review the level of reserves and how they will be used. Legislation requires parish councils to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget. However, there is no specified minimum level of reserves that an authority should hold and it is the responsibility of the Responsible Financial Officer (Clerk) to advise the Parish Council about the level of reserves and to ensure that there are procedures for their establishment and use.

2.0 Types of Reserves

Reserves can be categorised as general (to cushion the impact of uneven cash flow or unexpected events) or earmarked (held for a specific purpose) or ring-fenced (held for one purpose only and cannot be transferred).

2.1 Earmarked Reserves

- Earmarked reserves can be held for several reasons:
- Renewals – to enable services to plan and finance an effective programme of equipment or infrastructure replacement. These reserves are a mechanism to smooth expenditure so that a sensible replacement programme can be achieved without the need to vary budgets.
- Election reserve – to meet the recharged costs from the Local Authority.
- Carry forward of underspend for projects that cannot be completed within the current year.
- Earmarked reserves can be reviewed and/or established by the Parish Council at the annual budget setting meeting in January. The RFO will note earmarked reserves movements at the end of the financial year.

2.2 General Reserves

General Reserves are funds which do not have any restrictions as to their use. These reserves can be used to smooth the impact of uneven cash flows, offset the budget requirement if necessary or can be held in case of unexpected events or emergencies.

The level of General Reserves is a matter of judgement and so this policy does not attempt to prescribe a blanket level. The primary means of building general reserves will be through and allocation from the annual budget. This will be in addition to any amounts needed to replenish reserves that have been consumed in the previous year.

The Council must build and maintain sufficient working balances to cover the key risks it faces, as expressed in its financial risk assessment. In extreme circumstances General Reserves were

exhausted due to major unforeseen spending pressures within a particular financial year, the Council would be able to draw down from its earmarked reserves to provide short term resources. Even at times when extreme pressure is put on the Council's finances the Council must keep a minimum balance in its general reserves sufficient to pay both three months' salaries to staff and the annual insurance premium.

2.3 Ring-Fenced Reserves

Ring-fenced reserves are grants allocated for a specific project only; this money must not be used for any other purpose. This may include Section 106/Community Infrastructure Levy (CIL) funding for agreed projects or donations, legacies etc received for a specific purpose.

3.0 Review of Reserves

Reserves will be reviewed each year as part of the budget process to confirm they are still required and that the level remains appropriate.

4.0 Document History

Version ID	Description of Change	Version Sponsor	Policy Owner	Version Creation Date	Version Approval Date	Next Review Date
1.0	New Model Document	Parish Clerk	Full Council	28/10/2025	13/11/2025	November 2027

Date: _____ 13 November 2025 _____

Signature: _____ *D Hollings* _____

Role: _____ Clerk/RFO _____