GISLINGHAM PARISH COUNCIL

Reserves Policy

1. Purpose of the Reserves Policy

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. Current advice on reserves from the Local Councils Association which is followed by the Parish Council is that the amount of financial reserve held should, where possible, be a sum about equal to the annual precept.

2. Reserves Component

a. General Reserve

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. The Parish Council has adopted the following policy for this reserve:

i. It is intended to maintain the General Reserve at a level equivalent to 12 months precept income, but at all times there should be sufficient funds to cover staff salaries for two months.
ii. If the balance is drawn down, replenishment will be provided for in the next annual budget.
iii. If the General Reserve is exhausted due to extreme circumstances, the Council may make emergency borrowings from Earmarked Reserves, which will be replaced in the next annual budget.

b. Earmarked Reserves

These are to be set up to meet known or predicted liabilities. Current examples include:

i. War Memorial

ii. Neighbourhood Plan

3. Procedure Adopted for the Management of Reserves

i. Any decision to set up a reserve must be made by the Full Council.
ii. Expenditure from reserves can only be authorized by the Full Council
iii. The reserves will be reviewed by the Full Council as part of the annual budgeting process.
iv. The Responsible Financial Officer will maintain a detailed schedule of all reserves, which will form part of the monthly breakdown.

Signed: *CFell* **Chair**

Approved by Gislingham Parish Council on 15th June 2026

Date of next review June 2027