



**SHAVINGTON**  
CUM  
**GRESTY**

**Shavington-cum-Gresty Parish Council**  
Main Rd, Shavington, Crewe, CW2 5DP

## **Reserves Policy**

Approved by Shavington-cum-Gresty Parish Council on 2 February 2022

Reviewed by Shavington-cum-Gresty Parish Council on 15 March 2023

Reviewed by Shavington-cum-Gresty Parish Council on 6 December 2023

The Parish Council is required by statute to maintain financial reserves sufficient to meet the needs of the organisation and in addition has statutory limitations on how it spends certain receipts which it must ensure are accounted for separately to the council's general funds.

Whilst there is no statutory minimum (or maximum) level of reserves, the council has no power to hold revenue reserves other than those for reasonable working capital needs or specific earmarked purposes.

The Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide, which sets out the 'proper practices' for how the council must maintain its accounts, recommends that the minimum level of general reserves should be between three and twelve months of net revenue expenditure. For an authority of the council's size, it states that the lower end (three months, or 25%) is appropriate.

The Council's Internal and External Auditors review the council's reserves and their justification annually.

This policy sets out how the Council will manage its reserves.

### **General Reserve**

The general reserve is not ringfenced (earmarked) for any specific expenditure. Its purposes are to smooth the impact of uneven cashflow or cover unexpected/emergency expenditure. It is not intended to fund on-going expenditure.

The general reserve will be replenished as part of the budget process in any year where it has been utilised for unexpected/emergency expenditure.

The Council will hold a general reserve of at least 25% (or three months) of its net revenue expenditure NRE this is the difference between its budgeted income and expenditure less any budgeted capital expenditure, expenditure from earmarked reserves and budgeted transfers to reserves.

Any budget surplus at the end of the financial year is transferred to General Reserves.

Virements from General Reserves may be approved during the financial year to fund a specific requirement or to resolve a budget deficit issue.

Funds may also be transferred to Designated Reserves.

### **Earmarked Reserves**



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The Parish Council may establish ringfenced (earmarked) reserves for any reason where it reasonably believes it may incur expenditure in the future.

Currently the Council doesn't have any Earmarked Reserves.

### **Carry Forward Reserve**

There will be occasions where the Council commits to expenditure from its current year budget but does not spend/incur the debt during the financial year.

Where this occurs, the corresponding budget will be transferred to the Carry Forward Reserve at year end and a corresponding entry entered into the committee's EMR budget for the following financial year.

### **CIL Receipts Reserve**

CIL Receipts are subject to statutory restrictions requiring they only be used for certain kinds of expenditure.

In accordance with Financial Regulations the council will hold a CIL Receipts Reserve to ensure CIL receipts are separately accounted for.

### **Review and Variation to Policy**

This policy will be reviewed annually by the Council (or delegated Committee) as part of setting the council budget.

Where it determines there is justification for doing so, the Council (or delegated Committee) may make decisions which are at variance to this policy.