

Thornage Parish Council

Reserves Policy

Introduction

The Council is required, under statute, to maintain adequate financial reserves in order to meet the needs of the organization and their responsibilities in the local community.

The Council's policy on the establishment, maintenance and adequacy of reserves and balances will be considered annually.

- A **working balance** is maintained to help cushion the impact of uneven cash flows, such as the time lag between the start of the new financial year and the receipt of the first precept payment, the upfront payment of VAT prior to reclaiming and the timing of receipt of contractual invoices.

This is currently accounted for in the budget.

These funds are currently held in the current account.

The Council may hold reserves for these three main purposes:

- **Contingency Funds**
to cushion the impact of unexpected events or emergencies.

The Council is in the process of increasing its reserves to ensure that it is fully covered. This would cover unexpected repairs and maintenance, such as defibrillator spares and grounds maintenance. It could also cover changes in law requiring additional funding – for example: the Council's obligations under the Biodiversity Act 2021 are as yet unclear; and there may become a requirement for the Council to purchase a dedicated domain for its website and email use.

Contingency funding is recommended to be approximately 9 months (or three-quarters) of the Council's expected annual income.

- **Earmarked reserves:**
A means of building up funds, to meet known or predicted requirements.

The Council currently is looking to to earmark reserve funds for the defibrillator, the Village Sign, the Noticeboard, the Telephone Box., the Common and the SAM2.

- **Capital reserves:**
Money for capital projects (the purchase of buildings or land)

The Council have no Capital projects and are currently not looking to build reserves for a capital project.

Notes to the Annual Accounts will detail the movement of reserves during the financial year.

Approved December 2024

Next review December 2025