

## Feckenham Parish Council

### Reserves Policy

#### 1. Purpose of the Policy

This policy sets out the framework for the management of reserves by the Council. It provides clarity on the types of reserves held, the purposes for which they are maintained, and the governance arrangements for their use and review.

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#### 2. Types of Reserves

##### 2.1 Earmarked Reserves (EMRs)

Earmarked Reserves are funds set aside for specific purposes to meet known or anticipated future liabilities or projects. They enable the Council to plan and fund initiatives in line with strategic priorities without causing fluctuations in the annual budget. Currently the Parish Council is holding a sum of £20,000 towards flood works, these should have taken place two years ago but are now informed it will be delayed. Due to these delays, it is likely the PC will need to find additional monies. As the village wished the PC to object to BESS developments, we have engaged a Planning Consultant to deal with these applications at a likely cost to the Parish of £10,000.

#### Key Principles:

- **Defined Purpose:** Each earmarked reserve must have a clear, documented objective.
- **Regular Review:** Reserves will be reviewed at least annually as part of the budget-setting process to confirm they are still required and appropriately funded.
- **Usage & Approval:** Use of earmarked reserves must be approved by the Council, and funds must be used only for the stated purpose unless reallocated with Council approval.

#### Examples of Use:

Flood and Drainage.

BESS Planning Consultant.

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## 2.2 General Reserves

General Reserves are held to mitigate the impact of unexpected events or emergencies and to ensure the Council's financial resilience. These are not ring-fenced for any specific purpose.

### Examples of Use:

- Community events or grant schemes
- Replacement / repair of council assets such as VAS Machines, White Gates, Benches, Defib to include replacement batteries and pads.
- Highways.

### Key Principles:

- **Risk-Based Assessment:** The level of General Reserves will be based on a risk assessment considering local circumstances, potential threats to income, and unforeseen spending pressures.
- **Recommended Levels:** The Council aims to hold general reserves between **three and twelve months' net revenue expenditure:**
  - Smaller councils: closer to 12 months
  - Larger councils: closer to 3 months
- **Use of Reserves:** Any use of General Reserves must be approved by the Council and justified as exceptional, unforeseen, or unbudgeted expenditure.

### Examples of Use:

- Emergency repairs
- Loss of income or funding cuts
- Natural disasters or pandemics

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## 3. Monitoring and Reporting

- The Clerk/Responsible Financial Officer (RFO) will report reserve balances quarterly.
- The adequacy of reserves will be assessed as part of the annual budget and precept-setting process.
- All reserve transactions will be clearly recorded and auditable.

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## 4. Governance and Transparency

ADOPTED BY FPC 12<sup>TH</sup> JUNE 2025

- The Council will publish its Reserves Policy on its website.
  - Any decision to create, amend, or draw from reserves must be formally recorded in Council minutes.
  - The Policy will be reviewed annually or in response to significant changes in financial risk or strategic priorities.
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## **5. Conclusion**

Effective management of both earmarked and general reserves supports the Council's financial health, allows delivery of priority projects, and provides resilience against uncertainty. This policy ensures reserves are used responsibly, transparently, and in line with statutory duties and good governance.