



Kingsbury Parish Council

Working for the local community in
North Warwickshire

Doc: KPC-POL-07
Issue: June 2025
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Financial Reserves Policy

1 INTRODUCTION

Kingsbury Parish Council is required to maintain adequate Financial Reserves to meet the needs of the Parish Council.

- 1.1 The purpose of this policy is to set out how the Parish Council will determine and review the level of Reserves. Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
- 1.2 However, there is no specific minimum level of reserves that an authority should hold, and it is the responsibility of the Responsible Financial Officer in conjunction with the finance committee to advise the Parish Council about the level of reserves to ensure that there are procedures for their establishment and use.
- 1.3 The Council will hold reserves for three main purposes.
 - The expenditure must not be recurring.
 - Income in reserves from the sale of fixed assets ('capital receipts') such as the sale of land, can only be used for capital projects, such as the acquisition and enhancement of land, building, vehicles, plant and equipment.
 - Budget allocations can be moved from one budget line to another during the course of a financial year, with approval from the Parish Council, as long as the total expenditure for the financial year is not exceeded.

2 TYPES OF RESERVE

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

2.1 Earmarked Reserves

Earmarked reserves are a means of building up funds over several years to deliver a defined project, predicted liabilities or for known significant expenditure. They are not to be used for emergency operations. Earmarked reserves must be reviewed and/or established by the Council at the annual budget setting meeting. Any changes to the proposed use of reserves must be agreed by Council. The RFO with conjunction with the Finance Committee will note earmarked reserves movements at the end of the financial year. Earmarked reserves are held for specific projects or purposes, or to meet known or predicted liabilities, for example:

- Renewals – to enable the Parish Council to plan and finance an effective programme of equipment replacement. These reserves are a mechanism to smooth expenditure so that a sensible replacement programme can be achieved without the need to vary budgets.

- Carry forward of under spend – some expenditure is budgeted for projects but is not spent in that financial year. Reserves are used as a mechanism to carry forward these resources. Duplicated and superseded material such as stationery, manuals, drafts, forms, address books and reference copies of annual reports may be destroyed.

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 Parish Council considers a prudent level of general reserves to be the equivalent of 6 months' annual expenditure. If in extreme circumstances general reserves were exhausted due to major unforeseen spending pressures within a particular financial year, the Parish 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 Parish Council's finances, the Council must keep a minimum balance in its general reserves sufficient to pay three months' salary to staff.

Agreement from full Council is required to move funds from the general reserves.

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.

3 REVIEW OF RESERVES

3.1 It is critical that reserves continue to be reviewed each year as part of the budget process to confirm that they are still required and that the level is still appropriate.

The following reserves are planned to be held by the Council in April 2026

Type of Reserve	Description/Use	Balance
General	To cover expenditure for approx. 6 months	£13,000.00
Earmarked	Parish Assets	£10,000
Earmarked	Liability and Legal Challenges	£6,500.00
Earmarked	Defibrillators	£4525.00
Earmarked	Bleed Bags	£75.00
Earmarked	Bus Shelters, Benches and Bins	£10,735.00
Earmarked	Future Election Costs	£11,000.00
Earmarked	Community Grants	£3,185.00
Ear marked	New Chain	£250.00
Ring Fenced	The Seed Charity	£8635.05
Ring Fenced	Money donated for refurbishing Play Area in Parish Recreation	£4,328.00
Total Reserves for 2025/26		£72233.05

4 REVIEWS

This policy will be reviewed annually from the date of adoption by KPC.

Adopted at the Parish Council Meeting on 26th June 2025 (Minute

441)**REVISION CONTROL**

Revision	Details of Change
May 2021	New
Jun 2022	Review of reserves March 2022 and agreed at Parish Council meeting 15th June 2022 following completion of accounts for 2021/2022.
Feb 2025	Review of reserves Feb 2025 and agreed at Parish Council meeting 20th February 2025 following completion of accounts for 2025/2026.
Jun 2025 Min No: 522	3.2 updated table and corrected Total Reserves from £30998.00 to £37398.00 Minor formatting changes
September 2025 Min No:559	Updated September 2025 Warwickshire Council Grant £4000.00 Reserves from £37398.00 to £41398.00
April 2026 Min No:660	Updates April 2026 Reserves from £41398.00 to £72,223.05