Yarkhill Parish Council

Reserves Policy

Adopted 07.05.2026

1. Purpose

Yarkhill Parish Council will maintain adequate financial reserves to support its operations and protect against unexpected costs.

There is no fixed legal level of reserves; it is for the Council, advised by the Responsible Financial Officer (RFO), to determine an appropriate level based on its size and risks.

2. Types of Reserves

i. General Reserves

Funds not allocated to a specific purpose. Used to:

- Manage cash flow
- Deal with unexpected expenditure
- Provide financial stability

ii. Earmarked Reserves

Funds set aside for specific purposes (e.g. projects, asset replacement, elections). These must be approved and used only for their intended purpose.

3. Level of Reserves

Given that Yarkhill Parish Council has annual income and expenditure of less than £25,000, the Council will aim to maintain:

General Reserves between 6 and 12 months of annual expenditure

Based on the Council's AGAR 2025/26 total expenditure of £10,031, this equates to:

- Minimum (6 months): £5,015
- Maximum (12 months): £10,031

For a small council, holding reserves towards the higher end of this range is appropriate, reflecting limited ability to absorb financial shocks.

4. Use of Reserves

- Reserves will not be used for ongoing expenditure
- They may be used for:
  - Unexpected costs
  - One-off items
  - Emergencies

Where reserves are used, the Council will consider replenishing them in future budgets.

5. Management

The Responsible Financial Officer (RFO) will maintain a record of all reserves
All use, creation, or transfer of reserves must be approved by Full Council
Earmarked Reserves will be reviewed annually.

6. Review

The Council will review the level of reserves annually as part of the budget setting process, taking into account:

- Financial risks
- Planned expenditure
- Current reserve levels

7. Policy Reviewed

This policy will be reviewed annually.