

WEST WYCOMBE PARISH COUNCIL

Financial Reserves Policy

Introduction

Reserves, alternatively referred to as ‘contingencies’, are maintained to meet expenditure which might reasonably be expected to occur, will probably be infrequent, is likely to be substantial, the timing of which cannot be determined, and which is not therefore covered by the annual budget’s level of expenditure.

The Parish Council recognises that when managing public funds and raising funds through the local Council Tax system, there needs to be a clear strategy and policy as to how the Parish Council is planning to manage and spend the accumulative surplus generated from income over several years which is referred to as the ‘General Reserve’ and contains within it, several different component reserves.

The Precept Reserve

It is important for the Parish Council to minimise the level of Precept it sets annually, with a view to freezing the current level, reducing the current level, or increasing it by a minimal level to cover known increases in expenditure. The Parish Council may determine any of these actions considering its prevailing financial situation and where appropriate use its ‘**Precept Reserve**’ to enable it to freeze or reduce the current level of Precept in the forthcoming financial year.

As a matter of policy as well as sound and transparent financial management of public funds, the Parish Council intends once it has reviewed this policy annually and has satisfied itself with the appropriateness of the predetermined levels set within the following categories of the ‘General Reserve’, to consider the allocation of an element of the ‘Precept Reserve’ from within the overall ‘General Reserve’, to enable it to either freeze the prevailing level of Precept or to reduce the prevailing level of Precept.

The Budget Contingency Reserve

Any prevailing operational budget should have provision within it for an allocated sum for ‘contingencies’ which is a financial safeguard when it is necessary to exceed any element of budgeted expenditure, but the amount allocated remains to be inadequate to deal with significant additional expenditure.

The General Reserve

Notwithstanding the use of the ‘**Precept Reserve**’ to control the level of Precept in a particular year, the Parish Council’s current ‘**General Reserve**’ is the sum of the following categories:

1. Operational Reserve

Inevitably there will be expenditure required which cannot be foreseen when a budget is set. Such items may include professional fees, discretionary grants, replacement and/or new equipment and the undertaking of additional services e.g. Grass cutting on the Pedestal Playing Field which would cost ca. £5000 (2024 prices).

The sum allocated for this category will be up to £10,000.

2. Project Reserve

Inevitably there will be expenditure required to undertake specific projects which cannot be foreseen when a budget is set e.g. replacement of period lamp posts.

The sum allocated to this category will be up to £10,000.

3. Precept Reserve

This sum allows for flexibility in the setting of future Precept levels. The sum of £4500 is reflective of ca. 10% of the current level of Precept 2024/2025.

4. Insurance excess Reserve

The sum allocated for this category will be £1000 with a £250 excess payment required for each claim.

The maximum total of the reserves which the Parish Council deems appropriate to hold at any one time is £25,500, which will be reviewed annually and in conjunction with the setting of the Precept within the compilation process of the annual income & expenditure budget.

Reserves, all funds outside of the operational needs of the set annual budget in any particular year, will be invested in the Deposit Account of the Parish Council’s Barclays account until such a time that the reserves are required.

**Responsible Financial Officer,
September 2024 – Review September 2025**