

Dersingham Parish Council

Reserves Policy

1. Introduction

This policy sets out how Dersingham Parish Council (“the Council”) will maintain and manage its reserves in accordance with the Local Government Act 2003, the Accounts and Audit Regulations 2015 and the SAPP Practitioners’ Guide (England). The Council recognises that maintaining adequate reserves is essential for financial stability, forward planning, and risk management.

2. Purpose of Reserves

Reserves are held to meet unforeseen expenditure, support planned projects and capital investment, manage financial risks and liabilities and to smooth the impact of irregular or fluctuating costs.

Reserves are not to be held without a clear purpose.

3. Types of Reserves

3.1. The General Reserve is held to manage day-to-day financial risk, used for unexpected or emergency expenditure and maintained at an appropriate level based on risk.

The Council will maintain a General Reserve typically equivalent to 3 - 12 months of net revenue expenditure, in line with the Practitioners’ Guide.

3.2. Earmarked Reserves (EMRs) are funds set aside for specific purposes:

- Capital projects (e.g. play areas, buildings)
- Asset replacement or maintenance
- Specific liabilities or contingencies
- Known future commitments

Each EMR must have a defined purpose, an estimated value and an expected timescale for use.

4. Creation and Approval of Reserves

Earmarked Reserves may only be created or amended by Resolution of the Full Council. Each reserve must be supported by clear justification and financial planning evidence.

5. Use of Reserves

Reserves will only be used for their intended purpose and following approval by the Council. Where a reserve is no longer required it will be reviewed and potentially released back to the General Fund or reallocated.

6. Review and Monitoring

The Responsible Finance Officer (RFO) will maintain a detailed reserves schedule and report reserves as part of budget setting, year-end accounts and monitoring reports

Each reserve will be reviewed at least annually.

7. Relationship to Investment Policy

The Council's Investment Policy is informed by this Reserves Policy so the General Reserve will remain in short-term, highly liquid investments and earmarked Reserves will be invested in line with their planned use date and risk profile

Funds will not be invested beyond when they are needed.

8. Risk Management

Holding reserves helps mitigate financial shocks, unexpected liabilities and changes in funding or income. The Council will avoid excessive or insufficient reserves.

9. Transparency and Accountability

The Council will ensure reserves are clearly reported in the AGAR, budget reports and year-end accounts.

This policy will be reviewed annually or when required.

Adopted by Dersingham Parish Council at the meeting of Full Council on: 22nd June 2026