

# Mudford Parish Council

## Reserves Policy

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### 1. Introduction

Mudford Parish Council is required by statute to maintain financial reserves sufficient to meet the needs of the organisation. Certain reserves must be accounted for separately due to statutory or practical restrictions.

While there is no statutory minimum or maximum level of reserves, the Council has no power to hold revenue reserves other than for reasonable working capital needs or clearly defined future purposes.

The Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide recommends that general reserves should be between three and twelve months of net revenue expenditure. For a parish council of this size, minimum three months (25%) is considered appropriate.

The Council's reserves and their justification are reviewed annually as part of the budget-setting process and in line with audit expectations.

This policy outlines how Mudford Parish Council will manage its reserves. It complements the Council's Investments Policy, which sets out how funds are held.

### 2. General Reserve

The General Reserve is not ring-fenced for any specific expenditure. Its primary function is to cushion the impact of unexpected events or emergencies and manage uneven cash flows. It is not intended to support routine or recurring expenditure.

If the General Reserve is used, it will be replenished through the budget-setting process in the following financial year.

The Council will aim to maintain a General Reserve of no less than 25% of its annual net revenue expenditure (excluding capital and earmarked reserve transactions).

### **3. Earmarked Reserves**

The Council may establish earmarked reserves for specific purposes where it anticipates future expenditure. These funds are ring-fenced and reviewed annually.

Current earmarked reserves include:

- General Maintenance Around Parish Reserve – To support general upkeep, repairs, and minor projects throughout the parish.
- Long Term Chapel Maintenance Reserve – For long-term maintenance and restoration of the parish chapel.
- Long Term Cemetery Maintenance Reserve – To support long-term care and improvement of the cemetery.
- Computer/Printer Replacement Fund – For future replacement of computers, printers, and related IT equipment.
- Parish Projects Reserve – To support one-off or strategic projects identified by the Council.
- Play Area Equipment Reserve – For the long-term replacement or enhancement of play area equipment.
- Cemetery Land/Consecration Starter Reserve – To support the future acquisition or consecration of cemetery land.
- Up Mudford Legal Challenge Reserve – To fund legal expenses associated with the Up Mudford development challenge.
- Highways and Speed Control Reserve – To fund measures to improve road safety and manage traffic within the parish.
- Defibrillator Fund – To maintain and replace community defibrillators.
- Election Reserve – Ring-fenced to cover the costs of local elections.
- General Reserve – (see point 2).

#### **4. Review and Variation to Policy**

This policy will be reviewed annually during the budget-setting process by the Parish Clerk and approved by Full Council.

The Council may vary from this policy where there is a clearly justified need, which must be documented and approved at a Council meeting.

This policy was adopted by the Council at its meeting held on 29<sup>th</sup> May 2025.

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Chair