

Matlaske Parish Council

Reserves Policy

Introduction

The Council is required, under statute, to maintain adequate financial reserves in order to meet the needs of the organization and their responsibilities in the local community.

The Council's policy on the establishment, maintenance and adequacy of reserves and balances will be considered annually.

- A **working balance** is maintained to help cushion the impact of uneven cash flows, such as the time lag between the start of the new financial year and the receipt of the first precept payment and the upfront payment of VAT prior to reclaiming.

This is currently accounted for in the budget and is being built up gradually.

The Council may hold reserves for these three main purposes:

- **Contingency Funds**
to cushion the impact of unexpected events or emergencies

It could also cover changes in law requiring additional funding – for example: the Council's obligations under the Biodiversity Act 2021 and the current proposals to digitize Parish Council meetings

Contingency funding is recommended to be approximately 9 months (or three-quarters) of the Council's expected annual income.

- **Earmarked reserves:**
Means of building up funds, to meet known or predicted requirements

- **Capital reserves:**
Money for capital projects (the purchase of buildings or land)

The Council have no Capital projects and are currently not looking to build reserves for a capital project.

Notes to the Annual Accounts will detail the movement of reserves during the financial year.

Reviewed March 2025
Next review March 2026