

## **Great Rissington Parish Council General Reserves Policy**

### **1. Purpose**

The purpose of this General Reserves Policy is to ensure that **Great Rissington Parish Council** maintains an adequate level of general reserves to provide financial stability and flexibility in the event of unforeseen circumstances. General reserves act as a financial buffer, enabling the council to continue its operations and meet its financial obligations in unexpected situations.

### **2. Scope**

This policy applies to the management and maintenance of general reserves held by Great Rissington Parish Council. It is intended to ensure transparency, accountability, and responsible financial planning in how these reserves are calculated, monitored, and used.

### **3. Definition of General Reserves**

General reserves are unrestricted funds held by the council that are not earmarked for any specific project or designated expenditure. These reserves are maintained to cover unexpected expenses, address financial risks, and support effective cash flow management.

### **4. Policy Objectives**

The objectives of the General Reserves Policy for Great Rissington Parish Council are:

- To ensure sufficient funds are available to cover unforeseen expenses or emergencies.
- To provide a financial cushion for managing short-term cash flow needs.
- To allow flexibility in responding to unexpected financial challenges or opportunities.
- To support sustainable financial management and prudent planning.

### **5. Recommended Level of General Reserves**

The recommended level of general reserves held by Great Rissington Parish Council should typically be between **6-12 months of the council's annual operational expenditure**. This range is intended to provide flexibility based on the council's financial position, risk factors, and anticipated needs.

Factors considered in determining the appropriate reserve level include:

- The council's annual budget and regular operating expenses.
- Identified financial risks, such as potential liabilities or significant repair needs.
- The council's cash flow patterns and requirements.
- Any large, planned projects or one-off expenses on the horizon.

### **6. Use of General Reserves**

General reserves are intended for the following purposes:

- **Emergency Expenditures:** To cover costs arising from unforeseen events, such as urgent repairs, legal expenses, or emergency responses.

- **Cash Flow Management:** To support cash flow during periods of delayed income or unexpected expenses.
- **Contingency for Budget Shortfalls:** To provide funds in case of a shortfall in expected income or additional expenditures that were not anticipated in the annual budget.

The use of general reserves must be authorized by a resolution of the council and recorded in the council's minutes.

## **7. Monitoring and Review of General Reserves**

- The **Clerk/Responsible Financial Officer (RFO)** will monitor the level of general reserves as part of the council's routine financial reporting.
- The general reserves will be reviewed annually during the council's budget-setting process to ensure that they remain within the recommended range and meet the council's financial needs.
- If the reserves fall below the minimum recommended level, the council will implement measures to rebuild reserves gradually over time.
- If the reserves exceed the maximum recommended level, the council may consider reallocating surplus funds to specific projects or other planned expenditures.

## **8. Policy Review**

This General Reserves Policy will be reviewed annually by Great Rissington Parish Council to ensure it remains relevant and aligned with the council's financial position and any new financial risks or opportunities. Any amendments to the policy must be approved by the council.

**Chairman's Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Clerk/RFO's Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_