GENERAL RESERVES POLICY

1. Introduction

This policy sets out the principles for maintaining and using general reserves at Bottisham Parish Council. It ensures sound financial management and accountability while providing flexibility to respond to unexpected events or emergencies

2. Purpose of General Reserves

General reserves are maintained to:

- Provide working capital to manage day-to-day cash flow.
- Act as a contingency for unexpected expenditures or emergencies.
- Protect against revenue shortfalls or delays in receiving income.

General reserves are not held for specific projects or future spending commitments (which are covered by earmarked reserves).

3. Legal and Regulatory Context

There is no statutory minimum or maximum level for general reserves; however, guidance from JPAG suggests that an appropriate level is typically between **3 and 12 months' gross expenditure**, depending on the council's size and circumstances.

4. Reserve Level

Bottisham Parish Council aims to hold general reserves equivalent to **9 months of its annual gross expenditure**, as calculated at the time of setting the annual budget. This equates to a target reserve of approximately **£x** based on current expenditure levels.

5. Monitoring and Review

- The level of general reserves will be reviewed annually during the budget-setting process.
- Any decision to draw on general reserves must be approved by the Council and justified in terms of risk and necessity.
- If reserves fall below the target range, a plan will be prepared to rebuild them.
- If reserves consistently exceed the target range, the Council will consider allocating the excess to earmarked reserves or use for one-off projects.

6. Responsibilities

The Responsible Financial Officer (RFO) is responsible for advising the Council on the adequacy and use of reserves, maintaining accurate records, and ensuring compliance with this policy.

7. Transparency

Details of the Council's reserves, including the level and purpose of general and earmarked reserves, will be disclosed in the annual accounts and financial reports.

Policy Review:
Adopted: June 2026
Review: May 2027