

**HORNINGSHAM PARISH COUNCIL**

**GENERAL REVENUE RESERVES POLICY**

**June 2025**

1. **Purpose**

The purpose of the **General Revenue Reserves Policy** is to ensure that the Parish Council maintains adequate financial reserves to meet unexpected costs and emergencies, ensuring the smooth operation of the Council's functions.

2. **Policy Scope**

This policy applies to the Parish Council's general revenue reserves, including unrestricted funds not earmarked for specific projects or purposes.

3. **Objectives**

* To maintain a level of reserves sufficient to cover unforeseen expenditure.
* To ensure that the Parish Council can continue to operate and deliver its services in the event of unexpected financial challenges.
* To provide financial stability and sustainability for the Parish Council.

4. **Target Level of Reserves**

* The Parish Council aims to hold reserves equivalent to between 3 to 12 months of net revenue expenditure. The exact amount will be reviewed annually and adjusted based on risk assessments and future financial planning.

5. **Usage of Reserves**

* **Emergencies:** Reserves can be used to address unexpected financial emergencies, such as natural disasters, significant infrastructure failures, or urgent community needs.
* **Operational Shortfalls:** Reserves can cover short-term operational deficits, ensuring that services continue without interruption.
* **Planned Expenditures:** While reserves are primarily for unforeseen costs, they can also support planned projects that exceed budget estimates or require additional funding.

6. **Monitoring and Review**

* The Finance Committee will review the level of reserves quarterly and report to the Parish Council.
* An annual review will be conducted to assess the adequacy of the reserves, considering the Council’s risk exposure and financial outlook.
* Adjustments to the target level of reserves will be recommended based on the outcomes of these reviews.

7. **Governance**

* The Parish Clerk is responsible for managing the reserves and ensuring compliance with this policy.
* Any use of reserves must be approved by a resolution of the Parish Council, except in emergency situations where the Parish Clerk, in consultation with the Chair, may authorise spending, with retrospective approval from the Council.

|  |  |
| --- | --- |
| Date of policy | June 2025 |
| Date approved |  |
| To be reviewed  | June 2027 |