



Reserves Policy

Purpose of the Policy

The purpose of this policy is to set out how Illogan Parish Council will determine and manage its reserves to ensure sound financial management and accountability, in accordance with best practice and statutory responsibilities.

Types of Reserves

Reserves can be categorised as General Reserves or Earmarked Reserves.

1. **General Reserves** - General Reserves are held to cushion the impact of unexpected events or emergencies and to provide a working balance. They are not allocated for specific purposes.
2. **Earmarked Reserves** - Earmarked Reserves are funds set aside for specific projects or commitments. These may include, but are not limited to, building repairs, community projects, asset replacement, or other planned expenditure.

Level of General Reserves

Illogan Parish Council will aim to maintain General Reserves at a level between three and twelve months of net revenue expenditure (NRE). The exact level will be reviewed annually and justified based on the Council's risk profile and operational needs.

- **Minimum target:** 25% of annual net revenue expenditure (NRE)
- **Maximum recommended:** 100% of annual net revenue expenditure (NRE)

Earmarked Reserves

Earmarked Reserves will be established on a "needs" basis, in line with anticipated requirements. They will be reviewed annually as part of the budget-setting process and detailed in the Council's financial statements.

Examples include:

- Election Reserve
- Asset Replacement Fund
- Community Project Fund
- Legal Contingency Fund



Use of Reserves

- General Reserves may be used for unexpected emergencies or urgent expenditure which cannot be met from the annual budget.
- Earmarked Reserves can only be used for the purpose for which they were established unless otherwise agreed by resolution of the Council.

Review and Monitoring

- This policy will be reviewed annually by the Governance Review Committee.
- Council Officers will report on the adequacy and use of reserves as part of regular financial updates to the Council.
- Any changes to the use or level of reserves must be approved by Full Council.

Governance

This Reserves Policy forms part of the Council's financial governance framework and shall be adhered to at all times to ensure transparency, accountability, and responsible financial management.

Review Date	Reviewed By	Amendments	Minute Number