MAULDEN PARISH COUNCIL
Reserves Policy

Adopted: April 13, 2026
Next Review Date: Annually

1: PURPOSE

1.1 Maulden Parish Council (MPC) are required to maintain adequate financial reserves to meet its needs. The policy sets out how MPC determines and reviews the level of reserves.

2: TYPES OF RESERVES

2.1 Reserves are categorised as **General** or **Earmarked**.
2.2 **General Reserves** are funds which have no restrictions as to their use. Such reserves can be used to smooth the impact of uneven cash flows, offset budget requirements, or be held in case of unexpected events or emergencies.
2.3 **Earmarked Reserves** are held for specific reasons, for example:

- Renewals. To enable the planning and financing of effective programmes of equipment replacement, planned maintenance or specific projects.
- Carry forward of underspend. Some projects may be unable to spend the allocated budget within the financial period. Earmarked reserves are a mechanism to carry these resources, forward to the following financial period.

2.4 Expenditure from all Reserves is by MPC authorisation.

3: GENERAL RESERVES

3.1 General Reserves are monies that is not available for the betterment of the community, Therefore, reserves are reviewed at least annually as part of the budget-setting process, to confirm that the level remains appropriate for the prevailing economic and other relevant conditions, as expressed in financial risk assessments.
3.2 The primary means of building General Reserves is through allocation from the annual budget. Should General Reserves be used to meet short-term funding gaps, they are replenished in the following year, or as soon as possible, in order for such funds to be available for near-future use.
3.4 If, in extreme circumstances, General Reserves were exhausted due to major unforeseen spending pressures, MPC is able to draw money from the Earmarked Reserves, provided these are then replenished at the next budgetary cycle, unless MPC agrees the affected Earmarked Reserves are no longer required.

4: EARMARKED RESERVES

4.1 Any decision to set up an Earmarked Reserve is authorised by MPC.
4.2 Earmarked Reserves are not used to fund ongoing expenditure, except as described in section 3.4.
4.3 Earmarked Reserves that have been used to meet a specific liability, are not replenished.
4.4 Earmarked Reserves are recorded on a central schedule held by the Responsible Financial Officer. This lists the various authorised Earmarked Reserves, the purpose for which they are held, and the allocated reserve.

5: SETTING THE LEVEL OF FINANCIAL RESERVES

5.1 The Local Government Finance Act 1992 requires local authorities to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. The SAPPP Practitioners' Guide (2025) advises a reserve of between 3-12 months' expenditure, with smaller authorities being closer to 12 months; these being less able to withstand financial stress.
5.2 It is the responsibility of the Responsible Financial Officer to advise MPC about the level and nature of reserves necessary and to ensure there are procedures in place for their establishment and use.
5.3 The level of General and Earmarked Reserves held will be documented and authorised by MPC during the budget-setting process for the coming financial year.