Wiggenhall St Mary Magdalen Parish Council is required to maintain adequate Financial Reserves to meet the needs of the Parish Council. The purpose of this policy is to set out how the Council will determine and review the level of reserves.

The Local Government Finance Act 1992, Sections 32 and 43, require local authorities to have regard to the level of reserves needed for meeting estimated future expenditure. However, there is no specific minimum of the level of reserve that the authority should hold and it's the responsibility of the Responsible Financial Officer to advise the Parish Council about the level of reserve and to ensure that there are procedures for their establishment and use.

Reserves can be categorised as General or Earmarked

Earmarked Reserves can be held for several reasons and shall only be used for the purpose for which they were created. Earmarked Reserves must be agreed by Full Council and are reviewed annually when the budget is agreed. When the purpose of an Earmarked Reserve becomes obsolete, or where there is an over-provision of funds, the excess may, on the approval of the Parish Council, be transferred to other budget headings within the revenue budget or to the general reserve, or to one or more other earmarked reserves.

General Reserves are funds which do not have any restrictions to their use. These reserves cushion the impact of uneven cash flows, offset budget requirements, if necessary, or can be held in the case of unexpected events or emergencies.

The generally accepted recommendation with regard to the appropriate minimum level of a Local Council's General Reserve is that this should be maintained at between three and twelve months Net Revenue Expenditure

As Wiggenhall St Mary Magdalen is a small Council with a small Precept, it should be aiming to maintain General Reserves of between 9 - 12 months Net Revenue Expenditure

Movements in earmarked reserves and the general reserves shall be reported to the Full Council by the RFO as part of the End of Month finance report. The use of the reserve is to be approved by full council. The policy will be reviewed annually and used during the budget and precept setting process.

Current Earmarked reserves:

Elections - £2500

Emergency Maintenance for Parish Assets - £1000