



## **Reserves Policy - 2026/27**

**Approved: Monday, 23 February 2026**

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## **1. Introduction –**

1.1. Kings Worthy 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

1.2. This policy will be reviewed annually.

## **2. General Reserve policy statement –**

2.1. Smaller Authorities Proper Practices Panel (SAPPP) 2025 a practitioner's guide gives guidance on general reserves; an extract is below –

*The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve. Consideration of the minimum level of reserves requires not only consideration of level of income and expenditure but also the risks to that income.*

2.2. For the 2026/27 financial year, the normal target for general reserves (net assets) will be 3 months of annual expenditure (which excludes any budgeted capital expenditure).

Due to the unforeseen risks that may arise from the transfer of full management of Kings Worthy Community Centre, an additional 1-months annual expenditure will be kept in the general reserve, with the reserve to be no more than 6-months of annual expenditure.

## **3. Earmarked reserve(s) policy statement –**

3.1. Smaller Authorities Proper Practices Panel (SAPPP) 2025 a practitioner's guide gives guidance on earmarked reserves; an extract is below –

*None of the above in any way affects the level of earmarked and/or capital receipts reserves that an authority may or should hold. 5.39. There is, in practice, no upper or lower limit to EMR/CRRs save only that they must be held for genuine and identifiable purposes and projects, and their level should be subject to regular review and justification (at least annually and at budget setting) and should be separately identified and enumerated. Significant levels of EMRs in particular may give rise to enquiries from internal and/or external auditors.*

3.2. The Aged Community Infrastructure Levy (CIL) reserve are earmarked as restricted reserves within the accounts.

3.3. For the 2026/27 financial year, the only planned earmarked reserve (in addition to the aged CIL reserve) is the "Kings Worthy Community Centre future maintenance fund".

This reserve has been created to allow for future planned maintenance for the building. The sufficiency and requirement for this reserve will be reviewed at least annually in-line with forecast future spend.

3.4. The Council reserves the right to create additional earmarked reserves during the financial year, details of which will be included in the minutes of the Finance, Administration & Remuneration committee.

3.5. The balances of all earmarked reserves shall be included on the monthly balance sheet.