

FARNHAM ROYAL PARISH COUNCIL – RESERVES POLICY  
Adopted at the meeting on 27<sup>th</sup> March 2017

**Policy Statement:**

The Governance and Accountability guide - a practitioner's guide gives the following guidance: -

***2.25 As councils have no legal powers to hold revenue reserves other than those for reasonable working capital needs or for specifically earmarked purposes, whenever a council's year-end general reserve is significantly higher than the annual precept, an explanation should be provided to the auditor.***

***2.26 Earmarked reserves, which are set aside for specific purposes and for savings for future projects, should be realistic and approved by the council. However, the amount of general reserve should annually be risk assessed and approved by the council***

It is therefore agreed by the Parish Council that:-

- Total reserves should be no less than  $\frac{1}{2}$  of the Annual Precept and no more than  $\frac{3}{4}$  of the Annual Precept
- Ear marked reserves are those approved by the Finance Committee and should constitute no more than  $\frac{1}{2}$  of the Total Reserves

*ENDS*