



Reserves Policy

Introduction

The Town Council is required by statute to maintain financial reserves sufficient to meet the needs of the organisation and in addition has statutory limitations on how it spends certain receipts which it must ensure are accounted for separately to the council's general funds.

Whilst there is no statutory minimum (or maximum) level of reserves, the council has no power to hold revenue reserves other than those for reasonable working capital needs or specific earmarked purposes. This policy sets out how the council will manage its reserves.

General Reserves Policy

The Council will maintain a minimum level of General Reserves based on a review of the risks faced by WTC. For the 2025/26 financial year, this was established at £90,000. For subsequent years, this sum will be reviewed by the Finance Committee during the budget setting process.

During the year, this General Reserve can be used if one of the risks assessed in setting the General Reserve materialises. The risks considered were:

- delay in payment of the precept
- fire damage to one of WTC's premises
- loss of WTC staff
- unforeseen wear and tear to Council assets
- failure of one of WTC's banks
- unexpected surge in inflation
- failure of insurance.

By agreement of Full Council, the General Reserve may be utilised for items not detailed above.

Earmarked Reserves Policy

A series of earmarked reserves will be established, sufficient to address known future liabilities that are material in relation to WTC's income. Large regular maintenance projects should be managed so that they are spread over the years and do not all happen in one year thereby limiting the need

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Review: Annually

to establish an earmarked reserve for each project. . In addition, the Council will build a fund in order to acquire new land or property or to develop new opportunities.

The earmarked reserve for staff will not be established as it was a risk included in the assessment of the level of the general reserve.

An earmarked reserve for premises will be created where the forecast of long-term maintenance liabilities as reviewed by Council annually would be too great in any one year to fund through the annual budget.

An earmarked reserve for land will be created where the forecast of long-term maintenance liabilities as reviewed by Council annually would be too great in any one year to fund through the annual budget.

The earmarked reserve to acquire new land or property or to develop new opportunities will be reviewed by Council annually.

Funding of Reserves

Funding of reserves, both General and Earmarked, will be agreed at the budget-setting meeting of Council.

Where reserves are below the required levels, the additional monies will be raised via the Precept, over a period of time agreed by Council. Monies raised in this manner will be set aside initially to maintain the General reserves before the Earmarked reserves.

Review

Any reduction in General reserves below £90,000 during the year will be reported to Full Council for appropriate action to be taken.

The overall levels of reserves will be reviewed at Full Council in March.