



## **Warwick Town Council**

### **Financial Reserves Policy**

Warwick Town Council (WTC) is committed to ensuring that adequate reserves are always held to meet unexpected expenditure. In its publication 'The Good Councillor's Guide to Finance and Transparency' the National Association of Local Councils (NALC) sets out the following guidance: -

- Any unspent balances at the year-end will be transferred to the general reserve.
- The general reserve should hold the equivalent of between 3- and 12-months expenditure
- The general reserve should not be significantly higher than the annual precept.
- The council may have Earmarked Reserves for specific projects, where money is allocated for a specific purpose but may not be spent in that financial year

WTC will aim to have no less than 6 months expenditure in the general reserve and generally no more than 12 months. Also, in normal circumstances the general reserve will not exceed the amount of the annual precept.

Annually each year just prior to the financial year end the Finance & Policy Committee will review what specific reserves will be included in the annual accounts. They will confirm whether reserves already held are still relevant and should be continued. The review will also look at whether these reserves are adequately funded.

This policy is to be reviewed annually by the Finance & Policy Committee.

# Warwick Town Council

## Financial Reserves (As of 31<sup>st</sup> March 2026)



### Report to Warwick Town Council

- 1. Purpose:** The purpose of this report is to review the reserves the council holds, assess them against the advice issued by the National Association of Local Councils (NALC) and make recommendations on what reserves should be held at the end of the next financial year.
- 2. Background:** NALC states in its publication *The Good Councillor's Guide to Finance and Transparency*; 'Local Councils need to hold an amount in reserves to meet unexpected expenditure, otherwise they could run out of money before the end of the financial year'. Warwick Town Council (WTC) has, over the recent past, been building up its general reserve account to the extent that as of March 2026 it held £687,055 as general reserves and £198,619 in specific reserves giving a total of £885,674 in overall reserves

NALC give two measures for a council's general reserve. The first is that it should be the equivalent of between 3 and 12 months of expenditure. The second is that it should not be significantly higher than the annual precept. The second measure is to ensure councils do not collect taxes which they then do not spend for the benefit of its residents.

As set out below, the council's total reserves of £885,674.34 comprised £672,445.90 in general reserves and £213,228.44 in earmarked/specific reserves.

Of the £672,445 held in general reserves, £100,000 is invested in the CCLA Property Fund as a long-term investment. The remaining £572,445 therefore represents the council's readily available general reserves at 31<sup>st</sup> March 2026

2025/2026 budgeted expenditure is £847,217  
2025/2026 budgeted precept income is £690,140

Using this adjusted amount (£572,445) the two figures are well within the NALC ranges and WTC Reserves Policy with readily available general reserves at 8.10 months of 25/26 budgets expenditure and 82.94% of the 25/26 annual precept.

NALC also states that 'A council may have Earmarked Reserves for specific projects, where money is allocated for a specific purpose but may not be spent

in that financial year' WTC has now adopted this approach & has specific reserves for specific purposes as well as the General Reserve fund.

**3. Report:** The following reserves are currently held –

**a. Election Reserve:** Each year Warwick Town Council sets aside a proportion of the estimated cost of local elections within the Election Reserve. These funds are retained until required to meet election-related expenditure. As the most recent elections were paid for in January 2024, there was no balance held within the Election Reserve as at 31<sup>st</sup> March 2024.

Due to increasing election costs, it was recommended that Warwick Town Council allocate £20,000 annually from April 2024 onwards towards future elections. In addition, an annual contribution of £5,000 was proposed to provide for the potential cost of an unexpected by-election.

Due to the increased likelihood of a by-election, Councillors agreed to budget an additional £10,000 for the 2025/2026 financial year.

As a result the projected year-end balances were:

- March 2025: £25,000
- March 2026: £60,000

However, a by-election took place in February 2026 at a cost of £22,685.92, resulting in a closing Election Reserve balance of £37,314.08 at year end 31<sup>st</sup> March 2026.

In light of the by-election taking place in February 2026, and the associated costs exceeding the original estimate, it is proposed that an additional £12,685.92 be transferred to the Election Reserve. This would restore the reserve balance to £50,000 as at 31<sup>st</sup> March 2026, ensuring sufficient provision is maintained towards future election and potential by-election costs.

**b. Court House Maintenance Reserve:** Warwick Town Council is required to maintain this historic building, and the level of expenditure required fluctuates from year to year. To help manager and smooth these costs, an amount should be agreed within each annual budget to be transferred into this reserve to meet ongoing maintenance requirements.

It was agreed to transfer £15,000 annually into The Court House Maintenance Reserve, giving a projected balance of £60,000 as at 31<sup>st</sup> March 2026.

In light of the increased risk of repairs being required to The Court House roof, together with information obtained from a recent quotation

for the necessary works, the Council has agreed to increase The Court House maintenance budget by £55,000 during the 2026/2027 financial year. While this level of reserve is not expected to fully meet the potential cost of the required works, the increase will significantly reduce the Council's financial risk and exposure to unplanned expenditure.

In addition, the Council has now obtained a quotation for the repair works required at The Court House. Whilst it is anticipated that some elements of the work can be undertaken in-house to help reduce overall costs, the repairs are still expected to represent a significant financial commitment. In light of this, and given the increase in the Council's readily available General Reserves since the previous financial year, it is proposed that £100,000 be transferred into The Court House Maintenance Reserve as at 31st March 2026. This additional contribution would strengthen the Council's ability to meet the anticipated maintenance and repair costs associated with this historic building and reduce reliance on General Reserves to fund substantial unplanned expenditure.

- c. Town Council Enhancements (Warwick in Bloom) Reserve:** Often funds allocated for enhancements to the town, grants received, donations or sponsorship for improvements cannot be used in the financial year in which they are received, especially if they are received near the end of the year.

These amounts should not be taken into the general reserve but instead credited to this reserve. Warwick Town Council receives Warwick in Bloom sponsorship annually which should be ringfenced for specific projects. £12,200.95 was unspent at the end of the financial year so has been reserved within this budget.

- d. Economic Development (Wayfinding) Reserve:** One of the Council's objectives is to increase tourism and inward investment in the town, and this reserve will hold any funds allocated to this objective or grants received to pursue this objective. Often funds allocated for Economic Development to the town, cannot be used in the financial year in which they are received, especially if they are received near the end of the year.

These amounts should not be taken into the general reserve but instead credited to this reserve. This reserve has been used for Warwick's Wayfinding Project. £2,000 was unspent at the end of the financial year so has been reserved within this budget

- e. **CIL Reserve:** Community Infrastructure Levy (CIL) is received biannually from Warwick District Council (April and October). This money should be ringfenced for specific community projects within Warwick such as street furniture. Often fund allocated for CIL cannot be used in the financial year in which they are received.

As at 31<sup>st</sup> March 2026 unspent CIL money was £33,909.99

- f. **Christmas Lights Reserve:** Often funds allocated to Warwick's Christmas Lights, grants received, donations or sponsorship for improvements cannot be used in the financial year in which they are received, especially if they are received near the end of the year.

These amounts should not be taken into the general reserve but instead credited to this reserve. Warwick Town Council receives Warwick Christmas Lights sponsorship annually, along with donations from fundraising. £18,760.96 was unspent at the end of the financial year so has been reserved within this budget.

- g. **Railwayside & Cape Housing Allotment Deposits:** plot holders pay a deposit when taking on an allotment plot. This money should be reserved so that it can be refunded to the plot holders when they vacate the site (as long as the plot is left in a good condition). As of 31<sup>st</sup> March 2026, the balance held for Railwayside Allotments is £1,910 and Cape Housing is £1,350
- h. **Railways Railings:** It has been agreed to support the renovation works at Warwick Railway Station by contributing £5,000 towards the cost of new railings. Due to delays in their works, money isn't required currently, and therefore this money should be reserved
- i. **Court House Window (Monthly Repayment):** Following damage caused to a Court House window, HMRC make monthly repayments through deductions from the individual's salary to reimburse the Council for the cost of the repair. This is shown as a negative reserve whilst the outstanding balance remains due. As of 31<sup>st</sup> March 2026, the balance outstanding is -£38.09
- j. **CCLA Property Shortfall:** The Council's £100,000 investment in the CCLA Property Fund must be shown on the balance sheet at its original investment value rather than its current market valuation. As the current valuation is lower than the original investment amount, a Property Shortfall Reserve is required to account for the difference. As of 31<sup>st</sup> March 2026, the amount required within this reserve, based on the latest investment valuation is £14,609.23
- k. **Town Centre Events Grant:** In January 2026, it was agreed to establish a new Town Centre Events Grant Reserve. Warwick District Council awarded a grant of £25,000 to enhance town events, together with an additional £2,500 grant to support the Town of Culture bid. As these

funds will not all be spent within the same financial year in which they were received, they should be ringfenced and carried forward within a specific earmarked reserve. As of 31<sup>st</sup> March 2026, the balance held within this reserve is £25,475.34

- I. **Repair Café:** In January 2026, it was agreed to establish a new Repair Café Reserve so that any income generated from the project can be transferred into this reserve to support future expenditure, such as training, equipment, tools and materials. As of 31<sup>st</sup> March 2026, the balance held within this reserve is £735.98

Should the proposal of increasing Election Reserves by £12,685.92 and Court House Maintenance by £100,000 this will reduce our general reserves readily available to £459,759.08 at 31<sup>st</sup> March 2026

Using this adjusted amount (£459,759.98) the two figures are well within the NALC ranges and WTC Reserves Policy with readily available general reserves at 6.51 months of 25/26 budgets expenditure and 66.62% of the 25/26 annual precept.

A policy document outlining the current policy is attached. This should be reviewed annually as part of the financial year-end process. The review should consider whether the earmarked reserves remain relevant and whether the level of funding remains adequate

4. **Financial Impact:** There is no immediate financial impact of this report. However the Council has set as one of its 4 year Plan objectives to protect the Council's Reserves and future precepts are planned to be set taking into account the need to both have specific reserves where appropriate and keep an adequate level of general reserves.

5. **Recommendations:** The Council is asked to:-

- a. Note this report
- b. Agree that the attached Reserves Policy is approved
- c. Agree that the following current reserves are continued and adjusted as appropriate in future financial years.
  - Economic Development
  - Town Centre Enhancement
  - CIL
  - Christmas Lights
  - Court House Window
  - CCLA Property Shortfall
  - Railwayside Allotment Deposits
  - Cape Housing Allotment Deposits
  - Railway Railings

- Town Centre Events Grant
- Repair Café

To be funded by the transfer of any unspent monies in that financial year

- d. To agree the following additional reserves as of 31<sup>st</sup> Marh 2026:
- Election Reserve:** To approve an additional £12,685.92 to be transferred to the reserve as part oof the 31<sup>st</sup> March 2026 Year End Accounts, increasing the reserve balance to £50,000
- Court House Maintenance Reserve:** To approve an additional £100,000 to be transferred to the reserve as part of the 31<sup>st</sup> March 2026 Year End Accounts, increasing the reserve balance to £160,000