



## **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 its aim is to increase this to 12 months in the near future. Also, it will ensure the general reserve will not exceed the amount of the annual precept.

It will hold all funds set aside for election expenses in an Election Reserve.

Annually each year just prior to the financial year end the Finance & Policy Committee will review what Earmarked 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. The review will be taken to the Full Council for approval.

This policy is to be reviewed annually by the Finance & Policy Committee and its review sent to Full Council.

March 2023