

KILMINGTON PARISH COUNCIL

RESERVE POLICY

Policy Statement

Kilmington Parish Council is required to maintain sufficient financial reserves to meet the needs of its operations and to ensure financial security. The Council's policy on the establishment, maintenance and adequacy of reserves and balances will be considered annually.

The Council will hold reserves for three main purposes:

1. A working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing
2. A contingency to cushion the impact of unexpected events or emergencies
3. A means of building up funds, to meet known or predicted requirements

Accounts Held

In accordance with their Financial Regulations at the time of adoption of this policy Kilmington Parish Council maintain the following banking accounts with Lloyds Bank which at present are each current accounts incurring banking charges. Kilmington Parish Council have now resolved to maintain one current working account and for the remaining accounts to be converted to savings accounts to reduce bank charges with all accounts to be accessible via online banking.

Accounts with Lloyds Bank

1. A General working account held with Lloyds Bank- to remain
2. Allotment Account – to be transferred to a savings account
3. CIL Account – to be transferred to a savings account
4. War Memorial Account – to be transferred to a savings account

In addition Kilmington Parish Council maintain a National Savings Investment Account which has been operated as a Reserve Account with transfer made from and to this account as required

Intended operation of accounts

1. Kilmington Parish intent to retain sufficient funds in the General working account as may be necessary for the day-to-day operation of their activities and if necessary either withdraw or credit to the Reserve Account.
2. All funds held within the Allotment Account shall be used solely for the purpose of the day-to-day operation of the Kilmington Allotments in the absence of an Allotment Association being in place subject to the fact that if such an association shall be in place KPC would still wish to maintain a separate

allotment account for the purpose of maintenance, repairs and improvements to be funded by KPC as shall be agreed necessary.

3. All funds held within the Memorial Account shall be used solely for the purpose of maintenance of the Kilmington War Memorials and any expense relevant to the camerations thereof
4. All funds held within the CIL account shall be solely those funds received from East Devon District Council (or any other such organisation) following the imposition of the condition of the payment of such sum upon any successful planning application with the Parish of Kilmington held in accordance with the KPC CIL Policy and designated project list in place from time to time
5. The National Savings Investment Account shall be used solely as a Reserves Account and shall hold both General and Earmarked Reserves as defined below as shall be necessary

Scope

Types of reserve - Reserves may be categorised as Earmarked or General.

General Reserve

The use of this is not restricted. It can be used to level the impact of uneven cashflows, offset the budget requirement or used to manage unexpected events or emergencies. It is intended to maintain the General Reserve at a level up to twelve months precept income. If the General Reserve is exhausted due to extreme circumstances, the Council may make an emergency borrowing from Earmarked Reserves, which will be replaced in the next annual budget. Any surplus on the reserve above the required balance may be used to fund capital expenditure, be appropriated to earmarked reserves or used to limit any increase in the precept.

Earmarked Reserves

Earmarked reserves represent amounts which are earmarked for specific items of expenditure to meet known or anticipated liabilities or projects. They may be built up over a period of time. There is no statutory upper limit save that they should be held for genuine and intended purposes.

The Council, when establishing an earmarked reserve, will set out:

1. The reason/purpose of the reserve.
2. How and when the reserve can be used.

3. Procedures for the management and control of the reserve including a process and timescale review of the reserve to ensure continuing relevance and adequacy.

Management and control

1. The level of reserves will be reviewed as part of the annual budget preparation.
2. Any decision to set up an Earmarked reserve must be made by the Council.
3. Expenditure from reserves can only be authorised by the Council.
4. The Responsible Financial Officer will maintain a detailed schedule of all reserves which will form part of the monthly financial summaries.
5. Reserves should not be used to fund ongoing expenditure. To the extent that Reserves are used to meet short term funding gaps, they should be replenished in the following year. However, Earmarked Reserves that have been used to meet a liability (or project) would not need to be replenished, having served the purpose for which they were originally established.
6. Where the purpose of an Earmarked Reserve becomes obsolete, or where there is an over-provision of funds, the excess may on the approval of the Council be transferred to other budget headings within the revenue budget or to General Reserves or to one or more Earmarked Reserves

General Reserves as at 1st April 2026

At the date of adoption of this Policy the General Reserves of Kilmington Parish Council shall not exceed the sum of the annual precept payment which stands at the sum of £24,000.00

Earmarked Reserves as at 1st April 2026

Following the application of General Reserves, and any restriction which may be imposed upon the holding of such remaining funds, the balance of funds from time to time held in the National Savings Investment Account shall be designated as Earmarked Reserves for which the following potential projects and expenses are considered to be likely and from time to time Kilmington Parish Council may assigned separate funds to such projects and or expenses in addition to the review of this policy on an annual basis

Project/Expense	Likely date	Funds Earmarked
The cost of replacement of existing playground equipment	As and when necessary	
The purchase of any additional land that may be deemed to be an asset to the Parish	If this should become available	
Work as shall be necessary to mitigate flooding within the Parish	After consideration of inspections that may take place from time to time	
Any expense as shall be necessary to mitigate speeding both within the village and along the main road which divides it including any legal costs, cost of signage etc	After the granting of relevant permissions etc	

Summary

Balance held in National Savings Investment Account as at date of adoption of this policy	£49,509.83
Designated Earmarked Reserves as above	£25,000.00
Designated General Reserves	£24,000.00
Transfer to General Funds	£509.83
	£49,509.83

Policy Adopted **13th April 2026**

Due for Review **13th April 2027**

Actually Reviewed