

## APPENDIX E

### CLERK'S REPORT FULL COUNCIL 14<sup>TH</sup> FEBRUARY 2023 CHURCHDOWN PARISH COUNCIL FINANCIAL POSITION AS AT 31/01/2023

1. At 31<sup>st</sup> January 2023 Churchdown Parish Council (CPC) total reserves (including General Reserve) = £805,000
2. The current balance – as at date 31<sup>st</sup> January 2023 in each of the specified investments is as follows:

A. Current Account - £18,576	Gross Interest 0.24 %
B. Deposit Account - £435,365	Gross Interest 0.19 %
C. Burial Account - £259,232	Gross Interest 0.24 %
D. Money Mkt Account - £80,000	Gross Interest 0.76 %
E. National Savings and Investments	Gross Interest 0.70 %

**Accounts A – D are held with HSBC .**

#### 3. Concerns

##### 3.1 GENERAL RESERVE

Churchdown Parish Council has £175,000 in its general reserve. **See 4.1**  
This is in line with JPAG 5.33 and 5.34 (between 3 and 12 months expenditure

( precept £245,730 ) **but** the actual figure should include the EMR burial ground fund in light of the resolution made by FC and Burial Committee not to acquire land for a new burial ground site. The total with BG fund is £175,000 +£197,000 = £372,000 (18 months statutory expenditure )

**Recommendation 1** – total general reserve to be maintained at 9 months precept = £184,300, **in line with statutory guidance ( see 6.2 para 5.33 )**

##### 3.2 EARMARKED RESERVES

A parish council can in addition to the general reserve hold earmarked reserves **but** the level and purpose of each reserve must be reviewed **annually** Members need to consider each fund :

- What is the money for & when can we spend it ?

Account	Opening Balance	Net Transfers	Closing Balance
311 Burial Ground	196846		<b>196846</b>
320 General Fencing Fund	10137		10137
321 Building Maintenance Fund	19927		19927
322 Bus Shelters Fund	5000		5000
323 Lighting Fund	1000		1000

324	Safer Routes Fund	29750		<b>29750</b>
326	Skatepark Replacement	40000		40000
327	IT/CCTV/Alarm Fund	5310		5310
329	Ponds - sustainability	1350		1350
330	Pavilion Maintenance Fund	10000		10000
331	MUGA	10000		10000
332	Retirement Fund	2928		2928
333	Play Equipment Fund	58000	-38579.3	19420.7
334	Monuments	4750		4750
335	Footway Maintenance Fund	6500		6500
336	Safety Surfacing	7999.82		7999.82
337	Community Safety	7000		7000
338	Summer &Com Act	59921.5		<b>59921.5</b>
340	Active Together	2475.8		2475.8
341	Ann Smith - Flood Rec - Orchard	350		350
342	Chapel Hay Boundary - Railings	5820		5820
344	Zinnia Close Play Area	3945.84		3945.84
345	Training	3404		3404
350	Youth	20000		20000
351	Neighbourhood Plan	17988.75		<b>17988.75</b>
352	Public Seats Reserve	6500		6500
353	Noticeboards	400		400
355	Renewable Energy - F/A	9540		9540
356	Protection of Council Assets	39745		39745
357	All litter & dog Bins	1000		1000
359	Shamrock Close Play Park	3136.28		3136.28
360	Oakhurst Play Park	899.76		899.76
361	New Planting Schemes Highways	3000		3000
362	Contingency	4000		4000
363	BMX Track	55555		55555
364	Projects	4000		4000
		<b>658179</b>	<b>-38579</b>	<b>619600</b>

Ear Marked Reserves 31.1. 2023 – please note that the only expenditure from EMRS since 2016 has been Play Equipment and Neighbourhood Plan:

<b>BG</b>	<b>196,846</b>
<b>SRF</b>	<b>29,750</b>
<b>Events</b>	<b>59,921</b>
<b>NP</b>	<b>17,989</b>
	<b>304,506</b>

**Recommendation 2 – URGENT REVIEW OF ALL EMR's in line with CPC spending plans**

**4. Precept**

The precept for 2023/2040 will be paid into the current account in two tranches, 50% in April and 50% in Oct 2023

## 5. **Investment**

CPC must decide what is to be spent on what project and when.

Project delivery should be decided in line with the following :

- CPC Action Plan
- CPC Reserves Policy
- CPC Strategic Plan
- CPC Committee Budgets

Any project funds not allocated for spend within 12 months should be invested in line with CPC Investment Strategy.

A minimum of £250,000 to be invested in low risk investment e.g. CCLA deposit fund . This figure can be higher as funds can be withdrawn on a daily basis.

## 6. **STATUTORY GUIDANCE ON LOCAL GOVERNMENT INVESTMENTS**

6.1 Issued under section 15(1)(a) of the Local Government Act 2003 and effective for financial years commencing on or after 1 April 2018.

### **Specified Investments**

31. An investment is a specified investment if all of the following apply:

- The investment is denominated in sterling and any payments or repayments in the respect of the investment are payable only in sterling.
- The investment is not a long term investment. This means that the local authority has contractual right to repayment within 12 months, either because that is the expiry term of the investment or through a non-conditional option.
- The making of the investment is not defined as capital expenditure by virtue of Regulation 25(1)(d) of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 [as amended].
- The investment is made with a body or in an investment scheme described as high quality (see paragraph 33 or with one of the following bodies:
  - i. The United Kingdom Government;
  - ii. A local authority in England or Wales (as defined in section 23 of the 2003 Act) or a similar body in Scotland or Northern Ireland; or
  - iii. A parish council or community council.

32. For the purposes of paragraph 32 the Strategy should define high credit quality. Where this definition incorporates ratings provided by credit rating agencies paragraph 42 is relevant.

## 6.2 JPAG 2022

### Reserves:

5.30. As with any financial entity, it is essential that authorities have sufficient reserves (general and earmarked) to finance both their day-to-day operations and future plans.

5.31. Smaller authorities have no specific right to accumulate funds via the precept. All reserves should be reviewed and justified regularly (i.e. at least annually). It is good practice to transparently publish both the level and rationale of all reserves.

### General reserves:

5.32. The general reserve of an authority comprises its cash flow and contingency funds to cover unexpected inflation, unforeseen events and unusual circumstances.

5.33. The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure.

5.34. The reason for the wide range is to cater for the large variation in activity level between individual authorities. The smaller the authority, the closer the figure may be to 12 months expenditure, the larger the authority, the nearer to 3 months. In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve.

5.35. In all of this it is important that each authority adopt, as a general reserve policy, the level appropriate to their size, situation, risks and plan their budget so as to ensure that the adopted level is maintained.

5.36. Authorities with significant self-generated income (other than the precept or levy) should take into account situations that may lead to a loss in revenue as well as increased costs and adapt their general reserve accordingly.

### 6.3 NALC guidance

Investments — Arrangements need to be in place to ensure that the authority's funds are managed properly and that any amounts surplus to requirements is invested appropriately, in accordance with an approved strategy which needs to have regard to DLUHC's statutory Guidance on local government investments. If total investments are to exceed the threshold specified in DLUHC's statutory guidance at any time during a financial year, the authority needs to produce and approve an annual **Investment Strategy** in accordance with the DLUHC guidance.