



THURLASTON PARISH COUNCIL

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FINANCE SUB COMMITTEE MINUTES of Meeting Held, 7.30pm, 18th April 2023

Present: Roni Tinsley (Chair) (RT), Trevor England (TE), Paul Holyman (PH), Phil Marshall (PM)
Elaine Foxon (Clerk/RFO) (EF)

1) Apologies

None

2) Evidence of reporting and minuting of bank balance Jan – March 2023

Bank statement as per Full Council meeting 11th April accepted by Full Council.

Balance as at 30.03.2023 £21,319.27 with £104.25 uncleared cheque total = £22,215.02 available

Decision: Accepted.

3) Year End Accounts 2022-2023

Spreadsheet circulated to all prior to meeting, with other documentation relating to year end inc AGAR

Underspend within the budget and actuals spreadsheets confirmed underspend on highlighted yellow areas with annotation where applicable with total underspend: £8475.41 (yellow) – £4214.34 over spend on some areas = £4,261.07.

Ear Marked Reserves equates to: £4,954 plus £5,261.02 plus £12,000 contingency operating costs held = £21,215.02,

£21,215.02 end of year bank statement after uncleared cheques (31st March 2023) balance match.

EF advised for clarity, although specific amount allocated to 'ear marked reserves' should an urgent situation arise, a proposal can be made to Full Council to 'move' to 'general reserves' for immediate expenditure.

Decision: Detail Noted EF to advise Full Council via circulating meeting notes prior to Full Council meeting 10th May 2023.

3) Internal Audit

EF advised documentation prepared for Internal Auditor, collection date to be confirmed.

4) 3 Year Financial Plan 2023-2025

With supporting document 'spreadsheet financial plan 2017/18 - 2023/25' circulated to all prior to meeting for review.

Proposal: to make provision for to increase contingency 'running costs' to 75% held in reserves as per 'best practice' and current advisories over the next 5 years.

Decision: Recommendation to Full Council

Proposal: To accept both documents as received following review

Decision: EF to circulate documents with slight amends upon receipt from PH for final approval by Full Council meeting 10th May 2023.

Further additional information and detail sourced and copied by Cllr Holyman for rationale relating to 75% 'running costs' for Smaller Authorities, a figure nearer to 100% of NRE is needed. As our primary source of income is from the precept it significantly reduces our level of risk. Our proposal and recommendation to increase to 75% over 5 years fits nicely with this.

Extract from the Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide - March 2023 Page 38.

The JPAG is responsible for issuing proper practices about the governance and accounts of smaller authorities.

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. Consideration of the minimum level of reserves requires not only consideration of level of income and expenditure but also the risks to that income.

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.

Earmarked and other reserves:

5.37. None of the above in any way affects the level of earmarked and/or capital receipts reserves that an authority may or should hold.

5.38. There is, in practice, no upper or lower limit to EMR/CRRs save only that they must be held for genuine and identifiable purposes and projects, and their level should be subject to regular review and justification (at least annually and at budget setting) and should be separately identified and enumerated. Significant levels of EMRs in particular may give rise to enquiries from internal and/or external auditors

5) Exchange - Any advices, comments, questions raised in addition to the agenda items specified.

None

Proposals to be made to Full Council May meeting: -

Details of which will be circulated prior via a copy of these minutes.

3 Year Financial Plan 2023-2025

With supporting document 'spreadsheet financial plan 2017/18 - 2023/25' circulated to all prior to meeting for review.

Proposal: To accept both documents as received following review

Decision: Recommendation to Full Council to be made May meeting.

Proposal: to make provision to increase contingency 'running costs' to 75% held in reserves as per 'best practice' and current advisories over the next 5 years.

Decision: Recommendation to Full Council to be made May meeting.

Meeting Closed 8.15pm

Any additional content or meetings to be agreed as and when deemed necessary or required.

Next Meeting 11th July 2023