

ENMORE PARISH COUNCIL

Report of the Responsible Financial Officer to Councillors for their meeting on 3rd September 2024

Year to date accounts

These accounts (see page 2, with notes to the accounts on page 3) were updated on 26th August 2024 and therefore do not include the August instalment of deposit account interest. However, these figures do allow for the first instalment of this year's loan repayment and interest, to be paid by direct debit in early September.

Changes since the previous report

Since my report for the July meeting a number of payments have been made, as follows:

- * Payments approved at the July meeting have been made. These include payments to the Clerk to reimburse her for stationery and postage, and for the annual cost of the domain name paid on behalf of the Council. In addition, Cllr Fiona Jackson was reimbursed for the cemetery/Jubilee Meadow sign ordered on behalf of the Council and Cllr Andrew Hucker purchased a padlock and chain for the gate to the cemetery and was reimbursed.
- * Councillors approved by email correspondence the payment of the annual subscription (£72.59) to the Somerset Association of Local Councils (SALC). Provision was made for this payment in the budget for the year.
- * These accounts allow for the September 2024 loan payment of £389.34 (of which £270 represents repayment of principal).

On the income side, all outstanding reclaimable VAT has been repaid. Deposit account interest for June and July has been added. NatWest informed me that the rate of interest to be paid on deposit account balances is being reduced (it is currently 1.45%, AER 1.46%).

Approval sought for payments

Other costs that might arise before the November meeting are for speed limit changes (not exceeding £5,000 and timing uncertain within the current financial year). This has been approved in principle and provision for this has been made when assessing the Council's capital requirements, rather than as part of the annual income budget. Councillors will be kept informed of any invoices received and appropriate approval sought if payment is requested before the November Council meeting.

A balance of £62.54 from the Magic Little Grant remains in hand, to be applied in accordance with the grant application and its award. Purchase of some bulbs for the community orchard area of the Jubilee Meadow might be an appropriate use of these funds (all the other expenditure from this grant related to the churchyard). In which case the relevant expenditure is likely to occur before the November meeting.

Anne Stoye, Responsible Financial Officer
26th August 2024

Year to date accounts as at 26 August 2024

	Cost (ex VAT)	Offsetting income		Current Year	Notes	Previous Year
Income						
Precept				5253.00		5253.00
Deposit account interest				95.73		298.29
Magic Little Grant for wilding				0.00	9	500.00
Total				5348.73		6051.29
Expenditure						
Clerk's salary				0.00	3	685.97
Administrative expenses				18.45	4	9.50
Website costs				118.00		142.00
Jubilee Field landscaping project						
Costs incurred less GQLDF grant	2328.00	1714.72	}	613.28		-495.15
Jubilee Field/future cemetery car park	10511.00	5000.00	}	5511.00		0.00
Magic Little Grant disbursements				332.50	9	104.96
D-Day anniversary (2024)/Coronation (2023) expenses				85.00	2	145.00
Cost of meetings - hall rental				0.00	5	0.00
SALC subscription				72.59		70.84
Property and Grounds maintenance				0.00		414.00
Insurance				0.00		241.00
Miscellaneous expenditure				275.41	11	0.00
Training				0.00		107.50
Neighbourhood Watch and litter pick support				0.00		48.51
Speed management equipment				0.00	6	764.17
Public Works Loan repayment instalments				389.34	7 & 8	799.74
Total				7415.57		3038.04
Excess of income over expenditure				-2066.84		3013.25
Balance Sheet						
Balance brought forward from previous year				22590.12	8	19576.87
Excess of income over expenditure				-2066.84		3013.25
				20523.28	8	22590.12
Represented by assets as follows:						
Bank balances				20523.28	10	
Owed by HMRC in respect of VAT				0.00		
				20523.28		

Notes to the accounts

- 1 These accounts have been prepared on an Income and Expenditure basis and are net of reclaimable VAT.
- 2 Grants made for specific purposes are normally shown with income and relevant expenditure together so that the net cost to the Council is clearly shown.
- 3 Clerk's gross remuneration, including deductions remitted to HMRC (2023/24). The Clerk is now acting on an unpaid volunteer basis.
- 4 Printing, postage and stationery.
- 5 Enmore Memorial Hall did not make a charge for rental for Parish Council meetings during this period. The normal rental cost for this period would have been £30 per meeting. Rental fees are being waived for calendar years 2022 to 2031 inclusive in recognition of the Parish Council grant of £3,000 made in March 2022 towards the installation of solar panels (cumulative rental saving including September 2024: £600).
- 6 In 2023/24 repairs were carried out to damaged equipment at a cost of £1,244.84, of which all but £100 was covered by the Council's insurance policy, and the battery-powered SID was upgraded to solar power at a cost of £664.17 excluding VAT. VAT on the repairs and upgrade has been refunded to the Council.
- 7 Public Works Loan - The first of this year's six-monthly instalments of interest and capital repayment, due in early September, has been allowed for in the expenditure and the relevant account balance has been adjusted by the amount to be paid.
- 8 Enmore Parish Council bought land for a future cemetery for £8,000 in 2007, assisted by a Public Works Loan. The amount of this loan outstanding after the September payment is £4,320 (31 March 2024: £4,590). Neither the value of the cemetery land nor the amount of remaining Public Works Loan is included in these asset figures.
- 9 Enmore Parish Council was awarded a grant of £500 towards the cost of wilding St Michael's churchyard and the Jubilee Meadow/future cemetery. After disbursements to date net of reclaimable VAT, the balance of the grant is £62.54. This element of the Parish Council's funds may only be spent on items approved under the terms of the grant award.
- 10 Bank balances at 26 August 2024 were: NatWest deposit £20,393.10, NatWest current account £45.95 after adjustment for the loan instalment (£435.29 minus £389.34) and Lloyds current account £84.23. All reclaimable VAT incurred to date has been repaid to the Council.
- 11 Miscellaneous expenditure consists of £50 towards the public address equipment (shared with Enmore Memorial Hall), £39.96 for padlock and chain for the gate to the cemetery and £185.45 cost of new sign for the future cemetery and Jubilee Meadow. Figures are shown net of reclaimable VAT as appropriate.

Capital Reserves needed

Current assets	£20523
Less	
Residual funds wilding grant (restricted use)	£63
50% of precept recommended reserve	£2626
Election costs reserve	£1500
Speed limit changes - expected cost to parish	£5000
Expected costs for remainder of current year	£3179
Free assets	£8155

Repayment of the balance of the Public Works Loan would absorb approximately £4,186 of the free assets (in addition to the normal expected repayment instalments for this year), based on an estimation of the early payment penalty.

The upside of early repayment would be an improved cash flow in future years. We currently earn rather less interest than the 5.2% we pay on the outstanding loan.

The downside of early repayment is that the Council normally needs funds in hand to finance large capital projects, even when grants and S126 VAT repayments will subsequently offset the cost. Now that the car parking, seating and landscaping work has been completed, there is far less justification for holding substantial reserves.

The Council already holds prudent reserves to cover all known costs and would still have a good margin after repayment towards as yet unknown costs.

If Councillors consider that the risks they face (in particular for picking up costs previously met by Somerset Council) relate to capital expenditure, prudence over releasing capital is understandable. However, if the risks are considered more likely to relate to year-on-year income expenditure, repaying the loan and having improved cash flow in future would seem the more appropriate choice.

This year's budget allowed for Clerk remuneration costs, which are not currently being incurred, and also had a generous contingency provision (about two-thirds currently unspent). If we cannot afford to reduce the debt and therefore future loan servicing costs this year, when will we be able to?

In the next 12 months, we expect to pay £217.62 in loan interest to the Government Debt Office if the current repayment schedule continues, offset by about £60 of deposit account interest at current rates on funds covering the outstanding loan. The early repayment penalty has been estimated as £249.

The only downside is the loss of flexibility that an extra £4,000 or so of capital reserves would offer. Please note that, even if we repaid the loan in full, the Council would still have £4,000 of free capital reserves remaining on top of provisions for other actual and potential expenses. How much margin is really needed and is the price to be paid for this margin giving value for money for our tax payers?

I will bring to the meeting a schedule of capital and interest payments.

Comparison of actual v budget 2024/25 to date

Item	Budget	Year to date	Est rest of year	Est total for year	Saving
Clerk salary and NI	1040	0	607	607	433
Office expenses	30	18	12	30	
Website	160	118	0	118	42
Internal audit	35	0	35	35	
SALC subscription	75	73	0	73	2
Property/grounds maintenance	550	0	550	550	
Insurance	300	0	300	300	
Loan servicing	772	389	382	772	
Training	150	0	150	150	
Cemetery landscaping	50	0	50	50	
Litter Pick Support	50	0	33	33	17
Special village events	150	85	65	150	
Support for village facilities	500	0	500	500	
Election costs provision	500	0	500	500	
Contingency budget	896			621	}0
Additional unbudgeted costs		275		275	}
Deposit account interest	-5	-96	-5	-101	96
Precept for year	5253		3179		590