

ENMORE PARISH COUNCIL

Report of the Responsible Financial Officer for the meeting to be held on 5th November 2024

Year-to-date accounts have been prepared as at 25th October and these follow, together with explanatory notes. By the time of the Council meeting the interest for October on the NatWest deposit account will have been received. This is likely to be of the order of £25 and I shall be able to confirm the exact amount at the meeting.

Recent transactions and income received

Since my report to Council for the September meeting, the September instalment of loan interest (£119.34) and capital repayment (£270), total £389.34, was paid. This was allowed for in the figures provided for the September meeting. No other payments out have been made.

Deposit account interest for August and September has been received (£24.30 and £25.14 respectively) and the refund made by Wix on the change of subscription package been repaid to the Parish Council. This was £2.40 in total, of which £0.40 is VAT owed to HMRC. This refund has been treated as a reduction in website costs for the purpose of the accounts, rather than as income.

Bank balances

Bank balances as at 25th October 2024 were:

| | |
|--------------------------|------------|
| NatWest current account: | £45.95 |
| NatWest deposit account: | £20,442.54 |
| Lloyds current account: | £86.83 |
| Owed to HMRC | -0.40 |

Total funds available: £20,574.72

Keeping as much money as possible on deposit maximises the NatWest deposit account interest and therefore improves the financial position but makes it harder to pay any but the smallest invoices at short notice.

Although this appears to be a substantial sum, the balance will be reduced in the near future after settlement of the various items of expenditure listed below, and it also has to meet all costs arising during the remainder of the current financial year.

Expected payments in the short term future (subject to approval by the Parish Council)

The annual insurance premium is due in November. We have been notified that this will be £241.00 (the same as last year).

We are expecting an invoice for £5,000 from Somerset Council for a proportion of the cost of upgrading the road signage, including the revised speed limits. This invoice has not yet arrived but is likely to fall due before the January Parish Council meeting so Councillors are asked to confirm their approval of its payment, subject to being notified of its arrival and the amount billed. Approval in principle of this expenditure was given by Council before the work was started.

Andrew Hucker, who undertakes the maintenance of outdoor space, including the future cemetery and Jubilee Meadow, has submitted his invoice for £394 (last year was £414.00). The area covered by his work has increased now that the Jubilee Meadow is under more active management as a community green space.

Please may I be reimbursed for some office costs. One ream of paper from my latest stationery order would amount to £3.83 plus (reclaimable) VAT = £4.60.

None of these payments is in excess of the level included in the budget for the current year.

In addition, repairs not covered by warranty are needed on one of the speed indicator devices (SIDs) and the delay in this coming to light precludes a further claim on the insurance policy. The cost quoted is £343.53 plus £68.71 reclaimable VAT. Furthermore, Councillors will be discussing the possibility of taking out extended warranty cover on the SIDs, and further expenditure may arise.

In this context I have been asked to give a summary of the amount spent to date on the SIDs.

| | | |
|-------------------|--------------------------|--------|
| Original purchase | £7,800 less £5,000 grant | £2,800 |
| Upgrade | | £664 |
| Repairs 23/24 | insurance excess | £100 |
| Additional poles | | £400 |
| Total to date | | £3,964 |

If the Council decides not to take out extended warranty cover, it may be appropriate to set aside an allowance for repairs and/or replacement of equipment. In the events of faults or damage deemed too expensive, a further option would be to move the surviving equipment around between the available poles. Some unpredictability as to where the devices are sited might keep drivers on their toes!

Imposition of bank charges by Lloyds

I have received a letter from Lloyds Bank informing me that community accounts (the type of account we have at Lloyds) will no longer operate without bank charges once their competitors have started charging. With effect from 14 January 2025 a charge of £4.25 per month will be taken.

I have not received any notice from NatWest that they will start charging but it seems highly likely that they will not continue to offer free banking indefinitely, especially once their competitors start charging. It would be wasteful to pay two sets of bank charges.

In terms of ease of use, I find Lloyds much better than NatWest. We could open a deposit account at Lloyds and move all our banking there (with charges) or we could close the Lloyds account and only use NatWest. Unless we make a decision to move away from NatWest, I propose to add the Clerk to the online authorised users at NatWest (Debbie is already a cheque signatory) so that we have three rather than two people available to make online payments and move money between accounts.

At present the precept and any other payments made via Somerset go to the NatWest account and the direct debit for loan repayment instalments comes from the NatWest account. Closing the NatWest account would mean notifying Somerset Council and the Debt Management Office of the new account to be used for income and outgoings.

Preliminary discussion of budget and precept for 2025/26

The precept for the next financial year (starting 1st April 2025) has to be determined at the January Council meeting. The November meeting is the only opportunity prior to this for the Council to have a public discussion of the likely expenditure in the following year, giving some time for additional work on the budget, obtaining estimates and preparing revised figures for the January meeting and decision. This is discussed in more detail later in this report.

Anne Stoye
Responsible Financial Officer

Year to date accounts as at 25th October 2024

| | Cost (ex VAT) | Offsetting income | Current Year | Notes | Previous Year |
|---|---------------|-------------------|-----------------|-------|-----------------|
| Income | | | | | |
| Precept | | | 5253.00 | | 5253.00 |
| Deposit Account Interest | | | 145.17 | | 298.29 |
| Magic Little Grant for wilding | | | 0.00 | 9 | 500.00 |
| Total | | | 5398.17 | | 6051.29 |
| Expenditure | | | | | |
| Clerk's salary | | | 0.00 | 3 | 685.97 |
| Administrative expenses | | | 18.45 | 4 | 9.50 |
| Website costs | | | 116.00 | | 142.00 |
| Jubilee Meadow landscaping project | 2328.00 | 1714.72 | 613.28 | 2 | -495.15 |
| Jubilee Meadow/future cemetery car park | 10511.00 | 5000 | 5511.00 | 2 | 0.00 |
| Magic Little Grant disbursements | | | 332.50 | 9 | 104.96 |
| D-Day anniversary(2024)/Coronation (2023) expenses | | | 85.00 | | 145.00 |
| Cost of meetings - hall rental | | | 0.00 | 5 | 0.00 |
| SALC subscription | | | 72.59 | | 70.84 |
| Property and Grounds maintenance | | | | | 414.00 |
| Insurance | | | | | 241.00 |
| Miscellaneous expenditure | | | 275.41 | 11 | 0.00 |
| Training | | | | | 107.50 |
| Neighbourhood Watch and litter pick support | | | | | 48.51 |
| Speed management equipment purchase and repairs | | | | 6 | 764.17 |
| Public Works Loan repayment instalments | | | 389.34 | 7&8 | 799.74 |
| Total | | | 7413.57 | | 3038.04 |
| Excess of income over expenditure | | | -2015.40 | | 3013.25 |
| Balance Sheet | | | | | |
| Balance brought forward from previous year | | | 22590.12 | | 19576.87 |
| Excess of income over expenditure | | | -2015.40 | | 3013.25 |
| | | | 20574.72 | | 22590.12 |
| Represented by assets as follows: | | | | 8 | |
| Bank balances (see page 1) adjusted for VAT owed or owing | | | 20574.72 | 10 | |

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 (estimated cumulative rental saving including November 2024: £630).
- 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, paid in early September, is shown here. A second instalment will be paid in March 2025.
- 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 27 October 2024 were: NatWest deposit £20,442.54, NatWest current account £45.95 and Lloyds current account £86.63. The Council owes HMRC 40p refund of VAT (from the Wix refund).
- 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.

Budget process

The process for determining the precept for the following year starts with an estimate of the expenditure for the period. There will be regular items of expenditure that can be estimated from the most recent actual figures and provision should be made for contingencies (the unknown unknowns). The cost of larger items of expenditure may be spread over several years.

Once the estimated costs for the next financial year have been established, the Council's existing assets are considered. Some of these will be earmarked for specific purposes (for example, the cost of making the car park at the cemetery was met from reserves built up over a period of some years), and a reserve is held in case a contested Parish Council election is needed. It is also recommended that approximately six months' worth of precept is kept as a reserve. Once these prudent reserves have been taken from the existing assets, it is expected that remaining assets will be applied to reduce the parish precept for the following year. Councils are not intended to hold unnecessarily large reserves without good reason.

The current position for Enmore is as follows:

| | |
|--|--------------------|
| Current assets | 20574 |
| less | |
| balance of Magic Little Grant (restricted use) | 63 |
| expected Somerset Council invoice | 5000 |
| insurance premium | 241 |
| Andrew Hucker invoice for ground maintenance | 394 |
| Anne Stoye stationery reimbursement | 4 |
| SID repairs | 344 |
| estimated cost of some horse warning signs | 200 |
| remainder of current financial year | range 400 to 2160* |
| Estimated free assets at end of current year (worst) | 12168 |

Reserves to cover potential election costs (£1,500) and half a year of precept (£2,626) would absorb approximately one third of these free assets. Councillors may also wish to set aside funds for the possible replacement of Speed Management equipment

Arguably part of these assets could be deemed a reserve to pay off the outstanding Public Works Loan. I have estimated the amount currently needed for this purpose as £4,560.

The figures for reserves would then be as follows:

| | | |
|-----------------------------------|-------|--------|
| Estimated free assets at year end | 12168 | |
| Six months' precept | 2626 | } |
| Election costs reserve | 1500 | } 8826 |
| SID replacement reserve | 2500 | } |
| Loan repayment costs | 4560 | } |
| Balance | 3342 | |

The balance of the Council's capital reserves is still a substantial proportion of next year's estimated expenditure. Following the budget process training to the letter would suggest a significantly reduced precept request for next year. Whilst I do not expect the Council to make a substantial reduction in precept next year, it is my opinion that there is no justification for any increase in precept on the basis of information currently available..

* The range encompasses the possibility that the Clerk's salary will be resumed for the remainder of the year and that the budget provision for discretionary expenditure and other items will all be needed. The certainty is that there will be another instalment of loan interest and capital repayment in March 2025.

While the unknown cost of the cemetery car park was still in the future for the Parish Council, there was good reason to hold very prudent financial reserves (especially when VAT and any grants can only be reclaimed after gross amounts have been paid out). However, I am not aware that there is a current expectation of any further large projects for which substantial financial reserves are needed. Concerns have been expressed about the uncertainty caused by Somerset Council's retrenchment and the extent to which some services previously organised by Sedgemoor or Somerset will now fall onto parish councils, and the resulting need to hold larger reserves in case such expenses occur. Unless any of these potential expenses is likely to involve substantial capital rather than small ongoing expenditure, reducing the Public Works Loan debt (and the ongoing loan servicing payments) would seem to me to be better value and improve the ability of the council to absorb additional regular costs from its precept income. I recommend that, as a minimum, any underspend in the current year relative to the original budget be applied to reduce the outstanding loan. Further repayment should also be considered using part of the Council's free assets.

Enmore Parish Council is currently very fortunate in having both its Clerk and its RFO working as volunteers. There is also a great deal of goodwill in the village and many potential costs are avoided thanks to generous support and volunteers. If this continues there will be further savings against budget and the Council will be able to meet additional expenses, or pay off more loan, or build up its reserves (or a combination of these) within the current level of precept.

Initial budget for 2025/26

| | Budget 24/25 | Year to date | Auth requests | Rest of year (5 months) | Total for year (actual +est) | Difference | Budget 25/26 version 1 | Notes |
|---|-------------------------|-------------------------|--------------------------|------------------------------------|---|-------------------|-----------------------------------|------------------------|
| Clerk pay & NI | 1040.40 | 0 | | 433.50 | 433.50 | 606.90 | 1144.44 | 10% |
| Admin expenses | 30.00 | 18.45 | 3.83 | 16.22 | 38.50 | -8.50 | 81.00 | £30 plus £51 bank |
| Website | 160.00 | 116 | | 0.00 | 116.00 | 44.00 | 118.00 | £108 Wix £10 domain |
| Internal audit fee | 35.00 | 0 | | 35.00 | 35.00 | 0.00 | 35.00 | |
| SALC subscription | 75.00 | 72.59 | | 0.00 | 72.59 | 2.41 | 75.00 | |
| Property/grounds incl Jubilee Meadow | 600.00 | 0 | 396.00 | 50.00 | 446.00 | 154.00 | 550.00 | |
| Insurance | 300.00 | 0 | 241.00 | 0.00 | 241.00 | 59.00 | 300.00 | |
| Loan servicing | 771.66 | 389.34 | | 382.32 | 771.66 | 0.00 | 743.58 | |
| Elections | 500.00 | 0 | | 500.00 | 500.00 | 0.00 | 500.00 | |
| Training | 150.00 | 0 | | 150.00 | 150.00 | 0.00 | 150.00 | |
| Speed management | 0.00 | 0 | 344.00 | 0.00 | 344.00 | -344.00 | 500.00 | |
| Litter pick | 50.00 | 0 | | 33.00 | 33.00 | 17.00 | 50.00 | |
| Neighbourhood Watch | 0.00 | 0 | | 0.00 | 0.00 | 0.00 | 50.00 | |
| Special events | 150.00 | 85 | | 65.00 | 150.00 | 0.00 | 150.00 | |
| Misc village support | 500.00 | 0 | | 500.00 | 500.00 | 0.00 | 500.00 | |
| Contingency | 896.00 | 275.41 | | 620.59 | 896.00 | 0.00 | | £331 with same precept |
| Less interest | -5.00 | -145.17 | | -5.00 | -150.17 | 145.17 | -25.00 | |
| Total | 5253.06 | | 984.83 | 2780.63 | 4577.08 | 675.98 | 4922.02 | |

Shaded cells represent costs that may not be incurred.