

Kingston Parish Council Half Year Financial Review (2022)

UNITY recommendation

Aim

The aim of this report is to assess the financial position of Kingston Parish Council, comparing the expenditure during the first half of this financial year, to the budget that was set.

Method

Kingston Parish Council uses Rialtas Business Solutions software (RBS) for their accounting purposes. Data has been extracted from RBS for this report.

Method: RBS > Management Accounts > Management reports > Receipts and Payments reports > Nominal Ledger > Ear Marked reserves > Cash and Investment reconciliation > Trial balance reports.

Time period

1st April 2022 to 30th September 2022.

Income

The parish council requested a precept amount of £50,000 from Lewes District Council (LDC) and this is paid to the parish council in two payments, both of which have now been received.

Other income

A total of £6532 of other income has also been received into the parish councils' account. This is interest received of £108, £2430 legal fee reimbursement from Saxondown Developer, and £81 of miscellaneous income (Bank goodwill gesture and reimbursement of overpayment). The VAT for last year of £2527 was also refunded.

The pavilion has generated £1187 booking fees and £200 deposit income which has been refunded.

Total Income

The total income during the first half of this financial year is £56,532

Expenditure

During the first six months of this financial year the parish council has made payments totalling £39,490. Some of the payments are usual monthly expenditures (for example staff costs and administration), some are annual payments (for example insurance, subscriptions).

There has also been some unexpected expenditure including repairs and replacement of bi-fold doors at the pavilion, a new accounts software package, extra cost of locum clerks, new IT support provider. Ongoing legal fees are also being paid due to further development at Saxondown and the request for a further easement. These will be reimbursed eventually.

Some Saxondown project money has also been spent, £3500 to Iford & Kingston PTFA (Free Resource) and £3000 to KAG (Planting)

Underspends

The first 6 months figures are showing underspends in some cost code areas:

- Parish Council Insurance was a lot less than budgeted for at £2043
- The Tennis Court maintenance is paid out later in the year

Overspends

- Travel/Mileage – the new clerk lives further away from the parish so incurs higher mileage costs
- Energy costs – due to the current energy crisis and the bills being worked out on estimations the PC has incurred a larger than normal back bill and higher running costs.
- IT Support charge is high as this includes archiving of old data, new email accounts being created and the clerk receiving the full Microsoft Works package. Some website work has also been done.
- Repair costs to the pavilion doors, also roof irrigation and tank cleaning will be done at the end of October.

Community Infrastructure Levy (CIL)

In the 21/22 financial year, the parish council received £6249.41 in Community Infrastructure Levy (CIL). CIL is a levy raised on new development and the regulations affecting this came into force in April 2012. It allows local authorities to raise funds from developers undertaking new building projects in their area. The primary use of CIL is to gain financial contributions from development to help fund new or improved infrastructure required. The government decided that a 'meaningful proportion' of CIL monies collected should be passed to parish councils in the areas where development is happening, to spend on infrastructure projects to support the new development in the local area.

No payments for 22/23 have been received from WDC yet.

As no expenditure has been made yet, the full amount of £6249.41 remains. This needs to be spent by 2026 or there is a risk SDNP will ask for the money back.

Bank balances

Account name	Account balance as of 30.09.22
Barclays current account	£26,497.44
Barclays Premium account	£52,820.99
Barclays – Childrens Play area	£26,101.80
Barclays – Tennis Courts	£14,519.86
Barclays – Pavilion	£181,420.99
Total of all five accounts	£301,360.18

Accounted for within the above balances, the parish council have the following Ear Marked Reserves

Ear Marked Reserve (EMR)	Amount
320 EMR – Children's Play Area	£28,285.68
321 EMR – Tennis Court	£14,514.30
322 EMR – Pavilion	£186,683.38
Total	£229,483.36

Expected expenditure and bank balances/reserves

****Note these figures are based on the accounts as of 30th September 2022 and not taking into consideration the EMR proposal from the clerk (to be discussed at Full Council meeting in November 2022)***

If we were to consider the current balances of all bank accounts (**£301,360.18**), the estimate (see spreadsheet) of budget expenditure for the second half of this financial year (**£34,276**), all the allocated reserve expenditure (**£85,412**) and the remaining current ear marked reserves (**£144,071**), we could anticipate having a general reserve of approximately **£37,600.82** by the end of the year. The current guidance for general reserves is that we should hold 6-12 months of the annual precept – and we would be within this region, with the value of approximately 9 months' worth of precept.

The above is to give us an indication of what could be, but we do not know if there will be expenditure that we cannot accurately account for at this stage.

If the council agree with the clerk proposal for the EMR changes, based on the figures the amounts would be as follows -

Clerk Proposed EMRs

Clerk Proposed EMRs						
320	EMR Children's Play Area	28285.68	0.00	28285.68	Remains the same	
321	EMR Tennis Court	14514.30	0.00	14514.30	Remains the same	
322	EMR Pavilion	186683.38	-186683.38	0.00	Monies split into projects	
323	EMR CIL Funds 2021	0.00	6249.41	6249.41	From Pavilion EMR - must be spent by 2026	
324	EMR Pavilion maintenance	0.00	10433.97	10433.97	Monies left over in EMR Pavilion	
325	EMR Saxondown Fund	0.00	51792.00	51792.00	Monies remaining after all agreed projects have been deducted	
330	EMR VG play equipment	0.00	23208.00	23208.00	New EMR from Saxondown funds agreed project	
335	EMR Parish Hall Refurbishment	0.00	26000.00	26000.00	New EMR from Saxondown funds agreed project - windows/solar	
340	KAG Planting (2022-2025)	0.00	9000.00	9000.00	New EMR from Saxondown funds agreed project - £10k originally allocated, £1k spent in 2021	£3000 allocated in July 2022 to be deducted once set up

350	EMR St Pancras sports equipment	0.00	20000.00	20000.00	New EMR from Saxondown funds agreed in principle	
345	EMR Website	0.00	10000.00	10000.00	New EMR from Saxondown funds agreed in principle	
355	EMR Section 137	0.00	30000.00	30000.00	Free Resource project Total - 677 electors*£8.82 for 5 years	27000, £3k paid to school Jul 22 to be deducted once set up
		229483.36	0.00	229483.36		

Once the EMRs are set up I will show the money already spent as deductions within the accounts system for this financial year. By creating the Ear Marked Reserves as above it provides a clear and transparent view of allocated funds and money movements. The money can be moved around by resolution of the council but will not be used for the everyday running costs. Each reserve amount is allocated to a specific project and spent from each reserve within the accounts system.

I would recommend transferring the accounts to Unity Trust Bank, the bank allows triple payment authorisation meaning the clerk can set up payments which are then authorised by two signatories. Their customer service is far superior to Barclays and means further signatories or changes in signatories can be made. It will be easier to transfer money between accounts when spending money from reserve accounts.

To ease the process of pavilion booking payments and deposit refunds I would suggest a separate pavilion account is allocated with Unity Trust. I am awaiting advice as to whether a member of the pavilion committee can have viewing access only to such account. This would allow the bookings secretary to keep an up-to-date spreadsheet of income from bookings and deposits whilst financial control remains with the parish council. This will also allow deposits to be refunded in a timely manner.

Julie O'Donnell

Clerk and Responsible Financial Officer

2nd November 2022