

## Explanation of variances – pro forma for local councils

### Elm Parish Council

The JPAG 'Practitioners' Guide' (paragraph 2.15 onwards) provides guidance on explaining significant variances. Please provide explanations for the following:

- variances of more than 15% between totals for individual boxes (except variances of less than £200);
- if the total reserves (Box 7) figure is more than twice the annual precept value (Box 2).

| Section 1  | 2013/14<br>£  | 2014/15<br>£ | Variance<br>£ | Variance<br>% | Detailed explanation of variance<br>(with amounts £) |
|--|---|--------------|---------------|---------------|--|
| <b>Box 2</b><br>Precept                              | 25,545  | 26,287       | 742           | 2.9           |  |
| <b>Box 3</b><br>Other receipts                       | 47,222  | 34,798       | 12,424        | -26.3         | SEE ATTACHED   |
| <b>Box 4</b><br>Staff costs                          | 12,166  | 10,800       | -1,366        | -11           |  |
| <b>Box 5</b><br>Loan interest/<br>capital repayments | 0   | 0            | 0             | 0             |  |
| <b>Box 6</b><br>Other payments                       | 63,481  | 45,401       | 18,083        | -28           | SEE ATTACHED.  |
| <b>Box 9</b><br>Fixed assets<br>& long term assets   | 626,123   | 627,615      | 1,492         | 0.2           |  |
| <b>Box 10</b><br>Borrowings                          | 0   | 0            | 0             | 0             |  |
| <b>Explanation for 'high' reserves</b>               | Box 7 is more than twice Box 2 because ....<br><br>SEE ATTACHED |              |               |               |  |

**Explanations of significant variations between 2013/14 and 2014/15 income and expenditure figures**

**Box 3 of Annual Return**

| <b>Receipts (excluding Precept) 2013/14</b> | <b>£</b>         |  | <b>Receipts (excluding Precept) 2014/15</b> | <b>£</b>         |
|---|------------------|--|---|------------------|
| Burial fees                                 | 12,059.00        |  | Burial fees                                 | 12,286.00        |
| Agricultural holdings                       | 3,700.00         |  | Agricultural holdings                       | 3,700.00         |
| Concurrent functions                        | 7,940.00         |  | Concurrent functions                        | 5,293.00         |
| Interest from accounts                      | 1,487.00         |  | Interest from accounts                      | 1,225.00         |
| Cemetery Cottage                            | 6,283.00         |  | Cemetery Cottage                            | 6,283.00         |
| Electricity wayleave                        | 383.00           |  | Electricity wayleave                        | 231.00           |
| Council Tax Support Grant                   | £4,455.00        |  | Council Tax Support Grant                   | 3,713.00         |
|   |                  |  | Insurance claim                             | 998.00           |
|   |                  |  |   |                  |
| <b>Sub-total</b>                            | <b>36,307.00</b> |  | <b>Sub-total</b>                            | <b>33,729.00</b> |
|   |                  |  |   |                  |
| HMRC – VAT refund                           | 10,915.00        |  | HMRC – VAT refund                           | 1,069.00         |
|   |                  |  |   |                  |
|   |                  |  |   |                  |
| <b>Total</b>                                | <b>47,222.00</b> |  | <b>Total</b>                                | <b>34,798.00</b> |

**Box 6 of Annual Return**

| <b>Payments (excluding staff costs) 2013/14</b> | <b>£</b>  |  | <b>Payments (excluding staff costs) 2014/15</b> | <b>£</b> |
|---|-----------|--|---|----------|
| Burial grounds                                  | 8,031.00  |  | Burial grounds                                  | 7,292.00 |
| Election fees                                   | 0.00      |  | Election fees                                   | 0.00     |
| Miscellaneous/general expenses                  | 20,620.00 |  | Miscellaneous/general expenses                  | 1,515.00 |
| General admin. costs                            | 1,981.00  |  | General admin. costs                            | 1,730.00 |
| Cemetery Cottage                                | 66.00     |  | Cemetery Cottage                                | 126.00   |
| Playing fields maintenance                      | 5,676.00  |  | Playing fields maintenance                      | 5,772.00 |
| Pocket parks maintenance                        | 1,109.00  |  | Pocket parks maintenance                        | 1,085.00 |

|                         |                  |  |                         |                  |
|-------------------------|------------------|--|-------------------------|------------------|
| Open spaces maintenance | 3,232.00         |  | Open spaces maintenance | 5,888.00         |
| Section 137 payments    | 6,293.00         |  | Section 137 payments    | 12,246.00        |
| Insurances              | 2,441.00         |  | Insurances              | 2,473.00         |
| Affiliation fees        | 112.00           |  | Affiliation fees        | 118.00           |
| War memorials           | 2,167.00         |  | War memorials           | 0.00             |
| Agricultural holdings   | 731.00           |  | Agricultural holdings   | 1,016.00         |
| Chairman's allowance    | 300.00           |  | Chairman's allowance    | 300.00           |
| Street lighting         | 2,521.00         |  | Street lighting         | 1,606.00         |
| VAT                     | 8,201.00         |  | VAT                     | 4,234.00         |
| <b>Total</b>            | <b>63,481.00</b> |  | <b>Total</b>            | <b>45,401.00</b> |

**Note:** the excessively high expenditure on miscellaneous/general expenses in 2013/14 was because of the purchase and installation of play equipment (costing £18,000) in one of the villages in the parish; this is also the principal cause of the higher VAT figure in 2013/14 than in 2014/15.

### **Reason for "high" reserves**

Reserves at year-end (of £128,034) include "ear-marked" reserves of £57,866.50; the Parish Council is aware that Practitioners' Guide states that it is generally accepted that general (i.e. un-earmarked) revenue reserves usually lie within the range of three to twelve months of gross expenditure. The gross expenditure of Elm Parish Council in 2014/15 was £56,201.00. The Parish Council is aware that, as a result of a recent survey undertaken by the District Council, Elm Parish Council will be required to meet the cost (estimated at £74,000.00), over a period of three years, of replacing a significant number of its street lamps. Consequently, the Parish Council wishes to maintain a healthy level of reserves to be able to meet its financial obligations in this regard without the need to make large increases in its Precept.