

# ***Briefing Note***

Financial Report Year End 2023-24

4 April 2024

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## **1.0 Cash and Bank Reconciliation**

The year-end bank reconciliation is complete and shows the year beginning with £66,844.90 in cash and ending with £ £59,010.33.

## **2.0 Reserves**

The external auditor has explained that parish councils must not hold unearmarked funds. Therefore, all the cash at the end of the year is allocated into reserve funds and grant ringfenced funds. At the beginning of the year, the total was £66,844.90 and the year ended with £59,010.33.

### *Earmarked reserves*

Luxulyan Parish Council maintains these reserves: a moderate contingency reserve for unspecified over-expenditure and an election reserve in case of a contested election. It also has reserves for its assets: a small general building reserve, and specific reserves for the public toilets, the playing field, and the cemetery. The small parish council grant reserve had not been used for some time and the council resolved to close that reserve, using the entirety for the Village Hall ceiling lights.

Each year the council budgets to top-up these reserves. In 2023-24, £1,000 was added to these reserves. During the year £5,361.90 was spent and at year end these earmarked reserves total: £21,850.90.

### *Grant ringfenced funds*

The parish council has received grant funds which are ringfenced for grants and projects: the Bodwen Solar Park Fund, the Special Project Fund and Community Chest Grants. The Special Project fund was received as a one-off Covid grant in 2020-21 and has not been allocated to a project yet.

Payments from these reserves was £4,132.39 which included partial payment for the Village Hall ceiling lights (the other part was paid from the LPC Grant Reserve), grant for LEGGS' lease of glebe land, and grant for the Granite Towers publication. At year end, the grant ringfenced funds total: £37,159.43.

### **3.0 Budget & Precept**

The budget for 2023-24 was £29,240. It was 5.3% less than the previous year because the council felt that it had overcompensated for Covid-related inflation. The 2023-24 budget, which was agreed in November 2022, did not fully take into account the inflation related to the Ukrainian conflict (see section 4).

#### *Precept*

The Precept is a tax that parish councils charge parish taxpayers in order to meet their budget requirements. Parish Councils do not receive direct funding from central government; they must rely on their Precept and any other receipts they receive. The precept is calculated each year by subtracting projected receipts from projected payments.

Parish councils monitor the precept increase at the Band D property level. The precept tax paid by a Band D property is the total precept divided by the taxbase.

The precept for 2023-24 was £26,676, or 5.3% less than the previous year. The annual precept and Band D property level was reduced by £4.03.

### **4.0 Budget Comparison**

In 2023-24, reserve top-ups of £1,000 were subtracted from the Budget ( £29,240) leaving £28,240.

Total payments were £39,856.55 (without VAT) and, from this, the payments from 'earmarked reserves' and 'grant ringfenced funds' (totalling £9,494.29) must be subtracted, leaving £30,362.26.

Therefore, subtracting the budget payments (£30,362.26) from the budget (£28,240) shows the parish council is over budget by £2,122. This overspend can be attributed to a retrospective national salary award, extra grass cutting in the playing field, and a revised cleaning contract for the public toilets by Cornwall Council which could only be partially contested by the parish council.

The parish council was happy to significantly decrease the 2023-24 precept for parishioners, but unfortunately, global inflation has greatly affected everyone, including local councils. This 2024-25 fiscal year Luxulyan's precept has increased 7.4%; however, the good news is that because of increases in the taxbase, the Band D property annual payment for 2024-25 is exactly the same as 2021-22 fiscal year.

## VAT

Parish councils do not take VAT into consideration for budgeting purposes because parish councils may reclaim VAT. A VAT claim for the 2023-24 fiscal year of £1,205.57 has been submitted but has not yet been paid.

## 5.0 Transparency Code and Audits

Luxulyan Parish Council voluntarily complies with the *Transparency Code for Smaller Authorities*, although its annual turnover has been over the £25,000 cut off for the last few years. In accordance with the Code, the council's financial details are published on its website and this includes a list of all payments. The Code requires a list of payments over £100 and Luxulyan publishes all payments.

### *External Audit and the Annual Return*

In accordance with legislation for local councils with a turnover under £200K, Luxulyan Parish Council submits its Annual Return each year for a limited assurance external audit. The external auditor is *BDO LLP* and contact details are on the council's website.

### *Audit dates*

Local councils must publish on their website their unaudited Annual Return (or AGAR – Annual Governance and Accountability Return) along with the *Notice of Period for the Exercise of Public Rights* before July.

Once the external audit is complete, the auditor's comments are also published on the website.

### *Internal Audit*

In accordance with Audit Regulations, all parish councils have an internal audit for assurance that the council is conducting its affairs lawfully and handling its public money properly. An independent and competent internal auditor is appointed by the council each year. The internal auditor's report forms part of the Annual Return, which is published on the council's website, and any issues raised by the internal auditor must be noted by the council for future action before it completes its Annual Governance Statement for the Annual Return.

Internal audit is the public's assurance that the council is proceeding lawfully and effectively.



Christine Wilson ~ Proper Officer and Responsible Financial Officer