

# ***Briefing Note***

Financial Report Year End 2024-25

20 May 2025

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## **1.0 Cash and Bank Reconciliation**

The year-end bank reconciliation is complete and shows the year beginning with £59,010.33 in cash and ending with £48,604.65.

## **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 ringfenced funds. At the beginning of the year, the total was £59,010.33 and the year ended with £48,604.65.

### *Reserve funds*

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.

Each year the council budgets to top-up these reserves. In 2024-25, £2,000 was added to these reserves. During the year £10,005.68 was spent and at year end these Reserve funds total: £11,845.22.

### *Ringfenced funds*

The parish council has received grant funds which are ringfenced for grants and projects. The council's three ringfenced funds are: 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.

A single payment was made from these reserves for £400.00, a grant for LEGGS' lease of glebe land. At year end, the Ringfenced funds total: £36,759.43.

## **3.0 Budget & Precept**

The budget for 2024-25 was £32,665, which was 10.5% more than the previous year because the budget for 2023-24 was £1,585 or 5.4% less than its previous

year. The 2023-24 budget, which was agreed in November 2022, did not take into account the inflation related to the Ukrainian conflict and the council is still cautiously coming to terms with strong inflation in recent times.

### *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 2024-25 was £28,655, or a 7.4% increase on the previous year. However, with an increased taxbase which lowers the payment per household, a Band D property paid exactly the same as it did in 2021-22, or £55.68 for the year.

## **4.0 Budget Comparison**

In 2024-25, reserve top-ups of £2,000 were subtracted from the Budget (£32,665) leaving £30,665.

Total payments were £44,183.26 (without VAT) and, from this, the payments from Reserves and Ringfenced funds (totalling £10,765.44) must be subtracted, leaving £33,417.82.

Therefore, subtracting the budget payments (£33,417.82) from the budget (£30,665) shows the parish council over budget by £2,753. This overspend can be attributed to extra grass cutting in the cemetery and playing field, plus extra cleaning supplies for the public toilets. The increase in the cleaning contract was absorbed by Reserve funds and the new contractors have made great improvements.

The budget for 2025-26 has increased to address these underbudgeted items. Fortunately, the resulting increase in the precept has been offset by a significant increase in the taxbase (because of the new double tax on second homes), so the increase to Band D properties is £7.25 for the year or £0.60 per month.

### *VAT*

Parish councils do not take VAT into consideration for budgeting purposes because parish councils may reclaim VAT. Two VAT claims for the 2024-25 fiscal

year totalling £1,794.45 have been reimbursed.

## **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