

# ***Briefing Note***

Financial Report Year End 2025-26

7 April 2026

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## **1.0 Cash and Bank Reconciliation**

The year-end bank reconciliation is complete with no outstanding payments. The year began with £48,604.65 in the bank and ended with £74,239.36. The large increase was due to three unique payments.

£31,261.04 was received for the Luxulyan Parish Community Fund. The council now handles this Fund which was previously administered by Cornwall Community Foundation. Details are found on the PC website.

£5,450.86 was received as a Community Infrastructure Levy and the parish council has five years to allocate the funds toward maintenance of, or new, parish infrastructure. If the money is not used it must return to Cornwall Council.

£1,727.67 was received from the disbanded Footpath Committee which was never part of the parish council but had a PC representative as a member. The remaining members of the Committee have asked that the money is used for opening new footpaths, not for regular maintenance.

## **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 £48,604.65 and the year ended with £74,239.36.

### *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 2025-26, £2,000 was added to these reserves. During the year £3,550.92 was spent and at year end these Reserve funds total: £8,294.30.

### *Ringfenced funds*

The parish council may receive grant funds ringfenced for grants and projects. The council now has six ringfenced funds.

- the Bodwen Solar Park Fund – for community projects
- the Special Project Fund – received as a one-off Covid grant in 2020-21 and now for play area renewal, and
- the Community Chest Grants – for a warm hub and for the play area renewal
- the Luxulyan Parish Community Fund (LPCF), received from the Lestoon wind turbine for community projects
- the Community Infrastructure Levy – for community infrastructure
- the Footpath Fund – for new footpaths

Grants included £500 from the Bodwen Fund for Granite Towers publishing costs and the LPCF granted £9,000. At year end, the Ringfenced funds total: £65,945.06.

### **3.0 Budget & Precept**

The budget for 2025-26 was £37,745. The council is still cautiously coming to terms with strong inflation in recent times and it approved the 2026-27 budget at £41,745. The increase is mainly because of higher contractor costs and maintenance not previously budgeted for. The council needs to slowly increase its reserves as advised in the last external audit.

### *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 total precept for 2025-26 was £33,890. However, because the second home tax significantly increased the taxbase, payments per household at the Band D level increased by only £0.60 per month, or £7.25 for the year.

### **4.0 Budget / Payment Comparison**

In 2025-26, budgeted reserve top-ups of £2,000 were subtracted from the Budget (£37,745) leaving £35,745.

Total payments were £54,336.62 (without VAT) and, from this, the payments from Reserves and Ringfenced funds (totalling £16,910.96) must be subtracted, leaving £37,425.66.

Therefore, subtracting the budget payments (£37,425.66) from the budget (£35,745) shows the parish council over budget by £1,680.66. This overspend can be attributed to a failure to sufficiently budget for footpaths & sundries, plus the extra cost of office supplies & grass cutting.

#### *Budgeting for reserve funds*

The budget for 2026-27 has increased to address some underbudgeted items but the council continues to use reserve funds. The parish has been delighted by the refurbishment of the Quarry and Gatty's Bridge signposts. The Lockengate bus shelter is a credit to the parish with its new roof and notice board. Yet, despite £2000 budgeted for reserves in 2025-26, non-ringfenced funds decreased by £3,550.92.

Reserves are there to be used for such worthy projects, but the reserves need to be replaced. Future budgets will need to address these types of projects in order to maintain reserves at a reasonable level as advised by the external auditor.

#### *VAT*

Parish councils do not take VAT into consideration for budgeting purposes because parish councils may reclaim VAT, usually twice yearly. Two VAT claims for the 2025-26 fiscal year totalling £1,743.59 have been fully 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.

This year the Governance Statement (AGAR Section 1) will include a new

'Assertion 10' which concerns digital and data compliance. The Clerk has been trained for this compliance and the council has completed the necessary procedures.

#### *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, usually in September.

#### *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