

**LLANFAIR WATERDINE
PARISH COUNCIL**

Financial Report 2: Revised Budget for 2024/25

1. The Council agreed a Budget for the financial year 2024/25 at its meeting on January 16th 2024. In order to balance that Budget, it was necessary:
 - a) to increase the Precept from £4,500 to £5,500 for the year 2024/25; and
 - b) to make use of £1,006.22 from the Working Balance.

As of the end of the 2023/24 financial year, the Council's Working Balance was £2,595. Given that £1,006.22 will be needed to balance the 2024/25 Budget, this would leave the Council with an estimated £1,588.78 as the Working Balance for 2024/25.

2. On 4th April 2024, the Council agreed to appoint a new Clerk. The new Clerk was appointed at a higher point on the Local Council pay scale and for more weekly hours than the Clerk who was in post when the 2024/25 Budget was formulated and agreed. In addition, the contract for the new Clerk makes provision for mileage to be charged for his attendance at Council meetings. The impact on the 2024/25 Budget is an increase in costs of £739.65 (See Table 1). Since the Precept for 2024/25 is now set, the increase will need to be met by making an additional call on the Working Balance, drawing down an estimated £1,745 rather than £1,006. This will leave the Council with an estimated £849.13 as the Working Balance for 2024/25.
3. There is a statutory obligation on councils to maintain general reserve funds sufficient to cover unforeseen events and unusual circumstances. The accepted recommendation for smaller authorities is that they should maintain general reserves equal to between 3 and 12 months of net revenue expenditure, ***with the smallest authorities (owing to the commensurately smaller nature of their expenditure) aiming for a figure closer to 12 months than to 3 months [NALC Joint Panel on Accountability and Governance Practitioners' Guide (March 2023), s. 5.32-5.36].***
4. In the case of Llanfair Waterdine Parish Council, 12 months of net revenue expenditure would be around £5,000 (based on 2023/24); on the same basis, 3 months of net revenue expenditure would be £1,250. In the face of the now known increase in costs, the Council's Budget, as adopted in January, will leave the authority with general reserves that are below the recommended minimum for any council and well below the recommended minimum for a council of its size.
5. The Council does not currently include a General Reserve as part of its accounting: all funds remaining at the end of a financial year are simply carried forward as a Working Balance. While this is an acceptable approach, it can obscure an authority's financial health. Analysis of the Council's accounts for the past 5 years shows that the Council has been eroding its reserves by an average of £491 per annum over that period, despite having raised the Precept by a significant amount. If this pattern were to continue, the Council could have no reserves to draw upon in less than 12 months and be unable to do more than meet its basic operating costs.
6. **IT IS RECOMMENDED THAT** the Council considers and adopts a revised Budget for the 2024/25 financial year that contains the cost increases it is facing

through reductions in budgeted expenditure, minimising the impact on the Working Balance. The proposed revised Budget is shown as Table 2. This table also contains an analysis of income and expenditure for the last 5 years showing the progressive erosion of the Working Balance. A comparison with the currently adopted Budget is shown as Table 3.

7. **IT IS RECOMMENDED THAT** the Council establishes a General Reserve as part of its accounting practice, that it moves the current Working Balance into this reserve, and that it aims to increase the value of the General Reserve over the next 3 years until it is equivalent to at least 6 months of the Council's net revenue expenditure.

Budget Heading	Budget	Added to Jan Minutes 16/1/24
	2024/25	
PRECEPT	£5,500.00	Precept
From reserves at Yr End	£1,745.87	Amount needed from reserves/year end – was £1,006.22
EMG Grant rec'd	£400.00	Confirmed - Grant available for 2024/25
Grant from Trust.	£200.00	Grant towards costs of providing Llanfair Times to Lloyney residents.
Llanfair Times Donations		
VAT claimed re 2022-23		
Total available for expenditure	£7,845.87	
Clerk/RFO Salary	£3,777.49	Was: 208 hours x £13.73 including PAYE. + £1 per hour for potential increase in 2024/25. Now: 260 hours x £13.97 including PAYE. + 4% for potential increase in 2024/25
Clerk's Expenses & Home Working	£111.00	Was: Home Working £50 + £ 35 incidental expenses (stationery postage etc). Now: Home Working £50 + mileage (£36) + incidentals (£25)
Elections	£0.00	Elections May 2025.
Insurance	£250.00	Due February each year.
SALC, SLCC & ICO	£245.88	SALC, SLCC & ICO £35 paid in November 2023
Hall Hire	£91.00	3@£7, 7@£10 (6 PC, 1 Parish, 3 extraordinary)
Grants	£250.00	Grants under General Power of Competence
Training	£260.00	£30 for 2 councillor events, plus £200 for clerk training.
Website costs	£252.00	123.reg due March 2024. NB paid by clerk on credit card.
Llanfair Times	£946.00	2023/24 £324 June, £291 November. £325 estimated for March 2024. £6 postage.
Misc. EMG match funding	£800.00	Environmental Maintenance Grant match funding.
Audit	£112.50	As per quote from Auditor.
	£750.00	Contingency. In 2023/24 - Coronation mugs, and donation to SpArc
VAT		
Total	£7,845.87	Total

Table 1. Currently adopted Budget showing the impact arising from the increased costs.

Actuals	Actuals	Actuals	Actuals	Actuals
2019/20	2020/21	2021/22	2022/23	2023/24
£2,800	£2,800	£4,000	£4,000	£4,500
£250	£400	£692	£400	£400
£45	£266	£150	£384	£200
£30	£620	£160	£100	£60
			£310	
		£64	£159	£160
£3,125	£4,086	£5,066	£5,353	£5,320

£1,964	£2,442	£2,350	£2,737	£2,856
	£9	£60	£55	£80
			£100	
£258	£218	£218	£214	£214
£140	£190	£197	£222	£216
£51	£18	£76	£61	£58
£500	£500			
£81	£30		£20	
	£12	£12	£12	£216
	£1,101	£771	£1,427	£618
£890	£583	£720	£639	£385
				£100
	£225	£56	£753	£244
	£64	£48	£242	£149
£3,884	£5,393	£4,508	£6,483	£5,136

-£759 -£1,308 £558 -£1,130 £184
£4,292 £2,984 £3,542 £2,412 £2,596

Budget Heading	Budget	Notes
	2024/25	
PRECEPT	£5,500.00	
From Working Balance	£735.45	
EMG Grant	£400.00	Confirmed - Grant available for 2024/25
Grant from Llanfair Trust.	£200.00	Grant towards costs of providing Llanfair Times to Lloyney residents.
Llanfair Times Donations	£50.00	Estimated from previous year's takings
VAT claimed re 2024/24	£120.42	Actual amount to be claimed
Total Funds Available	£7,005.87	

Clerk/RFO Salary	£3,777.49	260 hours x £13.97 + 4% potential increase in 2024/25.
Clerk's Expenses & Home Working	£111.00	Home Working (£50) + travel expenses (£36) + incidental expenses (£25)
Elections	£0.00	Provision for reserve to meet costs of Elections (inc. May 2025)
Insurance	£250.00	
Memberships	£215.88	SALC (£180.88) + ICO (£35) paid in November 2023
Hall Hire	£91.00	3@£7, 7@£10 (6 PC, 1 Parish, 3 extraordinary)
Grants	£0.00	Grants under General Power of Competence
Training	£150.00	£30 for 1 councillor event, plus £120 for clerk training.
Website costs	£252.00	123.reg due March 2024. NB paid by outgoing clerk on credit card.
Llanfair Times	£946.00	2024/25: £324 June, £291 November; plus £325 est. March 2024. £6 postage.
Environmental Works	£800.00	Environmental Maintenance Grant match funding included
Internal Audit	£112.50	As per quote from Auditor.
	£300.00	Contingency
VAT		
Total Costs	£7,005.87	

RESERVES	
General	£1,860.47

Table 2. Proposed new Budget showing comparison with actual expenditure over the past 5 years and the reduction in the Working Balance (*Year End Balance*)

Budget Heading	Proposed Budget 2024/25	Agreed Budget 2024/25	Differences
PRECEPT	£5,500.00	£5,500.00	£0.00
From Working Balance	£735.45	£1,006.22	-£270.77
EMG Grant	£400.00	£400.00	£0.00
Grant from Llanfair Trust.	£200.00	£200.00	£0.00
Llanfair Times Donations	£50.00		£50.00
VAT claimed re 2024/24	£120.42		
Total Funds Available	£7,005.87	£7,106.22	-£100.35
Clerk/RFO Salary	£3,777.49	£3,063.84	£713.65
Clerk's Expenses & Home Working	£111.00	£85.00	£26.00
Elections	£0.00	£0.00	£0.00
Insurance	£250.00	£250.00	£0.00
Memberships	£215.88	£245.88	-£30.00
Hall Hire	£91.00	£91.00	£0.00
Grants	£0.00	£250.00	-£250.00
Training	£150.00	£260.00	-£110.00
Website costs	£252.00	£252.00	£0.00
Llanfair Times	£946.00	£946.00	£0.00
Environmental Works	£800.00	£800.00	£0.00
Internal Audit	£112.50	£112.50	£0.00
Contingency	£300.00	£750.00	-£450.00
VAT			
Total Costs	£7,005.87	£7,106.22	-£100.35
RESERVES	£2,059	£1,860	

Table 3. Proposed new Budget compared to currently adopted Budget for 2024/25.