



SEAMER PARISH COUNCIL

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15 May 2025

Your ref: NY0491 Seamer (Scarborough) Parish Council

My Ref: Accounting Statements 2023-24
Seamer Parish Council - Explanation Lines 1, 7 & 8

PKF Littlejohn LLP (REF: SBA Team)
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By e-mail: sba@pkf-l.com

Dear Sir/Madam,

Accounting Statements 2023/24 Seamer Parish Council – Lines 1, 7 & 8

I refer to the discrepancy between the balance/reserve sum of the Council's Accounting Statements 2023/24, particularly line 1 but also potentially lines 7 & 8, and the Internal Auditor's conclusion within the detailed report at page 14, "The general reserve figure of £28,506 was found to be slightly higher than the recommended level of three to twelve months of net revenue expenditure as per proper practices."

I sought to address this with the Internal Auditor by e-mails of 22 April and 1 May 2024 but received the reply only that "The council the size of Seamer can hold up to 12 months of the precept amount [as General Reserves]."

Explanation

Paragraph 5.33 of Proper Practices states "The generally accepted recommendation with regard to the appropriate minimum level of a smaller authority's general reserve is that this should be maintained at between three and twelve months of net revenue expenditure."

The Council's planned net revenue expenditure, as evidenced in original approved budget & precept reports, in 2022/23 was £48,091.44, in 2023/24 was £48,127.53 and in 2024/25 was £51,082.19. However, actual net revenue expenditure in 2022/23 was exceptionally £98,706.88, with a higher level of projects completed following the worst of the COVID-pandemic and unexpected community resource maintenance, and in 2023/24 was £50,351.86. That planned for 2024/25 was revised to £58,836.19 by the Council meeting on 9 April 2024. None of these sums reflect a general reserve figure slightly higher than the recommended level based on three to twelve months of net revenue expenditure.

Paragraph 5.198 of Proper Practices states "...whenever an authority's year-end general reserve is significantly higher than the annual precept ..., an explanation should be provided to the auditor."

SEAMER PARISH COUNCIL

Chairman: Councillor Lynda Wallis | **Vice-Chairman:** Councillor Vanessa Milner

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Perhaps unusually, the Council is able to maintain a relatively low level of precept, below 50% of net receipts, due to rental income from land and property assets including a residential dwelling, agricultural land, allotments and community resources. However, the Council must maintain a sufficient level of general reserves to offset the risks associated with these land and property assets, and its ownership through Custodian Trusteeships and support to charities, and support to other community resources.

Consequently, last year's Internal Auditor Report 2022/23 concluded "The level of reserves have been reduced from last year to less than double the precept and are now at an appropriate level", which was reflected in the External Auditor no longer raising an issue with the level of reserves, as had appropriately been raised in the previous 3 years.

The Council's considerations and decisions concerning the level of reserves were both explained within the recent internal audit and evidenced, as set out in the 2024/25 original approved budget & precept report "Council reserves should be 3 - 12 months' planned expenditure but not more than 2 x Precept. With planned expenditure circa £55,000, and risks associated with the Council's land and property, and Custodian Trusteeships and support to community resources, it is recommended reserves should be at least £27,500 (6 months) and ideally £41,250 (9 months)."

The Council's general reserves at 1 April 2023 and 31 March 2024 were each within these minimum and maximum parameters.

Yours faithfully

Andy Jennings
Clerk and Responsible Financial Officer