

PRESTON BROOK PARISH COUNCIL

Explanation of Variances Report Financial Year 2025-2026

Introduction

The Annual Governance and Accountability Return (AGAR) requires the Council to provide explanations for any significant variances between the current and previous financial years. These explanations assist auditors and electors in understanding material changes in the Council's financial position and activities.

In accordance with AGAR guidance, explanations should be provided for:

- Variances of more than 15% between corresponding figures in individual boxes, where the monetary difference exceeds £200;
- Variances of £100,000 or more, regardless of the percentage change;

The following sections identify all reportable variances and provide the supporting explanations and financial values required by the external auditor.

Summary

In FY2526, the Council did not have any significant variances to its Box 3 (Total Other Receipts), Box 4 (Staff Costs), Box 5 (Loans/Capital Repayments - NB the Council does not currently have any such liabilities), Box 9 (Assets), and Box 10 (Total Borrowings - NB the Council does not currently have any such liabilities).

The Council had significant variances in Box 2 (Precept) and Box 6 (All Other Payments) - explanations below. The movements should be considered in the context of a small parish council whose expenditure can vary materially between financial years when individual capital, public-realm or professional-services projects are undertaken. Consequently, relatively modest individual projects can produce significant percentage movements within the AGAR Accounting Statements even where the Council's underlying recurring administrative expenditure remains broadly stable.

Box 2 - Precept or Rates and Levies

Year Ending	
31 March 2025 (£)	31 March 2026 (£)
52,444.60	73,538.48

The year-on-year variance in precept represents an approximate 40% increase.

The movement reflects a deliberate increase in the Parish Council's precept for 2025/26, from £52,444.60 in 2024/25 to £73,538.48 in 2025/26 (both figures being rounded to the nearest £1 for the purposes of the AGAR).

This is also useful context when considering Box 6. A higher budget does not necessarily mean higher expenditure in the same year. Although the Council increased provision for a number of projects in 2025/26, actual Box 6 expenditure fell from £21,999 to £12,892.

The Council's approved budget process identified that an increased level of financial resource was required to provide for its anticipated programme of expenditure and to strengthen the Council's financial position.

The increase continued a planned process of addressing the Council's historically low funding base. The Council's budget report records that historically low levels of precept had left limited financial capacity to respond to increasing demands upon the authority, particularly in relation to public-realm infrastructure, amenity-space maintenance, community safety, the Neighbourhood Plan and significant planning and development issues affecting the parish. The Council had previously experienced periods in which the precept had not increased even in line with inflation and this had left insufficient resources available to respond to major issues affecting the parish.

The Council also sought to improve its level of reserves, as recommended by audit. The budget report specifically noted that the estimated carry-forward had also been taken into account when calculating the precept.

The full detail of the increase in the 2025/26 precept can be understood by comparing the Council's approved expenditure provision on a like-for-like basis. While a number of routine budget headings remained unchanged, the Council made several specific increases or introduced new provision for 2025/26.

The principal increases were Projects/Public Realm (+£7,500), a new separately identified Bridgewater Grange provision (+£2,500), Stationery/Postage/Newsletter (+£1,900), Equipment/Repairs/Renewals (+£1,250), Salaries (+£1,000), Website/Software (+£350) and Payroll Services (+£100). These identified increases amount to £14,600 before taking account of any other changes elsewhere in the complete budget.

The 2024/25 budget identified reserves totalling £8,609.80, comprising a General Reserve of £7,650.80 and a £959 Bridgewater Green Earmarked Reserve. For 2025/26, the Council's budget provided for a £15,000 General Reserve and a new £15,000 Judicial Review Earmarked Reserve, giving total designated reserve provision of £30,000. This represents an increase of £21,390.20 in identified reserve provision between the two budget years. The increased General Reserve provided greater financial resilience against unforeseen expenditure, while the new Judicial Review Earmarked Reserve was established specifically in anticipation of potential additional expenditure associated with planning matters.

The comparison demonstrates that the higher precept was not attributable to a single general increase in operating costs. It reflected specific additional budget provision for public-realm investment, local amenity maintenance, community communications and Neighbourhood Plan activity, equipment and the Council's administrative capacity.

The reconciliation is therefore:

2024/25 precept: £52,444.60
Increase in precept: £21,093.88
2025/26 precept: £73,538.48

All rounded in accordance with AGAR requirements.

The Box 2 variance therefore reflects the Council's approved increase in the 2025/26 precept, which was informed by the anticipated expenditure, reserve requirements and estimated carry-forward identified through the Council's annual budget-setting process. The detailed calculation supporting each year's precept is contained within the respective annual budget reports.

Box 6 - All Other Payments

Year Ending	
31 March 2025 (£)	31 March 2026 (£)
21,999	12,892

The year-on-year variance in Box 6 represents an approximate 41% decrease (-£9,107).

The reduction should not be interpreted as a significant reduction in the Council's underlying level of ordinary service provision. Rather, 2024/25 represented a higher year for project and professional expenditure.

A detailed comparison of the Council's underlying cashbooks identifies actual Box 6 expenditure of £21,999.33 in 2024/25 and £12,891.79 in 2025/26, giving an exact underlying reduction of £9,107.54. The difference between this and the £9,107 movement shown on the AGAR results solely from the requirement to report each year's figures rounded to the nearest pound.

The principal reason for the reduction was the timing of significant public-realm and planning expenditure in 2024/25 which was not repeated at the same level during 2025/26.

Projects/Public Realm expenditure reduced by £7,036.40, from £11,620.70 in 2024/25 to £4,584.30 in 2025/26. The 2024/25 expenditure included the exceptional purchase of two substantial Broxap public-realm planters at a gross cost of £10,780.80, including VAT. This single purchase accounted for the majority of the unusually high public-realm expenditure in that year.

Planning/Legal/Neighbourhood Plan expenditure also reduced by £6,808.40, from £8,270.80 in 2024/25 to £1,462.40 in 2025/26. The reduction reflects the timing of professional planning, legal and conservation work undertaken during 2024/25.

These two reductions produced a combined decrease of £13,844.80. This was partly offset by £4,737.26 of net increases across other expenditure headings in 2025/26.

The largest offsetting increase was £3,560 of expenditure at Bridgewater Grange, which was shown as a separate expenditure heading in 2025/26. Other increases comprised Audit (+£988), Stationery/Postage/Newsletter (+£660), Miscellaneous/Banking Charges (+£162.89), Website/Software (+£107.42), Payroll Services (+£88.80) and Grants (+£50). These increases were themselves partly offset by smaller reductions in other budget lines such as Annual Subscriptions, Equipment/Repairs/Renewals and Village Hall Rent/Legal Fees.

The overall movement therefore reconciles as follows:

Reduction in Projects/Public Realm: £7,036.40
Reduction in Planning/Legal/Neighbourhood Plan: £6,808.40
Combined principal reduction: £13,844.80
Net offsetting increases elsewhere: £4,737.26
Net reduction in Box 6: £9,107.54

2024/25 Box 6 actual: £21,999.33
2025/26 Box 6 actual: £12,891.79
Underlying variance: -£9,107.54
AGAR variance after whole-pound rounding: -£9,107

The Box 6 variance is therefore fully reconciled, with no unexplained residual variance.