

**1. Purpose of the Report**

The purpose of this report is to provide Members with an update on the Council’s financial position for the 2026/2027 financial year, including income received, expenditure incurred and the current position against the agreed budget.

As this is the first budget monitoring report being presented to the new Council, it also provides an opportunity to review the current budget structure and consider whether the existing cost codes accurately reflect the Council’s activities, expenditure and ongoing commitments.

The accompanying spreadsheet provides a snapshot of the financial position on 12 October 2026.

Although it should be noted that the spreadsheet layout and allocation of expenditure to cost codes, is still being developed.

**2. Current Financial Position**

The monitoring spreadsheet records the following position for the reporting period:

| Financial summary | Budget      | Actual to date |
|-------------------|-------------|----------------|
| Receipts          | £304,430.00 | £157,957.18    |
| Payments          | £144,221.00 | £69,677.64     |

Note: These figures are taken from the net totals in the accompanying spreadsheet. VAT is reported separately within the spreadsheet.

The figures represent the position at the reporting date and should be considered in the context of the timing of income and expenditure throughout the financial year.

For example, the Council has received £148,280 of its £296,560 precept, representing the first half of the annual precept.

The expenditure figures should not be considered in isolation. Some costs are incurred at particular times of the year, while others are recurring commitments that will continue throughout the financial year. In addition, some expenditure is being funded from reserves rather than the operational budget.

The purpose of regular monitoring is to identify potential overspends, assess whether existing budget provisions remain appropriate and ensure that the Council has a clear understanding of its financial commitments.

**3. Budget Monitoring Spreadsheet and Cost Codes**

The current spreadsheet is a work in progress. Further changes are required to improve its layout, clarity and transparency, ensuring that Members can easily distinguish between the Council’s day-to-day expenditure, project spending and the use of reserves.

There is also a need to review the existing cost codes to ensure that they remain relevant and provide an accurate picture of the Council’s activities. This includes considering whether additional codes are required for recurring events, projects and other expenditure that Members may wish to monitor separately.

Ideally, the spreadsheet and cost codes would have been fully reviewed and updated before the first monitoring report was presented. However, given the time available, it was considered more important to provide Members with a timely financial update rather than delay reporting until all the necessary changes had been completed.

The spreadsheet will therefore continue to evolve as the budget monitoring process develops. The intention is to establish a format that provides Members with a clear overview of the Council’s operational budget, while also allowing reserve-funded expenditure and individual projects to be monitored transparently.

## 4. Budget Adjustments and Use of Reserves

The budget monitoring process is intended to identify potential overspends at an early stage and enable Members to make informed decisions about the allocation of the Council's resources.

Where an increase to an existing cost code or an additional budget provision is required, the Council will need to identify how this will be funded. This may involve reallocating provision from another cost code where there is sufficient available budget, or using general reserves where appropriate and approved. Any proposed changes should be considered in the context of the Council's overall financial position and priorities. An increase to one budget should not be treated as additional funding without recognising the impact this will have elsewhere.

It is also important to distinguish between expenditure funded from the operational budget and expenditure funded from reserves. Reserve-funded spending should be clearly identified and monitored against the relevant reserve to ensure that Members can see how much has been spent and what funding remains available.

## 5. Cost Codes Requiring Consideration

The following cost codes have been identified as areas where the existing budget provision, classification of expenditure or future reporting arrangements may need to be reviewed.

### 4.1 Cost code 2002 – Allotment Administration

Expenditure against this code currently stands at £383.20, compared with a budget of £338, resulting in an overspend of £45.20.

The budget provision needs to be reviewed to incorporate the monthly Scribe fees associated with the administration of the allotments. As these fees represent a recurring cost, an appropriate provision should be included in future budgets to reflect the anticipated annual expenditure.

**Recommendation:** To increase the budget for this cost code to £650

### 4.2 Cost code 2006 – Allotment Repairs and Maintenance

Expenditure against this code currently stands at £491.36, compared with a budget provision of £50. The additional expenditure relates to the purchase of water troughs and is identified as being funded from reserves.

### 4.3 Cost code 2008 – Allotment Stationery Including Postage

Expenditure against this code currently stands at £189.20, compared with a budget provision of £60, resulting in an overspend of £129.20.

The original budget provision has proved insufficient because the number of residents for whom the Town Council has received incorrect email addresses from BCP Council has been greater than anticipated. In addition, some residents have requested that correspondence be sent by post rather than email.

These factors have resulted in a greater requirement for postal correspondence than originally expected. The budget provision should therefore be reviewed to ensure that sufficient funding is available for the remainder of the financial year. The anticipated ongoing postage requirements should also be taken into account when setting future budgets.

Any proposed increase will need to be funded through a reallocation from another cost code with available budget or, where appropriate and approved, from general reserves.

**Recommendation:** To increase the budget for this cost code to £400

### 4.4 Cost code 3002 – Caretaker Hours

Expenditure against this code currently stands at £230, with no budget provision recorded.

A budget provision needs to be established for caretaker hours, as these represent a recurring cost to the Council. The budget should reflect the anticipated hours and associated costs for the remainder of the financial year, as well as future years, to ensure that the Council's ongoing commitments are properly accounted for.

This will help ensure that the budget reflects the Council's actual operational requirements rather than relying on adjustments being made after expenditure has been incurred.

**Recommendation:** To increase the budget for this cost code to £1,700

#### 4.5 Cost code 4002 – Christmas Lights

Expenditure against this code currently stands at £11,739, compared with a budget provision of £3,000.. As the cost of the elections held in May 2026 was lower than anticipated, the funds originally set aside to cover election costs can be reallocated to meet the additional costs associated with the Christmas lights.

**Recommendation:** To Transfer £8,817 from the election budget to the Christmas Lights reserve.

#### 4.6 Cost code 4010 – Community Projects & Events Sundries

Expenditure of £122.10 has been recorded against this code. This relates to the purchase of a first aid kit, which is a one-off cost, and the cemetery noticeboard.

It is proposed that separate cost codes are introduced for recurring projects (such as Remembrance Day) and significant areas of expenditure, where this would improve budget monitoring and transparency. One-off projects, such as the cemetery noticeboard, would continue to be recorded under an appropriate existing cost code to avoid creating unnecessary complexity within the budget structure.

**Recommendation:** To create cost codes for reoccurring or large projects with significant costs as required.

### 6. Conclusion

This first budget monitoring report provides Members with an initial overview of the Council's financial position and identifies areas where further work is required to improve the budget structure and reporting process.

The accompanying spreadsheet is not yet in its final format, but it provides a basis for ongoing financial oversight while improvements are made. Given the time available, the priority has been to ensure that Members receive a timely update on the Council's finances rather than delay reporting until all changes have been completed.

The ongoing review of cost codes, budget provisions and the presentation of reserve-funded expenditure will help ensure that future reports are clearer, more transparent and better aligned with the Council's activities.

Any increase to a cost code must be funded either by reallocating provision from another cost code or, where appropriate and approved, by drawing on general reserves. Any such changes should be considered in the context of the Council's overall financial position and agreed priorities.