Paper 8 – Annual Budget Monitoring

Thurston Parish Council

Paper: Paper 8 – Budget Monitoring – Year-end
Reason: To receive the budget versus actual budget monitoring paper for the year ending 31st March 2026
Period covered: 1st April 2025 to 31st March 2026
Presented to Council: Full Council Meeting 05.08.26
Date: 28.07.2026
Author: Responsible Financial Officer (RFO)

Summary

The budget is a key part of the council's plans and must tie in with its policies.

Budget monitoring - reasoning

In accordance with council's own adopted Financial Regulation clause 4.9, the agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against that which was planned for the year under review.

As outlined in the Practitioners' Guide 2025, and to be able to respond in the Affirmative to Assertion 1 of the Annual Governance and Accountability Return (Financial management and preparation of accounts), council is reminded that it needs to not only prepare and approve a budget, but it also needs to ensure that it monitors actual performance throughout the year, taking corrective action where necessary.

It is the duty of the Responsible Financial Officer (RFO), appointed by the council as a statutory officer, to administer the council's financial affairs in accordance with all Acts, Regulations and proper practices and to ensure the accounting control systems are observed and financial management information is provided to council.

The quarterly reports as provided to council will allow for the variances required at year-end to be streamlined.

Financial Summary

At the start of the 2025-2026 financial year, Thurston Parish Council held a total bank balance of £187,295. This amount was allocated between Earmarked Reserves and the Council's General Reserves.

The parish council received £201,497 in precept funding for its 2025-2026 budget, supplemented by £69,521 from other income sources and £691,330 as CIL receipts. This resulted in a total income of £962,348 and available funds amounting to £1,149,643.

During the 2025–2026 financial year, total expenditure was £325,061, leading to a budget underspend of £637,287.

The Parish Council therefore concluded the year with £824,580 in Reserves (compared to £187,295 last year); £770,757 in Earmarked Reserves and £53,823 in General Reserves (Contingency).

The current level of General Reserves is £53,283 which equates to 3 months of contracted expenditure. This is in line with the parish council's reserve policy, which mandates maintaining 3 months of contractual expenditure for staff and contractors in General Reserves. The Earmarked Reserves are for Election Expenses, Asset Deprecation Fund, Staff Reserve, Allotment Deposits and CIL.

Income

Total income for 2025-26 was £962,348, as compared to that of 2024-2025 £298,473. This was as a result of successful grant applications for various projects (Pavilion works £36,612, Pride in your Place Grant (Biodiversity Day project) £4,572; CIL receipts – overall increase of £597,579 and an increase in the precept levied on the parish.

Expenditure

The total expenditure for the Parish Council was £325,061 (compared to £302,045 the previous year).

There was one major project for the Council for the year under review: refurbishment of the Pavilion on the Recreation Ground, Church Road covered by Community Grant funds, S106 and CIL.

Financial Summary

Although an overall positive balance was achieved, there were minor areas of overspend at year-end.

The main significant variance (15% where the variance is more than £200) related to staffing costs with the introduction of employer's National Insurance costs on all staff; employment of a Village Ranger; performance related awards offered during 2025 and overtime worked by office staff.

These variances have been considered and adjustments have been made, where an ongoing trend has appeared, to future budgets to help mitigate the risk of recurrence.

Looking Forward to 2026-27

The closing balance at the end of the financial year places Thurston Parish Council in a stronger financial position, with increased General Reserves and additional investments allocated to Earmarked Reserves for future projects.

As before, grants will be sought for any necessary expenditure not already budgeted for or not covered by CIL.

It will be necessary to monitor the CIL funds received for 24-25 and 25-26 to ensure that they are spent within the allocated five years.

Recommendation

Council is asked to consider and accept the report for the financial year to 31st March 2026.