

Mid-Year Budget Monitoring & Proposed Virements

Mid Year Spend Analysis, Cost Centre Variances, and Budget Realignment

Report of the Responsible Financial Officer (RFO)

Position as of 30th September 2026 • Meeting Date: October 2026

Mid-Year Budget Monitoring



This mid-year review identifies minor line-item variances that have arisen from approved payments—such as subscription rate updates from YLCA, and unbudgeted room hires for extra-ordinary meetings, and unexpected cost of dog waste bags!



This presentation includes proposed virements (transfers between budget lines) to align the Council's line-item budgets with actual approved commitments, ensuring transparency, internal audit compliance, and zero impact on general reserves.



These slides go through each budget category to explain the internal line transfers proposed.



Proposed budget virements require approval by the council via resolutions.

JPAG (2024) *Joint Panel on Accountability and Governance: Governance and Accountability for Smaller Authorities in England – A Practitioners' Guide to Proper Practices*, Section 1, Assertion 1 (Paragraphs 1.23–1.28, pp. 12–13) and Assertion 2 (Paragraphs 1.32–1.34, p. 14).

Why does the council conduct a mid-year review?

- **Good Practice.** Provides transparent monitoring to ensure councillors exercise proper budgetary control and sound governance. **Enables formal Council approval for line-item budget transfers.**
- **Accounts & Audit Regulations 2015, Regs 3 & 4:** Mandates effective internal accounting controls and active in-year monitoring of income and expenditure against planned budgets.
- **JPEG Practitioners' Guide (Proper Practice):** S.1, Assertion 1 (Paragraphs 1.23–1.28) specifies that the budget is a dynamic management tool, requiring regular comparison of actuals vs. budget and formal resolutions (virements) to adjust variances before year-end.
- **Financial Regulation 4.9**, which states: *"The agreed budget provides a basis for monitoring progress during the year by comparing actual spending and income against what was planned"*
- **Financial Regulation 5.18**, which states: *"No expenditure may be authorised that will exceed the budget for that type of expenditure other than by resolution of full council or a delegated committee acting within its Terms of Reference except in an emergency."*
- **Internal Control:** Ensures unbudgeted pressures (like tax code adjustments or price changes) are absorbed via internal transfers without dipping into General Reserves.
- **Clean Audit Trail:** Ensures internal and external auditors see that every line item spend has explicit council authorization.

Mid-Year Financial Summary

Position to 30 September 2026

50% through the financial year: expenditure remains under control with ringfenced commitments.

PAYMENT BUDGET

£64,736

Approved Annual Total

ACTUAL SPEND TO DATE

£42,195

65% of Budget Paid

COMMITTED ORDERS

£4,975

Grants, Events & IT

REMAINING HEADROOM

£17,566

27% Budget Headroom

Some lines require adjustment due via virement (budget line transfers), which we will go through together in this presentation. No additional funding requested to balance the budget. This means that the Council will not need to dip into reserves.

Cost Centre 700: Income & Motion 1

Receipts vs Planned Budget

Precept and Council Tax Support Grant fully received; VAT budget adjustment required.

Code & Description	Budget	Actual	Status
701 Precept	£64,496.00	£64,496.00	100% Received
702 Council Tax Grant	£926.00	£926.00	100% Received
703 Interest & 708 Comp.	£0.00	£286.62	Unbudgeted Gain
705 VAT Reclaim	£6,000.00	£1,396.81	-£4,603.19 (Distorted)
704 Allotment Rent	£450.00	£0.00	Due in February

Proposed Budget Adjustment MOTION

Reset Line 705 (VAT) to £0.00

Accounting Rationale: The £6,000 reclaim budgeted here landed in the bank account at the end of the 2025/26. This was unexpected and, as such, I included it in the 2026/2027 income budget. Also, it was very high as VAT had not been reclaimed since 2022 and I was able to recover approx. £6k. This year the Council is on track to recover approx. £2800 in VAT.

Proper Practice: VAT is a cost-neutral balance sheet item, not operational revenue. Resetting line 705 removes an artificial £4,603 deficit.

Budget corrected to £65,872.00 (Note that precept + grant + Interest income are sufficient to cover total spend)

JPAG Practitioners' Guide (2024), Section 2, Paragraph 2.14

Title: Section 33 VAT Accounting and Budgeting Proper Practices

Paragraph 2.14: "VAT is an administrative balance sheet transaction and not revenue income or expenditure. Local councils are entitled to claim back VAT under Section 33 of the Value Added Tax Act 1994. In receipts and payments accounts, VAT paid on purchases and VAT reclaimed from HMRC should be accounted for separately so that income and expenditure are presented net of VAT. For budgeting purposes, expected VAT refunds should not be treated as revenue income to fund operational expenditure, as VAT reclaims simply reimburse cash previously disbursed."

Cost Centre 100: Salary & Wages

Total staffing spend is essentially on-budget (-£151.11 variance), but individual lines are skewed.

The PAYE Anomaly (HMRC Code BR)

Budget Assumption: The 2026/27 budget assumed standard tax allowances (Code 1257L), projecting net clerk salary at £14,755.95 and PAYE at £840.00.

Actual Operation: HMRC applied Tax Code BR (flat 20% basic deduction from pound zero due to multiple employments), shifting funds directly into HMRC PAYE.

Total gross payroll cost to Council is unaltered.
This is an internal tax split difference.

Staffing Budget Line Status

Line 101 Clerk Net Salary:	+£622.37 Surplus
Line 102 PAYE Tax:	-£2,679.50 Deficit
Line 103 Employee NI:	-£65.81 Deficit
Line 104 Employer NI:	+£642.78 Surplus
Line 105 & 106 Pensions:	+£1,329.05 Surplus
Internal Staffing Pool:	+£2,594.20 Available

Cost Centre 100: Motion 5 Solutions

Internal Rebalancing & Overtime Approval

Two-part motion fully balances every salary line to £0.00 without drawing on General Reserves.

MOTION 5 - PART 1

Internal Rebalancing (£2,594.20)

Reallocates surplus lines inside CC 100 to absorb 95% of the PAYE and NI variances:

£622.37 from Line 101 (Net Salary)

£642.78 from Line 104 (Employer NI)

£1,329.05 from Lines 105/106 (Pensions)

Transferred to: Line 102 PAYE (£2,528.39) & Line 103 EE NI (£65.81)

Zero impact on overall council budget.

MOTION 5 - PART 2

September Overtime (£538.08)

Approves 24 additional hours worked by Clerk/RFO for extra day-long event, additional projects, external audit requests) (SCP 31 @ £22.42/hr):

£226.62 from Line 703 (Interest Income)

£60.00 from Line 708 (Complaint Compensation)

£251.46 virement from Line 205 (Stationery savings)

Funded by unbudgeted receipts & admin surplus.

Cost Centre 200: Regular Admin

Motion 2 Virements (£465.00)

Administrative spend has £2,701.03 overall surplus; minor line deficits resolved by internal savings.

Overspent Lines Covered

Line 202 Room Hire (PC): Over by £95.00 due to extraordinary meetings.

Line 211 Payroll Services: Over by £102.00; virement adds £202 to cover year-end. This was left out of the initial budget.

Line 213 Memberships: Over by £168.00. I based the 2026/2027 figures for NALC/YLCA on last year's fee. Going forward, I will look for prices published in November for budgeting purposes.

Virement Source Lines

Line 208 IT Subscriptions: £195.28 transferred (reduced budgeted costs for mailing program by choosing free Mailerlite over paid Mailchimp account).

Line 209 Accounting Software: £120.00 transferred (underspend as I budgeted for cost + VAT)

Line 206 Books/Training: £149.72 transferred (retains £311.88 headroom).

Stationery Saving

Line 205 Stationery: Budget £500, spent only £31.25 to date.

Transfers **£251.46** under Motion 5 to co-fund clerk overtime.

Leaves £217.29 balance for remaining winter office needs.

Cost Centre 300: Maintenance

Cost centre in strong health (£5,522.52 headroom); single overspend line resolved.

Motion 3 Virement (£204.00)

Ranger Services (305): £4,258.75 spent of £9,510.00 budget (healthy £5,251.25 headroom).

Wildflower Beds (304): £2,114.27 spent of £2,200.00 budget;
No further wildflower invoices expected this budget year.

Mini Flower Beds (303): £777.56 spent of £900.00 budget
(£122.44 remaining).

Dog Waste Bags (302): £504.00 spent against £300.00 budget (-£204.00 overspend).

MOTION 3 PROPOSAL

Reallocate £204.00 to Line 302

Eliminates the deficit on Dog Waste Bags using closed-down seasonal lines:

From 304 Wild Flower Beds: **£85.73**

From 301 Asset Maintenance: **£118.27**

Remaining on Asset Maint. (301): £148.83

Cost Centre 500: Events

Motion 4 Virement (£356.66)

Committed spend on community concerts aligned with savings from earlier annual meetings.

COMMITTED EXPENDITURE

Line 501: Band Concerts

Budget: £600.00 | Actual Paid: £236.66
Committed Invoices: **£720.00** (band and chairs)
Total Projected Cost: £956.66 (-£356.66 variance)

Line 502 (Winter Event): £325.82 Actual (against a £436 budget, leaving **£110.18 surplus**). (The council charged the marquee to the winter event)

Line 503 (Annual Meeting): £13.94 Actual (against a £300 budget, leaving **£286.06 surplus**).

PROPOSED MOTION

Reallocate Surplus from Winter & Annual Events

Transfers £356.66 within Cost Centre 500 to balance Line 501

£110.18 from Line 502 Winter Event – This eliminates winter event budget
£246.48 from Line 503 Annual Meeting Surplus, leaving £39.58 surplus

Net remaining in Events: £39.59

The council could consider an additional virement in November to reallocate remaining event funds to a winter event.

Cost Centres 400 & 600: Projects & Grants

Committed Capital & Community Funds

No virements required; both cost centres are on schedule

CC 400: Agreed Costs & Projects

Budget: £7,720.00 | Actual Spend: £2,786.50

Line 401 Festive Lights: £2,475.00 paid of £5,720 budget. £3,245.00 intact for install & switch-on.

Line 402 Biodiversity: £311.50 paid of £2,000 budget. £1,688.50 remaining for autumn planting, hedgehog highways project.

£4,933.50 (63% remaining)

CC 600: Community Grants

Budget: £9,000.00 | Spend + Committed: £4,403.97

Actual Grants Paid: £523.97 disbursed .

Committed Awards: £3,880.00 awaiting final claim verification from local community groups.

Grant Receipts (601): £150.22 unbudgeted refund received.

£4,596.03 available

Consolidated Schedule of Virements

October 2026 Council Motions

Summary of all requested budget reallocations requiring formal Council resolution.

Motion	Cost Centre	Transfer From (Surplus Lines)	Transfer To (Deficit Lines)	Amount	Overall Budget Impact
Motion 1	700 Income	Line 705 VAT Budget Reduction	Align with cost-neutral reserves	£6,000.00	£0.00
Motion 2	200 Admin	208 IT Sub (£195.28), 209 (£120), 206 (£149.72)	202 Room (£95), 211 Payroll (£202), 213 (£168)	£465.00	£0.00
Motion 3	300 Maint.	304 Wildflowers (£85.73), 301 Assets (£118.27)	302 Dog Waste Bags	£204.00	£0.00
Motion 4	500 Events	502 Winter (£110.18), 503 Annual (£246.48)	501 Band Concerts	£356.66	£0.00
Motion 5	100 Salaries	101/104/105/106 (£2,594.20) + 703/708/205 (£538.08)	102 PAYE (£2,528.39), 103 NI (£65.81) & Overtime	£3,132.28	£0.00

✔ All virements self-fund within existing budget ceilings or unbudgeted in-year receipts.

Total Impact on Reserves: £0.00

Statutory Footnote: Local Government Act 1972, s.151 (proper administration); NALC Model Financial Regulations 2024, Reg 4.2 (unanimous or majority Council resolution required for virement approval).

Resulting Budget (Post-Virement)

Position Following Council Approval

Elimination of negative variances across all cost centres; healthy forecast into Q3

Cost Centre Title	Original Budget	Revised Budget	Total Spend + Comm.	Post-Virement Balance	Health Status
100 Salary and Wages	£20,755.00	£20,906.11	£20,906.11	£0.00	Balanced (0%)
200 Regular Admin Costs	£11,565.00	£11,313.54	£8,863.97	£2,449.57	Healthy (22%)
300 Maintenance	£14,360.00	£14,360.00	£8,837.48	£5,522.52	On Track (38%)
400 Agreed Costs & Projects	£7,720.00	£7,720.00	£2,786.50	£4,933.50	On Track (63%)
500 Events	£1,336.00	£1,336.00	£1,296.42	£39.58	Balanced (30%)
600 Community Grants	£9,000.00	£9,000.00	£4,403.97	£4,596.03	Available (95%)

Overall Council Net Expenditure Headroom Post-Virement: £17,466.09 (27% of Total Budget)

Total Net Spend: £47,169.56