



This report relates to Item 5 on the agenda:

Quarter Two Budget Monitoring Report

Reporting period: 1 April 2026 – 30 September 2026

Prepared by: Responsible Financial Officer

Report for: Finance Committee

Status: Draft for review

Purpose of Report

The purpose of this report is to provide the Finance Committee with an assessment of Sandgate Parish Council's financial position at the end of the second quarter of the 2026/27 financial year.

The report considers income and expenditure against the approved budget, identifies significant variances, reviews cash balances and reserves, and highlights matters requiring further monitoring or action.

As this is the first formal quarterly budget monitoring report presented during the current financial year, it provides a consolidated review of the first six months rather than a comparison with an earlier quarterly report.

Financial Regulation 4.8 requires the Responsible Financial Officer (RFO) to provide budget monitoring statements at least quarterly, including explanations of material variances. For these purposes, a material variance is defined as exceeding £100 or 15% of the relevant budget.

The report is intended to assist the Finance Committee in exercising its financial oversight responsibilities and identifying any recommendations requiring consideration by Full Council.

Recommendations

The Finance Committee is recommended to:

- a) **NOTE** the Council's financial position as 30 September 2026, including income, expenditure and significant budget variances.
- b) **NOTE** the explanations provided for material variances and identify any areas requiring further investigation or financial monitoring.



- c) **RECOMMEND TO FULL COUNCIL** the formal approval of budget virements totalling £3,056.15, previously supported by members of the Finance Committee through email correspondence.
- d) **NOTE** the expenditure incurred on library refurbishment and the anticipated reimbursement from Kent County Council.
- e) **REVIEW** the Council's cash balances and reserves, including the distinction between restricted or committed funds and resources available for general expenditure.
- f) **VERIFY** the bank reconciliation as 30 September 2026, subject to the required supporting checks, in accordance with Financial Regulation 2.2.
- g) **NOTE** the financial risks and emerging budget pressures identified within this report and consider any further recommendations to Full Council.
- h) **AGREE** that the findings of this report inform the preparation of the 2027/28 budget.
- i) **RECOMMEND TO FULL COUNCIL** the creation of a Sea Festival Earmarked Reserve and the allocation of £3,500 from the General Fund, representing the DeHaan Charitable Trust donation received on 16 March 2026, subject to confirmation that this funding has not already been earmarked or otherwise allocated.

Overview of Financial Position

At the end of the second quarter, the Council's accounting records indicate that overall expenditure remains broadly in line with the proportion of the financial year elapsed.

The Scribe summary records the following position:

Description	Amount
Annual expenditure budget	£180,329.37
Expenditure recorded	£83,820.60
Unspent expenditure allocation	£96,508.77
Percentage of annual expenditure budget utilised 46.5%	
Receipts recorded (excluding VAT)	£154,517.51

At the halfway point of the financial year, expenditure of 46.5% of the annual allocation does not, in itself, indicate an overall budget overspend.



However, expenditure is not necessarily incurred evenly throughout the financial year. Certain costs, including insurance, subscriptions, business rates and annual service charges, are concentrated in particular periods. Equally, expenditure relating to seasonal activities, events and maintenance may fall predominantly within the second half of the year.

Accordingly, the unspent balance of £96,508.77 should not be interpreted as a projected year-end saving. A significant proportion relates to planned expenditure and ongoing commitments.

The financial information supplied includes a detailed transaction report up to 30 September.

Expenditure Monitoring by Cost Centre

The following table summarises expenditure against the revised budget allocations currently recorded in Scribe.

Cost Centre	Revised Budget Expenditure Budget Used		
AEP – Leased Land / Big Projects	£1,193.85	£3,490.00	292.3%
CCTV	£6,400.00	£2,789.23	43.6%
Confidential expenditure	£42,000.00	£17,116.54	40.8%
Granville Parade Toilets & Kiosk	£10,084.53	£4,090.52	40.6%
LAM Maintenance – Leased Lands	£27,000.00	£10,823.86	40.1%
Library Running Costs	£15,728.25	£11,335.92	72.1%
PWLB Loan Repayments	£18,568.00	£9,284.88	50.0%
Parish Council Costs	£53,221.37	£14,389.17	27.0%
Sea Festival	£6,133.37	£9,769.37	159.3%
Other receipts cost centre – payment —		£731.11	—
Total	£180,329.37	£83,820.60	46.5%



The expenditure percentages should be considered alongside associated income, timing differences, contractual commitments and the nature of expenditure incurred.

In particular, the Leased Land and Sea Festival headings include expenditure supported by specific income i.e donations, stall fees and ward grants. Their gross expenditure percentages do not, in isolation, represent the net financial impact on the Council.

The principal areas requiring commentary are considered below.

Significant Expenditure Variances

AEP – Table Tennis Table, Fremantle Park

Expenditure of £3,490 has been recorded against the revised allocation of £943.85, resulting in an apparent expenditure variance of £2,546.15.

Associated income of £2,750 has also been recorded against the project.

The resulting net project expenditure is therefore £740, which falls within the revised allocation of £943.85, leaving a net balance of £203.85.

This illustrates the importance of considering project specific income alongside expenditure rather than relying solely on the expenditure variance.

The revised allocation reflects virements made from this heading during the financial year. The formal approval of those virements is addressed in Section 8.

Library Running Costs

Library expenditure totals £11,335.92 against an annual budget of £15,728.25, representing 72.1% of the annual allocation.

The principal reasons for the higher expenditure percentage include the payment of annual business rates, insurance related costs and expenditure on library refurbishment.

Business rates expenditure of £5,968.25 represents the full annual allocation and was recorded in April. This is therefore primarily a timing consideration rather than evidence of ongoing monthly overspending.

Minor refurbishment expenditure of £1,910.16 has been recorded against a revised allocation of £250. The expenditure relates to the purchase of bookcases for the library.

The RFO understands that Kent County Council will reimburse this expenditure. Consequently, subject to confirmation and receipt of the reimbursement, the expenditure is not expected to create an equivalent net financial pressure on the Council.



Other library operating costs, including utilities, telephone services and cleaning, remain within their respective annual allocations at the reporting date.

The overall library expenditure percentage should therefore not be interpreted as indicating that the service is necessarily on course to exceed its annual budget.

Granville Parade Toilets and Kiosk

Expenditure totals £4,090.52 against a revised annual allocation of £10,084.53, representing 40.6% of the budget.

Toilet maintenance and checks have incurred expenditure of £819 against an annual budget of £1,000, leaving £181 available.

The expenditure includes repairs and the replacement of a water heater.

Although the overall cost centre remains within budget, the maintenance heading has utilised 81.9% of its annual allocation during the first six months.

Any further repairs or unplanned maintenance during the remainder of the financial year could result in the allocation being exceeded.

It is recommended that this heading remains under review, with any anticipated additional expenditure identified before further commitments are made.

LAM Maintenance – Leased Lands

Expenditure totals £10,823.86 against an annual allocation of £27,000, representing 40.1% of the budget.

General maintenance under the annual contract has incurred £4,570.86 against an allocation of £12,500.

Other general maintenance expenditure totals £3,875.50 against an annual allocation of £7,500, representing 51.7% of the budget.

This expenditure includes repairs and maintenance across the Council's public spaces, including Fremantle Park, benches and other infrastructure.

Although the cost centre remains within budget overall, expenditure on reactive maintenance should continue to be monitored, particularly where further works may be required during the autumn and winter.



The Council should also consider whether the existing budget appropriately reflects the likely ongoing maintenance requirements of its assets when preparing the 2027/28 budget.

CCTV

CCTV expenditure totals £2,789.23 against an annual budget of £6,400, representing 43.6% of the allocation.

Expenditure includes maintenance, electricity and mobile data charges.

The current position does not indicate a significant overall budget pressure. However, the forecast cost of continuing contractual and utility expenditure should be reviewed during Q3.

Parish Council Costs

Expenditure totals £14,389.17 against a revised annual allocation of £53,221.37, representing 27.0% of the budget.

This comparatively low expenditure percentage reflects, in part, the timing of activities and expenditure expected later in the financial year.

Several budget headings, including Christmas lights, civic activities and other community expenditure, have not yet incurred significant expenditure.

Annual insurance expenditure of £3,135.23 against a budget of £3,250 has largely utilised the relevant allocation, but this is consistent with the timing of an annual insurance premium. This figure may be impacted by the planned December event.

Subscriptions expenditure of £2,139.90 against £2,500 similarly reflects expenditure incurred on annual memberships and subscriptions.

Payroll and pension administration costs total £908.40 against an annual allocation of £1,100, representing 82.6% of the budget. The remaining expected costs should be checked to determine whether a year-end pressure is likely.

The Council should continue to distinguish between genuine savings and expenditure which has simply not yet fallen due.

Sea Festival (new cost centre)

Sea Festival expenditure totals £9,769.37 against a revised expenditure allocation of £6,133.37.



This represents gross expenditure £3,636 above the revised allocation.

However, actual event income of £3,636 has also been recorded, comprising stallholder fees, donations and fundraising receipts.

The net expenditure is therefore £6,133.37, equivalent to the revised net expenditure allocation.

Sea Festival	Amount
Gross expenditure	£9,769.37
Event income	£3,636.00
Net expenditure	£6,133.37
Revised net expenditure allocation	£6,133.37
Net variance	£0.00

Individual expenditure headings exceeded their allocations, including staging and PA, entertainment, first aid and additional event costs however this is largely due to the new cost centre and will be more accurate next year when accurate figures are set against each cost code.

Nevertheless, the additional event income offsets the overall gross expenditure variance, and the event's recorded net expenditure is consistent with the revised allocation.

It is recommended that the Council continues to monitor community events on a net-cost basis, while maintaining separate and transparent budgets for gross income and expenditure.

The actual expenditure and income figures should also inform future event budgets to ensure that the original allocations are realistic.

It is worth noting that no income from the DeHaan Charitable Trust is currently recorded within Scribe for the 2026/27 financial year. This is because the £3,500 donation intended to support the 2026/27 Sea Festival was received on 16 March 2026 and was therefore correctly accounted for within the 2025/26 financial year.

To ensure that the funding intended for the 2026/27 Sea Festival is appropriately identified and reflected within the Council's financial records, it is proposed that £3,500



be transferred from the General Fund into a designated Sea Festival Earmarked Reserve.

This would not alter the Council's overall cash balances or constitute additional income for 2026/27. It would instead provide a clear record of funds allocated for the event and improve transparency in future budget monitoring.

Income Monitoring

Total receipts recorded in the Scribe summary amount to £154,517.51, excluding VAT.

The full annual precept of £122,446 has been received.

Other significant income recorded includes:

Income Source	Receipts
PWLB investment interest	£11,466.98
KCC library property recharge	£4,421.11
Boathouse rent	£5,000.00
KCC library non-property recharge	£2,972.25
Utility recharge from Boathouse	£1,125.17
Sea Festival income	£3,636.00
Table tennis project income	£2,750.00

The approved income budget includes £18,000 for investment interest. Receipts of £11,466.98 represent approximately 63.7% of this allocation.

Investment interest income is therefore performing positively against a simple mid-year benchmark. However, the timing of interest receipts and the maturity dates of investments must be considered before projecting the year-end position.

Boathouse rental income of £5,000 represents 50% of the approved £10,000 annual budget.

The approved annual budgets for the KCC library property and non-property recharges are £7,700 and £10,500 respectively. Receipts to date are £4,421.11 and £2,972.25.



The Q2 recharges have been submitted and expected receipts are £487.40 and £2,972.25. Those figures should be reviewable in the November reporting.

The anticipated reimbursement of the library bookcase expenditure should also be monitored separately until payment is received.

Overall income performance should be assessed against the original approved income budget, taking account of the timing of receipts and any amounts that remain due.

Cash Balances, Investments and Reserves

Cash and Bank Balances

The bank reconciliation dated 30 September 2026 records total cash and bank balances of £588,672.

The balance comprises funds held across the Council's current, deposit and investment accounts, together with petty cash.

The bank reconciliation reports agreement between the cashbook and adjusted bank balances.

Financial Regulation 2.2 requires the Finance Committee to verify bank reconciliations at least quarterly, with the Chair signing the reconciliations and original bank statements "or similar document" as evidence of verification.

The reconciliation should therefore be presented for the Committee's review and verification.

For accounts where periodic statements are not routinely issued, alternative balance confirmations obtained directly from the relevant financial institution will be provided to support the quarterly bank reconciliation, in accordance with Financial Regulation 2.2.

Reserves

The reserves statement records the following position:

Reserve	Balance
Major Projects	£7,215.00
General Reserve (designated in Scribe)	£26,908.00
Community Infrastructure Levy	£8,364.14



Election Fund	£4,000.00
Kiosk Deposit	£3,000.00
PWLB Liability Earmarked Reserve	£418,756.95
Total allocated reserves	£468,244.09
General Fund (unallocated)	£120,290.91
Total funds per reserves statement	£588,535.00

A substantial proportion of the Council's funds is allocated to the PWLB liability and is therefore not available for general expenditure without consideration of the underlying financial obligations.

The PWLB Liability Earmarked Reserve stands at £418,756.95. This represents approximately 71% of the Council's reported cash and investment holdings.

The General Fund balance of £120,290.91 should not automatically be treated as a year-end surplus or as wholly available for new expenditure. It must also support the Council's remaining commitments, cashflow requirements and appropriate working balances.

The reserves report records a £1,000 transfer into the Election Fund, increasing the balance to £4,000.

Financial Regulation 4.9 requires changes in earmarked reserves to be approved by Council. The approval record for this transfer should therefore be confirmed.

The reserves statement records total funds of £588,535, compared with £588,672 in the bank reconciliation as 30 September.

Reserve Adequacy

The Council's overall cash position is substantial, but most funds are allocated to specific purposes or financial obligations.

It is important that the Council continues to distinguish between earmarked reserves, funds required to meet liabilities and the general working balance.

The adequacy of the general reserve should be reviewed as part of the 2027/28 budget-setting process, taking account of the Council's operating costs, income profile and financial risks.



SANDGATE PARISH COUNCIL

Finance Committee 19 October 2026

Budget Virements

Budget virements totalling £3,056.15 were made from the Table Tennis Table – Fremantle Park budget heading.

The adjustments were circulated to members of the Finance Committee by email, and members indicated their agreement.

The virements were reflected in the revised budget allocations recorded in Scribe.

The adjustments comprise:

Budget Heading	Virement
Library Business Rates	£718.25
Cleaning of Toilets	£153.53
Audit and Legal	£559.00
Sea Festival	£633.37
Defibrillator Expenses	£992.00
Total	£3,056.15