

Full Council

8 June 2026

Q4 (2025/26) Financial Report

Purpose of Report

This report supports the Q4 (25/26) financial report. Each quarter the Council receives quarterly financial reports against the revenue budget.

Recommendation:

Council is asked to **NOTE** the Q4 (25/26) financial report.

Background:

1. Council has received quarterly financial reports since Q1 (21/22) August 2021, and this Q4 (25/26) report.
2. This report provides the draft (subject to internal and external audit) assessment of the Q4 25/26 financial statement.
3. This report was noted by F&P Committee 27 May 2026.

Report:

4. The budget expenditure is £700,245 and income £700,245 (2025/26), which includes Council Tax Precept at £667,545 and for example other budget income at £5,000 (CIL receipts), (Beehive insurance contribution) £4,000 and 15,000 (market fees budget income).
5. The actual income to end March 2026 is £717,366 which includes £667,545 Council Tax Precept, £4,207 CIL receipt, £2,628 EDDC information desk and £14,317 Market income.
6. The actual expenditure to end March 2026 is £648,829 That includes all staff related costs at £210,752, PWLB repayment £59,075, Election expenses £20,548, Admin (professional fees – including £5.6k AGAR 23/24 and £1.3k Beehive dilapidations fees (to be reimbursed)), Tourism (Ignyte) £5,000, computer maintenance (Core Office IT) £18,494, Dowell St corner £13,546, Armed Force Day 2025 £5,913 (with corresponding income £1.8k) and HCC underwriting Grant £73,378. Grants 25/26 have been paid, together with Member Allowances, bus shelter scheduled purchase cost and King St toilet.

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7. The income over expenditure to end Q4 (25/26) / end of year is £68,537. This underspend contributes to Reserves to increase Reserves from £303k end 24/25 to £371k end 25/26.
8. Council included a budget 25/26 of £60k to support its Beehive venue and has budgeted £51k grant to Honiton Community Complex 26/27.
9. There have been underspends against several budgets included website (a new website has not yet been purchased), Beehive Strategy (cost less than anticipated), King St public convenience (less maintenance costs incurred so contributing to Reserves), Public Engagement, Noticeboards and Town Entrance Signs. These underspends have helped to balance against overspends but with an overall underspend, which has led to increasing Reserves.
10. At end Q4 25/26 the Council has £400,085 reconciled to its Bank Statements.
11. HTC's reserves have increased from £145k (31 March 2024) to £303k (31 March 2025) due to the increased precept being unspent (as was reported to Full Council June 2025). Reserves have further increased end 25/26 to £371k.
12. EMRs were approved most recently at Full Council June 2025 (25/62): Dowell Street corner £50,000, Sports Pitches £15,000, Youth Council £5,000, Election expenses £7,242. The Sports Pitches EMR has just been approved for spend January 26 Election expenses has been overspent at £20k, 25/26. EMRs at £15k for Sports and £7.2k for Elections expenses, both incurred 25/26 will be transferred from Reserves into the budget 26/27. Dowell Street corner is now at Contract stage with a focus on determining Planning status and additional EMR are Recommended.
13. There is a separate report to F&P Committee May 26 which highlights EMR.
14. In addition, Councils must Earmark CIL local contributions. Some work has been done to tally HTC's Neighbourhood CIL with EDDC's record. CIL Contributions of £3,757 have been received from EDDC (28 April 25), so making a total unspent and available CIL local contribution of £7,521. This record of unspent CIL receipts tallies with EDDC's record.
15. Reserves end 25/26 are £371k. F&P Committee and Full Council are considering allocation of EMR.
16. At a Precept of £1m 25/26, the "rule of thumb" 3-6 months' operating costs are approximately £250k – £500k; therefore at £371k current General Reserves (without any EMR) are insufficient for the "rule of thumb" 6 months. Reserves should be bolstered and therefore £115k has been included in the budget 26/27. Significant risk is Dowell Street retaining wall and impact of Devon LGR. Council

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should consider how it can increase its Reserves (e.g. spend less of the 26/27 budget, secure Grants and maximise income) so that net underspends bolster Reserves at end 26/27.

17. The Corporate Risk Assessment and Statement of Internal Control (Significant Risks) (both May 26 and considered by Full Council May 26 and F&P Committee February 26) highlight financial risks and the risks (costs, community and reputational) that HCC may end its lease of the Beehive before September 2025. That risk is no longer relevant as HCC entered a new long 30 years lease of the Council's Beehive August 2025. Risks arising from Dowell St retaining wall continue and some remedial actions have been taken; a Tender for a JCT D&B contract has been awarded and the Contract currently focusing on Planning status.
18. The member of public challenge to AGAR 23/24 has now been investigated by the External Auditor (PKF Littlejohn) and conclusions require no actions from the Council; that was reported to Finance & Policy Committee September 2025. The Council has now received PKF Littlejohn's conclusion of External Audit 23/24, which has been published. PKF Littlejohn also reviewed External Audit 24/25 based on the same challenge and further information. That review has also been completed, and conclusions require no actions from the Council; that is reported to Finance & Policy Committee May 2026. The Council has now received PKF Littlejohn's conclusion of External Audit 24/25 (March 2026), which has been published. There have been costs to the Town Council arising from the External Auditor's further work into these challenges.
19. Full Council June 2025 approved the AGAR 2024/25 (25/61) following a process of approvals including Internal Audit. The process and timeline were presented to Finance & Policy Committee for approval, 19 May 2025. The Notice of Public Rights was published 27 June 2025 and started 30 June 2025 / ended 8 August 2025. PKF Littlejohn received the AGAR 24/25 for external audit, 30 June 2025.
20. A similar process of preparation and approval of the AGAR 25/26 is underway now and is separately reported to F&P Committee May 2026 ready for Full Council in June 2026.
21. The Council's interim Internal Audit 25/26 from IAC happened on 3 December 2025. A copy of that interim internal audit 25/26 was separately reported to F&P Cttee February 26. The final Internal Audit 25/26 Certificate is provided with the draft AGAR Form 3.

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Month year: 1 June 2026