

Agenda item 5

For decision – Finance report to 31 January 2026

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Summary

This report provides an update on the finances of Frome Town Council for the year to date to 31 January 2026. It includes the Income and Expenditure and Balance Sheet reports to 31 January 2026 and a list of spending on items over £500 (Nov25-Jan26) and any specific items to bring to Cllrs' attention. We will endeavour to answer any questions at the meeting but if you require any specific information, please let us know beforehand at: swilliams@frometowncouncil.gov.uk

Enclosed: Financial statements to 31 January 2026 & Audit reports

[Appendix 5.1 - Summary Income & Expenditure to 31 January 2026](#)[Appendix 5.2 - Balance Sheet and Earmarked Reserves to 31 January 2026](#)[Appendix 5.3 - Payments over £500 for Nov25-Jan26](#)

(All payments over £100 are published on the Finance page of our website which can be found here)

[Appendix 5.4 - External Auditors Report at Year End to 31 March 2025](#)[Appendix 5.5 - Internal Auditors Report at 18 December 2025](#)

The Income & Expenditure report and Balance Sheet to 31 January 2026 are linked within this report. The work programme has progressed strongly according to plans throughout the year and our year end forecast is currently approximately £159k (4%) underspent of the 25/26 budgeted revenue expenditure. Some included projects are being carried forward into the 2026/27 work programme along with the allocated funding.

The table across the next two pages details where the estimated over and underspends are at 31 January 2026.

Table showing some of the forecast **over** or under spends affecting the year end outcome:

Nominal Ledger	Over / Underspends	Note
100-7014 - Community Engagement	£15,000	Citizens Assembly now budgeted for in 2026/27
100-8016 – EMR 351 THRIVE	£44,000	EMR return to General Reserve as grant funding in
200-2189 - INCOME Badgers Hill	-£33,000	Bad debt of budgeted rent £8k, est bad debt current tenant £24k, plus o/s VAT debt at 31/1 £13k
200-7903 - C&G costs	-£10,000	C&G building development - legal & planning fees

200-7992 - Badgers Hill costs	-£14,000	Legal & prof fees, Facilities mgmt. & H&S costs on stadium
201-2106 - INCOME Meeting Rms	£6,500	Stronger hires from year start
201-2107 - INCOME Tenants	£8,500	FLP continuing as tenants in 25/26
201-7910 - TH utilities & waste	£10,000	Better waste services contracts
301 - G&HF Lotto project	-£10,000	FTC's match fund to be increased
400-2111 - INCOME Key Centre	-£6,000	Room hires not ready & nursery tenant not yet in place
400-7936 - Market Yard Toilets	£7,000	Allowing £20k for repairs & C&G pmt.
400-7926 - Library & Riverside	£26,000	Work now programmed for 2026/27
400-7963 - Markets Frome	£15,000	After paying TFI to run Frome weekly markets
400-7987 - Town Centre CCTV	£2,000	Annual bill expected to be £22k but SIDS costs incl.
500-7014 - Engagement	£21,000	Engagement will be thro GoVocal and small budget in 26/27 of £3k - £20k
700-2112 - INCOME Utilities	£4,015	Tenants billed for utilities use not budgeted for separately
700-2114 - Insurance claims	£5,498	Spent straight out on repairs (bus shelters, play equipment, trampoline)
700-2116 - INCOME Tree Donations	£4,800	Environment Agency £4.8k - environmental mitigation paid to FTC for boat platform at Welshmill. Income spent on Trees budget.
700-7938 - Open Spaces	£10,000	Underspend forecast
700-7953 - Rangers PPE	£3,000	Underspend forecast
700-7954 - Rangers training	£5,000	Underspend forecast
700-7955 - Tree surgery & new	-£2,000	Additional spend forecast
700-7957 - VP toilets	-£2,000	Additional spend forecast
700-7959 - Yard maintenance	-£15,000	Overspend due to security enhancements following yard break-in and theft
700-7981 - Water Meadow	-£4,000	Est £2k overspend in year
700-7997 - Community Woodland	-£15,000	Likely £4k overspend due to bailiff costs using more than planned EMR
900-2001 - Bank interest	£20,000	Higher than budgeted investment account returns
900-7009 - IT subs & support	-£8,000	Full licences required for ALL users due to cyber security enhancements advised by ITEC
900-7971 - Cllr Allowances	-£19,000	New Leader allowance agreed to come from GenRes - Council 21May25 £15k & extra £4k Sept25
900-7972 - 2027 Elections	-£20,000	GenRes - Market Ward & Park Ward bye-elections

900-7976 - Insurance & bank charges	-£4,000	Annual premium 25% increase due to global increase in insurance premiums plus Key Centre and new Grillo additions. FTC's broker tells us that increase would likely have been 50% had claim payouts not decreased in recent years. Plus additions of Key Centre, new Grillo mower, Kubota tractor and Kubota gator/RTV.
Salary budget – Facilities Mgr	£19,000	Approx. savings due to mid-year recruitment
Salary budget – HR assistant	£27,000	Approx. savings due to late in year recruitment

The Business & Finance resources

The Business & Finance Team has consisted of the Exec Asst, the RFO and a Finance Officer since 2018 with the addition of a Business Administrator in 2023. Between 2018 and 2025 the Council's annual expenditure budget has trebled and its staff numbers have doubled. The administrative workload covering HR admin & development, general admin, finance processing, monitoring and reporting, meetings management, front desk support and IT support, continues to grow. Having recently appointed an HR assistant to support the development of our HR Lead & Exec Assistant Laura Flaherty, we will review the skills and capacity in the remaining finance, IT and business team in the coming months.

External & Internal Audit reports reviews

Included in the Internal Audit report of 18 December (Section D. 1) was an observation that the Terms of Reference of the Operations & Assets Committee do not include responsibility in respect of either External or Internal Audit. The recommendation was that Full Council must formally review and approve all audit reports.

[This original report went to Operations & Assets Committee 26 November 2025 which can be viewed on the website here.](#)

External Auditor Report for year end 2024/25

[The report from PKF Littlejohn is found in Appendix 5.4 which can be viewed on the website here.](#) After an unusual amount of to/fro-ing with a high number of last minute questions from the external auditors their final report was received on Monday 29 September, the final day for completing external audits across the country. This year there were two items the external auditor raised regarding our AGAR:

“Section 1, Assertion 5 has been incorrectly completed. Information received from the smaller authority highlights that risk management arrangements were not reviewed and approved by the authority as a whole during the year. As a result, this assertion should have been answered ‘No’.”

Risk Management had not been reviewed by Council within the 1/4/24 – 31/3/25 year but instead on the EGM of 18/06/2025. Delegation to Operations & Assets is not acceptable to the External Auditor and neither was the date for Council of 18/06/25.

“The smaller authority has confirmed that it has loan balances that have not been included in the stated Section 2, Box 10 figure on the AGAR. The interest and capital repayment of these loans has also been incorrectly included in Section 2, Box 6 instead of Section 2, Box 5. The principal capital balance outstanding of all loans should be disclosed in Section 2, Box 10 with all interest and capital repayments shown in Box 5. This incorrect treatment has been applied to both the 2023/24 and 2024/25 reported figures.”

The External Auditor also noted the findings of the Internal Auditor in relation to evidencing bank reconciliations and loan approval.

Internal Auditor Report – Visit 1, 18 December 2025

The Internal Auditor IAC Audit & Consultancy Ltd.’s Kevin Rose visited Frome Town Hall on 18 December 2025 and his summary, observations and recommendations including FTC’s comments are found here in [Appendix 5.5 and can be viewed on the website here](#). Our actions on the recommendations are either already in place or will be reported further to Council in March 2026.

Conclusion

The Council’s finances are forecast to end the year in a similarly strong position to the start. With General Reserves forecast to begin 2026/27 at £610k, we are better placed to meet the recommended prudent reserve of three to six months operating costs of the Council, than we have been before. This is in line with the recommendation of the Peer Review that Frome Town Council strengthens its financial resilience.

Recommendations

1. Approve Appendix 5.1 the Income & Expenditure report at 31 January 2026
2. Approve Appendix 5.2 the Balance Sheet including Earmarked Reserves at 31 January 2026
3. Approve Appendix 5.3 General Ledger - payments over £500 (Payments over £100 are published on the Finance page of Frome Town Council’s website here: <https://www.frometowncouncil.gov.uk/council/frome-town-council/finance>)
4. Note the External Auditor PKF Littlejohn’s Report dated 29 September 2025 at Appendix 5.4
5. Note the Internal Auditor IAC Audit & Consultancy Ltd.’s Kevin Rose report of 18 December 2025, summary, observations and recommendations including FTC’s comments at Appendix 5.5