

REPORT TO THE FINANCE, EMPLOYMENT & SERVICES COMMITTEE



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Date	9th June 2026
Subject	Year-End Outturn

PURPOSE:

1. To present the Town Council's financial position as of 31st March 2026.

BACKGROUND:

2. For the past few years, the Town Council has been working with restricted budgets and a heavy reliance on reserves. This is something that could not be sustained going forward. Following the previous years increase of 25%, Councillors were reluctant to increase at this level for a second year running.
3. The original draft budget that was presented to this Committee in November 2024, represented an increase of 35%. Despite being faced with additional costs for the Gala Event, Increased contract charges for Christmas Lights, energy costs, banking operational charges and increased payroll costs (mainly to decrease in threshold and increase in rate for employers NI), the Town Clerk/RFO was given the task of reducing the increase down to just 10%.
4. The new budget presented was seen to be a little too restrictive, and Members resolved to recommend a 15% increase to the Full Council which was then approved on 14th January 2025.
5. A slight increase in the tax base for Colne, resulted in a precept income of £1,105,379 for the 2025/26 financial year.
6. A value of £40,394 was carried forward from the previous year, and a total of £25,000 taken from Earmarked Reserves throughout the year, resulting in a budgeted expenditure of £1,501,656 and an expected withdrawal from reserves of £65,394.

ADDITIONAL INFORMATION:

7. Due to the uncertainty provided by Local Government Reorganisation, Members decided that committing to a large loan to fund the renovations for No. 2, the flat conversion and the replacement of the Town Hall boilers, was not the best thing to do at the present time.
8. It was decided that the flat conversion would be postponed, and minimal repairs carried out in-house in an attempt to get the rental property occupied as soon as possible.

9. Due to timings and the Town Hall Boilers being in a dilapidated state, it was decided to commission the replacement boilers and apply for the loan to cover the cost retrospectively.
10. The Town Council has continued its investment for the future, commissioning a new phone system for the office and a new website. Further events equipment has been purchased, including infrastructure for the Gala Event, and an additional cross street display and centre piece tree for the Christmas Light Display.
11. Despite Central Government withdrawing funding for Neighbourhood Plans, the Town Council committed to continue to develop the policies within the plan to keep it inline with both the Pendle Local Plan and the National Planning Policy Framework. Various other projects were also added to the mix such as the Annex Roof Refurbishment, Playground Development, an outreach project in Alkincoates Park to try to tackle ASB, additional cameras and upgrades to access control at the Town Hall, and an expression of interest for the UK Town of Culture Competition.
12. Luckily, increases in interest received, hire and event income, helped to cover any increased expenditure and a realignment of capital repayment and interest costs meant that all overspends to budget, were fully covered off during the year (inclusive of the Town Hall Boiler Replacement).

FINANCIAL CONSIDERATIONS:

13. Despite being faced with a multitude of challenges and additional charges throughout the year, the Town Council performed surprisingly well. From the value of £65,394 expected to be deducted from the General Reserve total at the end of the year, a surplus of £18,440 was actually added. Members should however bear in mind that it was expected to add the whole amount of the contingency to the reserve, which was a total of £44,894 (although £14,400 of this was utilised during the year). Effectively this equates to a deficit of £26,454, which is an overspend of £1,454 plus the agreed utilisation of the Playground EMR.
14. With the Boiler Replacement almost paid for and the Town Hall EMR still in tact at £60,000, Members should consider if they want to try to apply for a retrospective loan to cover the cost, or if they are happy to just build up the current reserves in future years.
15. Looking forward to 2026/2027, it is proposed that a total of £51,723 is carried forward to cover remaining commitments that were not completed by the end of the financial year. This covers various new equipment and repair & maintenance budgets, some planned repairs including those to No. 2 Albert Road, the transfer of the remaining grants budgets not spent within the year, the remaining payment for the contract awarded for the update of the Colne Neighbourhood Plan, and all the available surplus in the Blues Budget. (Please see Appendix 4 for details).
16. Since the Full Council agreed to the budget for 2026/27 on 20th January 2026, a number of changes are required to cover further price increases and operational changes, namely, to cover the recent staff restructure, increased licence fees, committed repair costs for No.2 Albert Rd, increased HR and insurance costs. (Please refer to Appendix 5 for details).
17. It is proposed that, as per the Reserves & Treasury Management policy, the amount taken from the Playground EMR is fully returned and the unspent election budget is added to the EMR to

help cover the cost for future Town & Parish Council elections. As no further loans have been taken out, the Capital Repayment EMR has been reduced accordingly, and the staffing reserve has been returned to general reserves, effectively utilised to cover the deficit in the salary budget to cover the recent restructure.

18. The statutory guidance recommends that a Council should typically hold between three and twelve months' expenditure as a Revenue Reserve. The proposals set out in appendices 4 and 5 will result in a total reserves figure of £579,707, representing just over four and a half months of predicted expenditure.

RECOMMENDATION:

19. That the FES Committee considers the recommendations made to carry certain budgets forward to 2026/27 in Appendix 4.
20. That Committee Members consider the proposed transfers to Earmarked Reserves for approval.
21. That Members consider the virement set out in Appendix 5 for the Chairman's approval.

REASONS FOR RECOMMENDATION

22. To cover existing commitments that have automatically been carried forward by the Council's accounting system.
23. To begin to build up reserve levels to put the Town Council in a stronger financial position going forward.

SUMMARY OF KEY POINTS:

24. 2025/26 has been a tough year, however the staff team have worked extremely hard to try to keep operations within the budgets set whilst also trying to invest for future years.
25. The Year-End Outturn is better than expected, however the Town Council still needs to build up its reserves to future proof and protect the service provision in Colne.

POLICY IMPLICATIONS:

26. Higher expenditure requires a higher level of reserves which are stated in the Town Council's Reserves & Treasury Management Policy.

SUPPORTING PAPERS:

- Appendix 1 – Detailed Income & Expenditure 31st March 2026
- Appendix 2 – Detailed Balance Sheet 31st March 2026
- Appendix 3 – Earmarked Reserves 31st March 2026
- Appendix 4 – Budget to carry forward & proposed EMR Transfers.

- Appendix 5 – Virements Ref: 664 - 670 to cover changes in the agreed budget.

FURTHER INFORMATION, PLEASE CONTACT: Gina Langley