

Budget Setting and Monitoring Process

LLANGADOG COMMUNITY COUNCIL

APRIL 2026 – MARCH 2027

This process explains how Llangadog Community Council plans its annual budget, sets the precept and monitors spending during the year. It helps make sure public money is used properly, decisions are recorded clearly, and the council can show that it is managing its finances responsibly.

1. Setting the Budget

Each year, the council reviews its expected income and spending for the next financial year. This includes regular running costs, planned projects, maintenance, grants, staffing, insurance, audit costs and any other known commitments. The budget should be realistic and based on what the council expects to do for the community.

2. Agreeing the Precept

Once the draft budget has been prepared, the council considers how much money is needed from the precept. The precept is the amount collected through council tax on behalf of the community council. It should be based on the council's actual budget needs, taking account of expected income, reserves and planned spending. The full council must approve the budget and precept, and the decision should be recorded in the minutes.

3. Monitoring Spending

During the year, the council should compare actual income and spending against the approved budget. Budget reports should be considered regularly so councillors can see whether spending is on track, whether income is being received as expected, and whether any changes are needed.

Examples of Budget Monitoring

- **Maintenance costs:** If the council has budgeted for grass cutting, footpath work or repairs, actual invoices should be checked against the amount set aside.

- **Project spending:** If money has been allocated for a new bench, noticeboard or play area improvement, councillors should receive updates on costs, progress and any overspend.
- **Income received:** The council should check that expected income, such as the precept, grants or reimbursements, has been received when due.
- **Unexpected costs:** If an urgent repair or extra insurance cost arises, the council should consider how it affects the overall budget.
- **Reserves:** Councillors should check whether the council still has enough money set aside for emergencies and planned future work.

4. Managing Changes

If costs are higher than expected, income is lower than expected, or new spending is proposed, councillors should be told as soon as possible. Any significant changes to the budget should be approved in line with the council's financial rules and recorded clearly.

5. Financial Controls

The council should follow its financial regulations when approving payments, managing contracts, checking bank balances and reviewing reserves. Clear records, regular bank reconciliations and proper approval of spending help protect public money.

6. Review and Reporting

The budget should be reviewed throughout the year and at year end. The council should check whether spending was in line with the budget, whether reserves are adequate, and whether anything needs to be improved for the next budget cycle. This also supports internal review and annual audit requirements.