

Meeting Date: 15th April 2026

Agenda Item: Financial Position and Overspend – Review and Actions

Prepared by: Clerk / Responsible Financial Officer

1. PURPOSE OF REPORT

To inform Members of the current financial position, highlight the budget overspend of **£12,724.19**, identify key causes, and seek approval for corrective actions to restore financial control.

2. FINANCIAL SUMMARY

Description	Budget (£)	Actual (£)	Variance (£)
Total Receipts	27,523.25	35,307.60	+7,784.35
Total Payments	37,529.00	50,253.19	-12,724.19

Despite higher-than-expected income, total expenditure significantly exceeds budget, resulting in a net overspend.

3. KEY AREAS OF OVERSPEND

The most significant variances are:

- Clerk Salary (incl. PAYE): **+£3,311.71**
- Electricity: **+£2,095.04**
- LBPF Improvements: **+£4,710.09**
- Reading Room Rent/Insurance: **+£1,575.07**
- IT Improvements: **+£850.03**
- Grass Cutting/Dog Waste: **+£705.50**
- Insurance: **+£259.12**

These overspends account for the majority of the deficit.

4. ANALYSIS

Preliminary review suggests the overspend is due to a combination of:

- Underestimation of budget requirements
 - Increased operational costs (utilities, staffing)
 - Project expenditure exceeding approved budgets
 - Insufficient in-year financial monitoring
 - Lack of formal controls on discretionary spending
-

5. RISKS

- Depletion of council reserves
 - Reduced ability to deliver future services/projects
 - Reputational risk and reduced public confidence
 - Potential non-compliance with Financial Regulations
-

6. RECOMMENDED ACTIONS

6.1 Immediate Controls

- Suspend all non-essential and discretionary expenditure
- Review all outstanding financial commitments

6.2 Financial Monitoring

- Introduce **monthly budget monitoring reports** for the foreseeable future
- Include forecast year-end position in all reports

6.3 Budget Review

- Undertake a full **budget reforecast** for the current year
- Use historical actuals to inform future budgets
- Include a contingency provision (5–10%)

6.4 Staffing Review

- Introduce controls for overtime and additional hours

6.5 Project Governance

- Require formal approval for all projects with:
 - Defined budgets
 - Multiple quotations
 - Spending caps
- Monitor all project expenditure against approved budgets

6.6 Utilities and Contracts

- Review electricity usage and supplier tariffs
- Explore cost-saving measures
- Review major contracts for value

6.7 Reserves Strategy

- Review current reserves position
 - Consider use of reserves for one-off overspends only
 - Avoid reliance on reserves for ongoing costs
-

7. FINANCIAL IMPLICATIONS

Failure to take corrective action will likely result in:

- Further overspending in the current year

- Potential need for significant future precept increases
-

8. RECOMMENDATIONS

Members are asked to:

1. Note the current financial position and overspend
2. Approve the immediate spending controls
3. Agree to receive monthly budget monitoring reports
4. Approve a full budget review and reforecast
5. Agree to review contracts and project controls
6. Agree to the job description from the internal controller and the internal control policy below.

