

AGENDA 9, Enc iii) Financial Overview Report 2024/25 - Annual Governance and Accountability Return

Introduction

This financial overview report forms part of our Annual Governance and Accountability Return for the 2024/25 financial year. It provides a summary of our financial performance, budget management, and year-end position. The report demonstrates our commitment to transparent financial stewardship and accountability to the residents of Ashington.

For the benefit of new councillors, this report also outlines our funding sources and budget framework for the 2025/26 year to provide context for ongoing financial management responsibilities.

Budget Framework and Funding Sources

2025/26 Budget Overview

Our annual budget for 2025/26 represents a strategic response to complex financial challenges while maintaining our commitment to sustainable community development. The budget is funded primarily through a precept of **£958,605**, representing an annual increase of just **£2.25** for Band A properties (which comprise 67% of properties in Ashington), equating to **£1.49 per week** or **£77.30** annually. Band D properties see an increase of **£3.39** annually.

This modest increase demonstrates our commitment to financial prudence while enabling strategic investments in staff development, sustainability initiatives, and long-term planning.

Strategic Budget Priorities for 2025/26

Staff Investment and Development

We are strategically investing in our workforce through:

- **Enhanced staff training and skill development** - Expanding our training budget to develop internal skills and reduce reliance on external support
- **Updated technology and increased automation** - Modernising all areas of management and support
- **Improved access to work vehicles** - Supporting more efficient service delivery
- **Careful staffing planning** - While staff numbers are temporarily reduced, we've maintained budget flexibility to align future staffing with council priorities

Climate and Sustainability Commitment

In a significant strategic shift, we've redirected funds previously allocated to Environmental Enhancements directly into our existing Climate Change budget. This ensures sustainability and environmental impact are primary considerations in every project, making sustainability our first principle rather than just a consideration. We're welcoming members from local environmental groups to our Climate Change Committee to bring fresh perspectives and innovative ideas.

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Community Groups and Youth Support

Following the establishment of our Youth Advisory Committee, we continue strategic investment in Ashington's youth through:

- **Free school holiday activities**
- **Partnerships with youth-focused organisations**
- **Meaningful youth engagement and development opportunities**
- **Collaborative partnership models** and shared resource initiatives

While grant funding has been slightly reduced by £5,000, we're exploring alternative support strategies including networking and skill-sharing opportunities.

Recreation and Leisure Services

We maintain consistent funding for events, allotments, and play areas, with increased investment in our Christmas lights display.

Community Safety and Democratic Engagement

Our comprehensive community safety portfolio includes:

- **CCTV provision** - Continuing support following significant previous investment
- **Interactive cameras** - Enhancing crime detection and prevention capabilities
- **Defibrillators** - Maintaining essential public safety equipment

Budget increases also anticipate 2025 election costs, strategically prepared for through annual reserves to minimise impact on residents.

Additional Income Sources

Beyond the precept, we generate income and secure funding through several key sources:

- **Allotment Rent** - Regular rental income from our allotment sites
- **VAT Reclaim** - We reclaim VAT on eligible expenditure, providing additional resources
- **Grant Funding Opportunities** including:
 - **County Councillor Small Schemes Funding** - Supporting local community projects
 - **Section 106 Local Authority Funding** - Specifically designated for Play Areas improvements
 - **Ashington Leisure Partnership Funding** - Available for leisure and community initiatives
 - **Scottish Power Renewables Windfarm Funding** - Currently holding almost **£50,000**, administered through Northumberland County Council

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These diverse funding streams enable us to enhance our service delivery and respond to community needs beyond our core precept allocation.

Financial Performance 2024/25 (see Appendix A for EOY Budget)

Year-End Position

Our total year-end balance shows a deficit of **£2,148**, which represents careful management of resources across multiple budget headings despite several challenging areas. This position demonstrates our commitment to maximising value from public funds while maintaining essential services.

Detailed Budget Analysis

Areas of Overspend

Management & Support Services

Employment Costs exceeded budget by **£3,037.97** due to nationally agreed pay increases. We have partially mitigated this impact through a reduction in staffing levels where appropriate.

Telecoms & IT costs were **£776.83** over budget due to necessary infrastructure improvements including Councillor email services, upgraded office telephone systems, and continuation of our Widescope contract - essential investments in our operational capability.

Insurance premiums increased by **£1,477** beyond our projected estimates, reflecting market-wide increases that have been monitored throughout the financial year.

Staff Training exceeded budget by **£740.00**, representing an agreed strategic investment in our team's capabilities. This overspend was partially offset by the **£835** underspend in Member Training.

Environmental Services

ATC Neighbourhood Partnership Agreement shows the most significant overspend of **£43,010**. This variance is primarily due to a technical accounting correction rather than operational overspend. Historically, Partnership Contract payments with Northumberland County Council were not correctly accrued at year-end, creating timing discrepancies. Due to late invoicing in 2022/23 and missed accruals, five quarters' worth of payments are recorded in 2024/25 instead of the usual four quarters. This technical adjustment has impacted our available reserves, leading to a streamlined approach with General Contingency set at £171,500 and Earmarked Reserves focused on five key areas: Play Areas, Allotments, Elections, Environmental Improvements, and Memorials. This does not represent missing funds or financial impropriety, but rather corrects our reporting approach to proper income and expenditure accounting principles.

Defibrillators costs exceeded budget by **£979** due to the necessary replacement of a unit that was vandalised - an unplanned but essential public safety expense.

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Areas of Underspend

Management & Support Services

Civic Head Expenses came in **£1,171** under budget. We had allocated funds to refurbish the chain of office and deputy medal and secured these services at a significantly lower cost through a local supplier, demonstrating effective procurement practices.

Recreation & Leisure Services

Events, Community & Engagement shows a positive balance of **£3,475**. We successfully delivered our planned community program while implementing cost efficiencies and maximising community engagement.

Play Areas (General) maintenance came in **£2,598** under budget by bringing repairs in-house rather than contracting external providers, showcasing our ability to deliver services more cost-effectively.

Allotments (General) shows an underspend of **£10,703**. However, this figure reflects a transfer of nearly **£12,000** from contingency earlier in the year to address emergency works at Hirst East End following a fire and to resolve asbestos issues on two plots. Considering this transfer, this would represent an overspend, which is why **£5,000** is recommended for transfer to **Earmarked Reserves for Allotments**.

Environmental Services

Environmental Contracts cost **£6,504** less than budgeted following our decision to bring maintenance of the Jack Charlton statue environs in-house and transitioning away from annual barrier planters and hanging baskets - demonstrating both cost efficiency and environmental sustainability.

Climate Change Projects & Initiatives shows a **£3,259** underspend due to fewer projects being implemented. We have addressed this by bringing new community groups and partners into the committee to generate more initiatives for the coming year.

Grants & Funding

Small Grant Funding has **£1,260** remaining due to fewer applications meeting our criteria and some approved grants being below the £500 threshold.

Other Services

CCTV Provision (Town Centre) came in **£1,860** under budget as the contract implementation was slightly delayed beyond April.

Reserve Allocations and Carry Forwards

Ward Enhancement Carry Forwards

Environmental Enhancements (Ward Councillor Improvements) have been set aside and will be added to next year's reserve budget:

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Ward	Amount
Environ Central Ward	£4,063.50
Environ College Ward	£5,089.00
Environ Haydon	£3,927.69
Environ Seaton	£636.00
Environ Bothal	£2,948.50
NS Community Centre	£3,000.00

Earmarked Reserves for 2025/26

We have established the following reserves for next year from this year's balances:

Purpose	Amount
Play Areas	£45,000.00
Allotments	£5,000.00
Memorials	£1,000.00
Youth	£21,161.30

Outstanding Commitments

We have several outstanding creditors (invoices expected for 24/25 but not yet received) and have added an accrual for the ECO Fair of **£3,321**, which represents the balance of funding allocated for this initiative.

Summary and Forward Planning

Financial Stewardship

Despite the overall deficit of **£2,148**, our financial performance demonstrates remarkable resilience and adaptability. Our team has shown exceptional commitment to financial responsibility while maintaining high-quality community services and responding to unexpected challenges such as vandalism and emergency repairs.

Efficiency Achievements

We have achieved significant efficiencies through different approaches including:

- Bringing services in-house where cost-effective
- Implementing strategic procurement practices
- Fostering community partnerships

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- Maximising income from diverse funding sources

Strategic Position for 2025/26

Looking ahead, we are in a strong financial position with our strategic approach of using year-end balances to bolster reserves rather than offset operational spending. This forward-looking approach supports:

- **Strategically allocated reserves totalling £72,161.30** for key community priorities:
 - Play Areas (£45,000) - Supporting ongoing developments and improvements
 - Youth initiatives (£21,161.30) - Continuing our investment in young people
 - Allotments (£5,000) - Maintaining and improving our allotment facilities
 - Memorials (£1,000) - Preserving our community heritage
- **Ward-specific improvement funds totalling £16,665** for locally targeted enhancements
- **Access to almost £50,000** in Scottish Power Renewables Windfarm Funding
- **Multiple grant funding opportunities** to enhance service delivery
- **Strategic election reserves** - Mitigating unexpected financial challenges for future elections (2029)

This comprehensive approach demonstrates our commitment to responsible, long-term asset management and ensures we're not just addressing immediate needs but safeguarding Ashington's future.

Commitment to Excellence

We remain committed to transparency, accountability, and continuous improvement in our financial management. Our new financial systems will enhance our reporting capabilities and support informed decision-making. With the continuing commitment of officers and members, we are confident in our ability to deliver exceptional value to our community while maintaining robust financial stewardship in the coming year.

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APPENDIX A

MANAGEMENT & SUPPORT	BUDGET	B/F	GROSS BUDGET	SPENT/COMMITTED	INCOME RECEIVED	BALANCE
Employment Costs	£299,631		£299,631	£302,669		-£3,037.97
Office Rental	£6,500		£6,500	£6,507		-£6.64
Meeting Hire	£800		£800	£690		£110.00
ATC Vehicle Costs	£6,000		£6,000	£5,786		£213.71
Storage Unit (Green Lane)	£4,000	£290	£4,290	£4,080		£209.62
Tools & Equipment	£5,000	£106	£5,106	£4,947		£158.93
Office, Stationery & Sundries	£5,000	£189	£5,189	£5,011		£177.70
Telecoms & IT	£8,000	£59	£8,059	£8,836		-£776.83
Professional Expenses	£1,500	£938	£2,438	£2,439		-£1
Publicity & Comms	£1,500		£1,500	£532		£968
Audit Fee	£2,750		£2,750	£2,390		£360
Insurance	£7,500		£7,500	£8,977		-£1,477
Subscriptions	£6,000		£6,000	£5,412		£588
Expenses (Phone, Mileage, Clothing)	£2,500	£85	£2,585	£1,905		£680
Civic Head Expenses	£3,540		£3,540	£2,369		£1,171
Staff Training	£3,000		£3,000	£3,740		-£740.00
Member Training	£1,000		£1,000	£165		£835
RECREATION & LEISURE SERVICES	BUDGET	B/F	GROSS BUDGET	SPENT/COMMITTED	INCOME	BALANCE
Events, Community & Engagement	£38,000	£613	£38,613	£36,253	£1,116	£3,475
Play Areas (Capital)	£0		£0	£5,098	£4,848	-£250
Play Areas (General)	£7,000	£1,200	£8,200	£5,602		£2,598
Christmas Lights Displays	£27,500		£27,500	£27,185		£315
Allotments (Capital)	£28,546	£8,780	£37,326	£37,615	£0	-£289
Allotments (General)	£6,745	£2,418	£9,163	£21,866	£23,501	£10,798
ENVIRONMENTAL SERVICES	BUDGET	B/F	GROSS BUDGET	SPENT/COMMITTED	INCOME	BALANCE
ATC Neighbourhood Partnership Agreement	£238,000		£238,000	£281,010		-£43,010
Environmental Contracts	£26,000	£3,588	£29,588	£23,084		£6,504

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Environmental Enhancements	£16,830	£20,572	£37,402	£37,304	£0	£98
Defibrillators	£3,070		£3,070	£5,189	£1,140	-£979
Climate Change Projects & Initiatives	£15,000	£5,288	£20,288	£17,029		£3,259
Bus Shelters (Capital)	£24,530		£24,530	£33,359	£9,417	£588
Bus Shelters (General)	£4,000		£4,000	£3,356		£644
Seats	£1,000		£1,000	£522	£447	£925
Litter Bins	£8,000		£8,000	£8,357	£629	£272
Memorials	£1,000		£1,000	£0		£1,000
GRANTS & FUNDING	BUDGET	B/F	GROSS BUDGET	SPENT/COMMITTED	INCOME	BALANCE
Annual Grants	£66,000		£66,000	£66,000		£0
Small Grant Funding	£10,000	£891	£10,891	£9,631		£1,260
Detached Youth	£0	£4,794	£4,794	£4,057		£737
Youth Funding	£24,000		£24,000	£24,000		£0
OTHER SERVICES	BUDGET	B/F	GROSS BUDGET	SPENT/COMMITTED	INCOME	BALANCE
Election Expenses (Casual Vacancies)	£8,500		£8,500	£0		£8,500
CCTV Provision (Town Centre)	£35,465		£35,465	£33,605		£1,860
CCTV Provision (Play/Other)	£10,712	£979	£11,691	£11,778		-£87
Interactive Cameras	£500		£500	£6,610	£6,408	£298
total	£964,619	£50,790	£1,015,409	£1,064,968	£47,506	-£2,053
Earmarked Reserves	£61,960	£3,040 moved out of Earmarked Reserves for Civic Reglia repairs and updates. £11,946 moved out of contingency for Hirst East End Fire Damage, Demolition and Asbestos. £4.7k moved from Environ to Employment.				
General Reserves & Contingency	£163,054					
Gross Budget	£1,240,423					