

AGENDA 7, Enc iii) ASHINGTON TOWN COUNCIL FINANCIAL OVERVIEW REPORT 2025/26

1. Executive Summary

This report sets out the Council's financial performance for 2025/26, summarises the Annual Governance and Accountability Return, and provides context for the 2026/27 budget approved in January.

The year closed in a sound financial position. The balance carried forward increased from £267,168 to £371,566, a rise of £104,398. This reflects a net underspend of £150,395 across the revenue budget, driven primarily by a reduction in staffing from 7.0 to 5.4 FTE, alongside underspends in climate, street scene, environmental contracts, staff training, and grants. These were partially offset by overspends in professional fees and election costs, the latter reflecting two unplanned by-elections in addition to the all-out election held during the year. The resulting underspend has been applied to earmarked reserves and contingency as approved, with reserves now held for Paddock Wood Play Area redevelopment, allotment capital infrastructure, a potential operational depot, memorials, elections, ward enhancements, and general contingency.

The year saw significant organisational development: the adoption of Scribe as the Council's accountancy package, the implementation of the Civic.ly asset management system, completion of a substantial website accessibility remediation programme, and adoption of an IT Policy in March 2026. These investments strengthen the Council's governance, financial reporting, and operational management going forward.

The community programme was delivered in full. The Christmas lights programme, events, grants, youth funding, play area works at North Seaton Colliery, and the community film series all represent the Council's visible commitment to Ashington residents. The summer programme has taken a new direction, with the YMCA and Youth Advisory Committee organisations leading delivery — a positive development and a model worth building on.

Two areas require honest acknowledgement. The Climate Change budget saw a delivery rate of around 12%, with £2,033 spent against a £25,000 allocation. This is not a resources problem; it is a capacity and mechanism problem, and it will not resolve itself without a named officer driving the programme forward. The Deputy Town Clerk post, which was identified as the answer to this and other governance gaps, remains unfilled following an unsuccessful recruitment exercise. The Council enters 2026/27 without a concluded direction on this post, and it is the most significant decision outstanding.

The 2026/27 revenue budget of £1,007,621, matched by a precept of £1,007,621, provides for capital investment in Paddock Wood, allotment infrastructure, and an enhanced events programme. Delivering on these commitments requires not only the budget but the officer capacity and member direction to drive them forward. Providing that is the Council's priority for the year ahead.

2. Introduction

This report forms part of the end of year reporting for 2025/26. It provides a summary of the Council's financial performance, budget management, and year-end position, and reflects on the significant programme of work undertaken over the course of the year.

2025/26 has been a year of genuine progress: workforce changes, new systems embedded, compliance and governance frameworks strengthened, and visible improvements to services across the town. It has also been a year of honest challenge — particularly the failure to fill the Deputy Town Clerk post and the governance gap that remains as a result — the Council enters 2026/27 with some priorities but also with some significant decisions still to be made.

This report also sets out the key features of the 2026/27 budget approved in January, to provide context for financial management responsibilities going forward.

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3. Annual Return Summary

The key figures from the Annual Governance and Accountability Return for 2025/26 are set out below.

AGAR Box	2024/25 (Last Year) £	2025/26 (This Year) £
Box 1 — Balances brought forward	310,856	267,168
Box 2 — Annual precept	899,950	958,605
Box 3 — Total other receipts	49,108	111,539
Box 4 — Staff costs	302,669	256,894
Box 5 — Loan interest / capital repayments	—	—
Box 6 — Total other payments	690,077	708,851
Box 7 — Balances carried forward	267,168	371,566
Box 8 — Total cash and short-term investments	231,739	363,372
Box 9 — Total fixed assets and long-term investments	1,163,236 (restated)	1,137,155
Box 10 — Total borrowings	—	—

The balance carried forward of £371,566 (Box 7) represents a strong close to the year, up from £267,168. This reflects the combined effect of precept income, other receipts significantly higher than the prior year (£111,539 vs £49,108 — primarily S106 income for North Seaton Colliery play area), the significant employment underspend arising from the reduction in staffing levels during the year, and the transfer of funds into earmarked reserves.

The reduction in Box 9 (Fixed Assets) from £1,163,236 to £1,137,155 reflects disposals and write-downs in the year following adoption of the formal Asset Register Policy and £250 capitalisation threshold. This is a planned, methodology-driven movement rather than an unplanned loss.

4. Budget Framework and Funding Sources

2026/27 Budget Overview

The Council's revenue budget for 2026/27 is £1,007,621, funded through a precept of £1,007,621. For the majority of Band A households — which make up approximately 67% of properties in Ashington — this represents an increase of just £2.54 per year (21 pence per month), bringing the annual cost to £79.84. Band D households see an increase of £3.82 per year.

This is a budget built for delivery. It reflects the Council's intent to move from aspiration to action — on neighbourhood services, on climate, on events — and it provides the operational foundations to make that possible.

Budget Highlight	Detail
Total budget	£1,007,621
Band A annual cost	£79.84 (+£2.54 on 2025/26)
Band D annual cost	£119.67 (+£3.82 on 2025/26)
Community funding (grants, youth, small grants)	£120,000 (12% of budget)
Paddock Wood Play Area redevelopment	Capital earmarked from reserves (£85,000)

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Budget Highlight	Detail
Allotment capital infrastructure	£38,072 earmarked
Operational depot / premises	£42,000 earmarked
Employment costs (Deputy Clerk post vacant — direction pending)	£314,852 budgeted
Climate Change Projects	£25,000 — plan-dependent; delivery required

Income Sources

Beyond the precept, the Council generates income and secures funding through:

- Allotment rents — income of £23,973 received in 2025/26.
- VAT reclaim — the Council reclaims VAT on eligible expenditure.
- County Councillor Small Schemes funding — supporting locally nominated projects.
- Section 106 funding — designated for play area improvements.
- Ashington Leisure Partnership — funding has been available for leisure and community initiatives, but this is currently suspended.
- Scottish Power Renewables Windfarm Funding — approximately £50,000 held, administered through Northumberland County Council.

5. Financial Performance 2025/26 — Explanation of Significant Variances Contributing to Balances Carried Forward

The Council's year-end position reflects a year of significant structural underspend in staffing alongside some notable pressures in other areas. The overall position is positive, with the balance carried forward rising by £104,398 to £371,566.

The increase in balances carried forward reflects a net underspend position across the year. Significant variances are set out below; the resulting underspend has been applied to earmarked reserves and contingency as approved.

The most significant underspend arose in Employment Costs (£57,958), reflecting a reduction in staffing from 7.0 FTE to 5.4 FTE during the year. Further underspends were recorded in Climate Change and Environment (£21,035), where planned projects had limited scope to progress; Street Scene Repairs and Development (£5,630), reflecting a reduced maintenance requirement and litter bins not purchased (£8,000); Environmental Contracts (£14,594), resulting from in-house operational efficiencies; the Christmas Lights Event (£3,275), offset by external funding received; Staff Training (£6,480); and a net underspend on the Grants Programme (£6,579), representing a gross underspend in Small Grants of £7,763 due to limited applications received, partially offset by planned overspends in the Annual Grants.

Underspends were partially offset by overspends in Professional Fees (£7,956) and Election Costs (£13,713), the latter reflecting combined expenditure across the elections budget, earmarked reserves, and payments for two unplanned by-elections and the all-out election held during the year. Total overspends amounted to £13,223, producing a net underspend of £151,895 (after adjustments) which is reflected in the movement in balances carried forward.

Management and Support Services

Employment costs show the most significant underspend of the year. The explanation lies in a reduction in staffing levels during the year, from 7.0 FTE to 5.4 FTE. This reflects posts becoming vacant (Assets and Development Mgr) and not being replaced, and the flexible retirement of the Events and Engagement Officer whose post was subsequently redesignated rather than backfilled on the same basis. The Deputy Town Clerk post was separately identified as a new requirement and has

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been the subject of its own recruitment exercise, the outcome of which is addressed in the Workforce section below; it is not the source of the employment underspend.

Professional expenses showed a significant overspend of £7,956 against a budget of £1,000, with actual spend of £8,956. This reflects legal and HR professional costs associated with employee relations matters during the year. The 2026/27 budget has been increased to £3,000 to reflect a more realistic base position.

Staff training shows an underspend of £6,481 against a budget of £9,000. The Level 3 Horticulture programme remain in progress and will be supported in 2026/27, alongside further health and safety training and development. The training budget for 2026/27 is at £10,000.

The Telecoms and IT budget of £11,500 was set to reflect the Council's ongoing investment in its digital infrastructure. Additionally, the Clerk's laptop had to be replaced, and Cllr tablets were purchased. Actual spend of £13,947 came in over budget by £2,447. The year saw the adoption of Scribe, a dedicated local council accountancy package, which has strengthened the Council's financial reporting capability and supports the production of more transparent and accurate accounts going forward. The 2026/27 budget has been increased to £15,000 to reflect the genuine cost of the Council's digital commitments.

Neighbourhood Services and Environmental Contracts

The ATC Neighbourhood Partnership Agreement came in at £233,318 against a budget of £235,700, an underspend of £2,382 (1%). This reflects the normalised four-quarter payment cycle following the accrual correction reported in 2024/25. The figure is a true reflection of the contractual commitment of five operatives, plus on costs. The proposed use of underspend for a contribution towards a seasonal operative was rejected.

Street Scene Repairs and Maintenance show a balance of £5,631 against a budget of £8,500, with £2,869 spent and no committed expenditure. The Litter Bins (Capital) budget of £8,000 is also unspent. Both positions are connected: the Council had planned to replace litter bins on Station Road West, with the timing linked to NCC's Wansbeck Square development. When NCC's plans changed during the year, the Council took the prudent decision to defer the purchases rather than proceed ahead of a development that may alter the public realm layout. Following this decision the Council's priorities on the Partnership changed from cleansing to kerb appeal – this created a potential overwhelm on bins for NCC, and the position is currently on hold. Following the summer period of high public bin use, the situation and style of bin will be reconsidered on a case-by-case basis.

Environmental Enhancements shows a balance of £4,726 against a budget of £19,665, with £15,489 spent and £1,865 committed. Income of £2,415 has been received from County Cllr Members Local Improvement Scheme. This budget reflects ward councillor enhancement funding; expenditure is directed by ward councillors following reserves drawn down for this purpose. The balance of each ward has been carried forward and included in earmarked reserves.

Climate Change

The Climate Change Projects and Initiatives budget shows a balance of £21,900 against a budget of £25,000 — with just £2,033 spent and £1,068 committed (Ashington Community Woods/Groundwork North East & Cumbria Project), a delivery rate of around 12%. This is the one area of the Council's finances where an underspend is not a cause for satisfaction.

The budget exists because the Council made a public commitment to climate action, redirected funds into it, and established a committee to drive it forward. In practice, progress has been limited by two connected factors: officer capacity to research options, develop proposals, and keep work moving between meetings; and the difficulty of translating committee ambition into items that are sufficiently developed to bring to agenda. Without an officer actively driving the programme, proposals do not

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reach the point of decision, and budget sits unspent not because the will is absent but because the mechanism is not in place.

The honest position is that officer capacity was identified as the missing ingredient, and a Deputy Town Clerk with strategic responsibility for this agenda was seen as the answer. That post has not been filled, and the Council is back to the drawing board on how to resource the climate programme. The 2026/27 budget maintains the £25,000 allocation, but budget alone will not resolve this. Until there is a named officer with the time and remit to drive the climate agenda forward — preparing proposals, briefing the committee, and bringing costed options to decision — the risk of a third consecutive year of significant underspend is real. Members should consider this when determining the direction on officer resourcing and committee leadership.

Events

The events and community engagement budget was managed carefully across the year, with a total balance of £8,363 across the programme against a combined budget of £81,321 and income of £23,679 received.

The Engagement budget shows a small overspend of £132 against a budget of £6,800. The engagement budget also supported the production of a series of community films during the year, celebrating the people, projects, and organisations that make Ashington the community it is. These have been warmly received and represent exactly the kind of visible, values-led work that connects the Council to its residents.

The Christmas Lights Contract came in on budget with a balance of £395 against £41,000. The Christmas Lights Switch-On shows a balance of £3,275 — with income of £17,223 received via NCC following the Animating Ashington from the previous year. Expenditure was £18,948 which included the fully funded Christmas Market, the net cost to the Council was £1,725.

The Eco Fair shows a balance of just £5 against a budget of £1,521, with funding income of £5,155 received and expenditure of £6,671 — effectively breakeven. The Miners' Picnic shows a small overspend of £214 against a budget of £5,000, the additional spending is wreaths and photography. The summer programme this year has taken an exciting new direction, with the YMCA and organisations connected to the Youth Advisory Committee taking the lead on delivery. This is genuinely something to celebrate: putting young people and the organisations that serve them at the heart of a community event is exactly the kind of partnership the Council should be fostering, and it creates an opportunity to build something distinctive and youth-led that stands apart from a traditionally council-run programme. The Council's role as enabler and funder — rather than direct deliverer — may well prove to be the model that best serves this event going forward, and it is worth reflecting on that as the programme develops.

The Christmas programme is where the Council has its greatest community ambition and its most significant direct investment. The 2026/27 budget increase reflects what residents have told the Council they want — a bigger tree, a better switch-on, a more memorable occasion. Delivering on that ambition requires officer capacity to plan, procure, and manage a larger event, and that capacity is currently constrained. The Council is actively considering how best to structure delivery — whether through an events company, a community organiser, or another model — to ensure the increased budget translates into the event residents are expecting. What is clear is that a step-change in the Christmas offer requires a step-change in how it is planned and resourced, not simply a larger spend on the same approach.

A significant legislative development affecting all event organisers is also now in the interim stages. The Terrorism (Protection of Premises) Act 2025 — commonly known as Martyn's Law, named in memory of Martyn Hett, one of the twenty-two victims of the Manchester Arena attack — received Royal Assent on 3rd April 2025. The Act places new statutory duties on those responsible for qualifying

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public premises and events to implement proportionate security measures and be prepared to respond in the event of a terrorist attack. Statutory guidance under Section 27 of the Act was published by the Home Office in April 2026, and NALC, in partnership with SLCC and the Home Office, has issued practical guidance specifically for parish and town councils. The legislation is not yet in force — a 24-month implementation period runs to spring 2027 — but the Council should use this period to understand its obligations and begin preparing. It cannot be addressed at the point of compliance.

Funding and Community Support

Annual Grants show a balance of £1,056 against a budget of £55,000, with £44,944 paid and £9,000 committed. All grants were made through the proper process; the committed figure reflects approved grants pending payment on completion of projects or activities.

Youth Initiatives and Support show a balance of £760 against a budget of £51,161, with £48,401 paid and £2,000 committed. The committed figure reflects activity approved and in delivery at year end.

Small Grants show a significant underspend of £7,266, with only £5,555 awarded and £500 committed. Limited applications received has been a recurring pattern and has been raised previously. One option put forward for member consideration is to move to a themed grants approach, focusing rounds on specific community priorities to stimulate targeted applications and ensure the budget is used purposefully rather than reactively. The 2026/27 budget is maintained. The Council is invited to give direction on whether it wishes to explore a themed model or any other approach to improving uptake and impact.

Other Services — Election Expenses

Election expenses show an overspend of £13,713 against an operational budget of £25,500, with total election expenditure of £39,213 across the year. Money set aside for all-out Elections was satisfactory, however the budget was set based on a single by-election; in the event, two unplanned by-elections and the all-out election were held during the year, with costs met across the operational elections budget and earmarked reserves. The Council builds a dedicated election reserve towards the 2029 full council elections to ensure future costs are planned for and do not fall as a charge on the operational budget, and a more realistic £10,000 has been allocated in the event of by-elections.

Play Areas

Play area maintenance came in broadly within budget across all sites. Peoples Park shows a balance of £75 against a budget of £2,950, with £927 spent and £1,948 committed, reflecting anticipated maintenance and repair works in progress. The budget is effectively fully committed.

North Seaton Colliery shows gross expenditure of £61,083 against a budget of £870, but income of £61,005 was received in the form of S106 and grant funding for capital works. The net position is a surplus of £792, and the capital works were completed as planned.

Earmarked reserves for play areas have been increased to £85,000 going into 2026/27, providing the funding platform for the Paddock Wood Play Area redevelopment — the Council's designated priority capital investment project. The approach is Council-led consultation followed by a formal procurement exercise.

Allotments

The allotments position is broadly positive overall. The most significant pressure is at Hirst East End, which shows a deficit of £4,075 — income of £955 against expenditure of £5,579. This relates to CCTV which been moved and reassigned to Town Centre CCTV for 2026/27. Nursery Park shows a positive balance of £1,760 due to £10,090 of committed expenditure against income of £7,080; this committed spend will be drawn down in due course when water and piping works are carried out.

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Income for Nursery Park relates to NCC Climate Funding (£5,000) which is carried into next year, as well as a repayment from NWL of £1,674 in respect of historical inaccuracies which were identified and followed up by the RFO.

Woodhorn Road (balance £3,930) generates healthy net surpluses from rental income which have been carried into next year towards capital projects. Additionally, help on site reduces outgoings.

Capital investment needs across the portfolio — roads, water systems, boundary fencing — have been assessed and £38,072 is earmarked in 2026/27 for these improvements. The realisation of capital projects is dependent upon contractor's ability to carry out work which is often a challenge for several reasons.

6. Asset Register and AGAR — Accounting Policy Change

A formal Asset Register Policy was approved by Full Council in 2025/26, introducing a minimum capitalisation threshold of £250 in line with the 2026/27 Practitioners' Guide. The 2024/25 comparative figure for Box 9 was restated from £1,168,550 to £1,163,236 accordingly. The 2025/26 Box 9 figure of £1,137,155 reflects the restated opening position adjusted for disposals and write-downs during the year. This is a planned movement arising from the application of the new policy, not an unplanned loss of assets.

7. Assertion 10 — Digital and Data Compliance

The Council is unable to answer Yes to Assertion 10 in respect of the year ending 31st March 2026 as full compliance with all elements of the assertion was not in place for the entirety of the financial year. However, the Council places on record the substantial progress made during 2025/26 and the firm foundations now in place for full compliance to be asserted in the 2026/27 return.

IT Policy

The Council adopted its IT Policy in March 2026, based on the NALC model template and adapted to reflect the specific needs and working practices of Ashington Town Council. Whilst adoption fell within the 2025/26 financial year, the policy had not been in place for the full year, and the Council considers it appropriate to reflect this honestly in its return.

Website Accessibility

The Council undertook a substantial accessibility remediation programme during 2025/26, working towards compliance with the Web Content Accessibility Guidelines (WCAG) 2.2 AA standard as required under Assertion 10 and the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018. This programme included the review and remediation of 225 PDF and Office documents held within the website and document library.

Remaining accessibility issues relate primarily to historic archived content that falls outside the scope of the regulations by virtue of publication date exemptions. Notwithstanding this, the Council has undertaken improvements to legacy content as part of its wider accessibility programme, going beyond the minimum requirements of the regulations.

Position Going Forward

The Council is committed to achieving full compliance with all elements of Assertion 10 and anticipates being able to answer Yes with confidence in the 2026/27 Annual Governance and Accountability Return.

8. Workforce

The establishment at the end of 2025/26, excluding the Deputy Town Clerk post, is 5.61 FTE. The restructure decisions that have been implemented are working well. The Deputy Clerk vacancy remains the outstanding gap, and the governance risks it was intended to address — succession planning, climate delivery capacity, and strategic project management — remain unresolved. The failure to

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appoint reflects a genuine market challenge: experienced clerking professionals are in high demand, and councils will act to retain them. The Personnel Committee has been asked to consider the options available — re-recruit, grow our own, take stock, or reconsider the shape of the role entirely — and the Council enters 2026/27 without a concluded direction. Resolving the Deputy Clerk question is the most important workforce decision ahead of the Council. Operational demands in respect of allotments and neighbourhood services also need attention, along with the infrastructure to support growth.

9. Reserves and Forward Planning

The Council's reserves position going into 2026/27 reflects a deliberate approach of building earmarked reserves for known future commitments. The following are held:

Purpose	Amount
Play Areas (Paddock Wood redevelopment)	£85,000
Allotments capital infrastructure	£38,072
Operational depot / premises (CAT application)	£42,000
Memorials	£2,000
Full Council Election (2029)	£6,000
Ward Enhancements	£10,000
Contingency (general)	£188,494
TOTAL EARMARKED RESERVES	£371,566

The general contingency of £188,494 is set at a prudent level to protect the Council's ability to respond to the unexpected, but it is lower than planned due to expenditure post budget setting. The election expenses and professional fees overspend in 2025/26 demonstrates why a meaningful contingency matters.

10. Looking Forward — 2026/27

The 2026/27 budget is an action budget. It is not a holding position — it is a considered investment in the things the Council has said it will do and the capacity it needs to do them.

For neighbourhood services, the duty planner model is now established and the Civic.ly asset management system is in operation. The Council has a clear picture of what is required and when. There is some catching-up to do on our own assets, but this is in hand.

For events, the budget increase for Christmas 2026 is a signal to residents that the Council has listened. Delivering a bigger tree, a better switch-on, and a memorable community occasion requires advance planning and professional delivery management. That officer capacity is not yet secured, and this needs to be addressed without delay.

For climate, 2026/27 must be the year the gap between budget and delivery closes. The £25,000 allocation is not a contingency — it is a programme. The expectation is delivery. Whether that is achievable depends directly on resolving the officer capacity question.

For capital investment, Paddock Wood Play Area is the priority project. Allotment infrastructure investment will also progress. The Council's potential operational depot application has been made, but nothing has been received yet.

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11. Financial Stewardship

2025/26 has been a year of consolidation and development. New systems are embedded, governance frameworks have been reviewed and strengthened, and the annual return has been prepared to a high standard of documented accountability. There is more to do, but the foundations are in better shape than they were.

The Council's financial position is sound. The balance carried forward of £371,566 is healthy, earmarked reserves are held against identified future commitments, and the precept represents a modest and transparent ask of residents. The accounts present a fair and accurate picture of the Council's stewardship of public funds.

Looking ahead, the priorities for 2026/27 are clear: capital investment in play areas and allotments, progress on the depot premises, a stronger events programme, and meaningful delivery on the climate agenda. Each of these has a budget line, which now needs a plan. What is needed is the officer capacity and member direction to drive them forward. That remains the outstanding challenge, and it is the one the Council must resolve early in the new year.