**AGENDA 11a, Enc v) ASHINGTON TOWN COUNCIL DRAFT BUDGET REPORT 2026/27**

*Report to Full Council following recommendation by Finance and General Services Committee - 13th January 2026*, *Prepared by Sarah Eden, Executive Officer & RFO*

## 1. INTRODUCTION

This report presents the Draft Budget for 2026/27 for approval by Full Council, recommended by the Finance and General Services Committee, as agreed at their meeting on 13th January 2026.The proposed budget totals £1,390,693, representing an increase of £1,548 from the 2025/26 budget of £1,006,073.

The budget has been developed to reflect the Council's priorities whilst maintaining financial prudence and building sustainable reserves for future capital investment.

## 2. RESPONSIBLE FINANCIAL OFFICER DUTIES

As the Council's Responsible Financial Officer (RFO), I have specific statutory duties under the *Local Government Act 1972* (Section 151) and the *Accounts and Audit Regulations 2015*. These duties require me to ensure the proper administration of the Council's financial affairs and to advise Members on financial matters, budget planning, and the adequacy of reserves.

The role of Section 151 Officer carries significant legal obligations. I am legally required to provide advice to the Council on matters including:

- The robustness of budget estimates and the adequacy of financial reserves
- The financial implications of policy decisions and budget proposals
- The sustainability of the Council's financial position and medium-term outlook
- Compliance with financial regulations and proper financial procedures

However, it is important to emphasise that whilst I am legally obliged to give this advice, the Council is fully entitled to make its own decisions on budget matters. Members have the democratic mandate to decide the Council's priorities, service levels, and precept requirements. My role is to ensure you have the financial information and professional guidance needed to make informed decisions, but the final choices rest with Members.

In preparing the draft budget I have fulfilled my statutory duty by:

- Ensuring budget estimates are based on realistic assumptions and robust calculations.
- Recommending reserve levels that provide adequate financial resilience.
- Identifying financial risks and proposing appropriate mitigations
- Categorising expenditure by discretion level to assist Members' decision-making.
- Providing transparent information on the precept implications for residents

My recommendations. As included in this report, were presented to the Finance & General Services (FGS) Committee and approved. It was agreed this represented a financially prudent budget that balances service delivery with financial responsibility.

Members are reminded that amendments can still be made to the draft presented, but a budget and precept should be agreed at the Full Council meeting. Members are also reminded that movement in the budget can also be agreed throughout the financial year. I am available to advise on the financial implications of alternative proposals.

## 3. CONTINGENCY AND EARMARKED RESERVES

The FGS Committee agrees to recommend that the Council adopt a strategic approach to reserves in 2026/27 that shows strong financial planning and positions the Council to deliver significant capital improvements and build assets from available balances.

### *3.1 Contingency Reserve*

The proposed Contingency Reserve allocation for 2026/27 is **£200,000**, an increase of £28,477 from the 2025/26 allocation of £171,523. This enhanced contribution to contingency provides essential financial resilience and flexibility to respond to unforeseen circumstances, legal obligations, or urgent operational requirements. With a revenue budget exceeding £1 million this level of contingency allocation is prudent financial management aligned with best practice guidance. The report presented on this subject in January 2025, as been updated and is included with agenda papers (enc vii).

### *3.2 Strategic Capital Reserves*

The FGS Committee has recommended substantial allocations to earmarked reserves that will enable the Council to undertake significant capital works funded entirely from existing balances available to 2026/27. Agreeing this recommendation would represent the Council's commitment to setting aside reserves for assets and capital schemes, allowing for precept funding to focus on revenue expenditure.

**The proposed earmarked reserve allocations for 2026/27 are:**

**Play Areas Reserve: £85,000**

(Increase of £40,000 from the 2025/26 allocation of £45,000)

This allocation continues as planned to enable comprehensive improvements across our play areas, ensuring safe, attractive facilities for Ashington's children and families. With committed grant income of £61,005 received in 2025/26 for play area works, the Council is well-positioned to deliver significant enhancements in 2026/27, with Paddock Wood being the next play area to develop.

**Allotments Reserve: £38,072**

(Increase of £33,072 from the 2025/26 allocation of £5,000)

The capital spending on allotments was less in 2025/26 than in previous years, this was conservative whilst allotment income was concluded. Now we know that rents will be kept at the current level we need to ensure money collected is reinvested, as well as setting aside any available funds to complete on capital projects. This allocation addresses the capital investment needed across our allotment sites, mainly roads and some fencing works.

**Full Council Election Reserve: £6,000**

Following on from the precedent set in 2021, the Council should continue to set aside money each year for all out elections in 2029. This reserve ensures we are financially prepared for the 2029 elections without impacting the revenue budget in that year.

**Memorials Reserve: £2,000**

(Increase of £1,000 from the 2025/26 allocation of £1,000)

**Environmental Enhancements Reserve: £10,000**

Ward Cllr environmental enhancements were first distributed in 2023/24, unspent money carried forward into 2024/25 alongside added funds, and then again in 2025/26. This makes for a very untidy revenue budget. It is recommended that the funds remaining are set aside in ear-marked reserves for this purpose. Should the Council wish to increase this allocation, money will need to be moved from elsewhere, or the precept increased. This new reserve supports the Council's environmental aims and provides flexibility for Ward Cllr-led enhancement projects.

**Potential Unit Reserve: £42,000**

This new allocation recognises the ongoing discussions about asset transfer opportunities and ensures the Council has resources available should suitable premises become available for operational purposes.

### *3.3 Reserve Strategy Summary*

- Total earmarked reserve allocations for 2026/27: £183,072
- Combined with contingency allocation: £383,072
- This represents 28% of the total budget and demonstrates strong financial stewardship.

The total proposed budget including reserves is £1,390,693, with £1,007,621 allocated to revenue expenditure.

## 4. REVENUE BUDGET ANALYSIS

The draft revenue budget has been prepared to maintain service delivery whilst managing cost pressures and considering spending in the previous year.

### *4.1 Budget Discretion Categories*

Budget headings are colour coded to illustrate the level of discretion available to the Council:

**GREEN - Non-Discretionary:** Legal obligations, contractual commitments, and essential operational costs that the Council has no ability to vary (e.g., employment costs, CCTV contracts, audit fees, insurance, partnership agreements).

**AMBER – Wholly Discretionary:** Areas where the Council has complete discretion over whether to provide the service or activity (e.g., events programme, grants, youth initiatives, environmental enhancements).

**RED – Limited Discretion**: Services where the Council has committed to provision but retains some flexibility in delivery scale or method (e.g., allotment site maintenance, play area budgets beyond minimum inspection requirements, environmental contracts).

This categorisation assists in identifying potential savings areas should Members wish to make any suggested amendments, whilst protecting statutory and contractual obligations.

### *4.2 Significant Budget Changes from 2025/26*

The following sections highlight key variances:

**ALLOTMENTS (Total: £5,674)**

*Decrease of £6,129 from 2025/26 (£11,803)*

This reflects the Council now collecting rental across some sites. In real terms the investment has increased but money has been moved to the Ear-Marked Reserves for capital improvements which was always the expectation. To maintain allotments according to the revenue, but not to shirk on the Councils responsibility to responsibly manage the asset.

Notable allocations include £2,500 for Hirst East End (including CCTV and water), CCTV is discretionary, £3,000 for Seaton Hirst lease, and £174 for Green Lane lease. Expected income: £20,345.

**ENVIRONMENTAL SERVICES (Total: £295,700)**

*Decrease of £23,205 from 2025/26 (£318,905)*

- Partnership Agreement kept at capped figure: £235,700.
- Environmental Contracts reduced to £15,000 (from £22,000) due to savings achieved in 2025/26 with plant supplies relationship and planting in-house
- Environmental Enhancements budget moved to reserves (£19,665 reallocated)

- Climate Change Projects kept at £25,000, but wholly discretionary.
- Street Scene Repairs & Maintenance increased to £20,000 (from £8,500) - combined budget from seats, bus shelters and bins.

## EVENTS (Total: £99,500)

*Increase of £18,179 from 2025/26 (£81,321) All events are wholly discretionary.*

- Christmas Lights Contract significantly increased to £55,000 (from £41,000) - includes allocation for Artificial Nordic pine tree which would be £20,000 per annum new, and £11,500 for preloved. The Council may choose not to increase the budget to fund the changed tree but we have done a limited survey which suggests this would be a positive move
- Christmas Lights Switch-On doubled to £10,000 (from £5,000) to reflect enhanced event aspirations. In 25/26 we received funding to support this but this is unlikely available in 26/27
- Eco Fair set at the same amount as delivered in 2025/26 at £5,000
- Engagement reduced to £5,000 (from £6,800) due to underspend in 2025/26
- Great Big Green Week reduced to £1,500 (from £2,500) due to underspend
- Spring Clean reduced to £1,000 (from £2,500) due to underspend.
- Core events kept: Community Fair Day (£13,000), Miners' Picnic (£5,000), Pride Picnic (£3,000), Remembrance/Civic (£1,000)

## FUNDING & COMMUNITY (Total: £120,000)

*Increase of £518 from 2025/26 (£119,482). All grants are wholly discretionary.*

- Annual Grants kept at £55,000
- Youth Initiatives reduced to £45,000 (from £51,161). In 2025/26 there were funds carried forward
- Small Grants kept at £20,000

## MANAGEMENT & SUPPORT (Total: £421,908)

*Increase of £28,706 from 2025/26 (£393,202)*

- Employment Costs: £337,508 (increase of £22,656 from £314,852) - reflects workforce planning recommendations that were approved at FGS Committee.
- Telecoms & IT increased to £15,000 (from £11,500) to reflect overspend.
- Professional Expenses increased to £3,000 (from £1,000) to reflect overspend.
- Audit Fee reduced to £2,200 (from £2,750) to reflect underspend.
- Insurance increased to £9,000 (from £8,500) for expected premium increase.
- Subscriptions increased to £6,500 (from £5,800) - Allotments £70, NALC £4,500, NAC £400, SLCC £1,000.
- Staff Training increased to £10,000 (from £9,000) to support workforce development.
- Expenses reduced to £1,500 (from £2,500) to reflect underspend.

## OTHER SERVICES (Total: £58,854)

*Decrease of £15,006 from 2025/26 (£73,860)*

- Election Expenses reduced to £10,000 (from £25,500) - estimated cost for one by-election versus all out provision in 2025.
- CCTV Provision (Town Centre): £36,141 (contract cost)
- CCTV Provision (Play/Other): £10,713 (contract cost)
- Defibrillators increased to £1,000 (from £500) for consumables due for replacement.
- Interactive Cameras kept at £1,000, notional amount

## PLAY AREAS (Total: £5,985)

*Decrease of £1,515 from 2025/26 (£7,500)*

All sites include minimum inspection fees (£120 per site) plus maintenance allocations ranging from £500-£1,500. Paddock Wood is the next due to be replaced in 2026/27 with inspection-only budget. Major spending can be drawn from reserves.

### *4.3 Budget Summary by Category*

- Non-Discretionary (Green): Approximately 45% of revenue budget
- Limited Discretion (Red): Approximately 30% of revenue budget
- Wholly Discretionary (Amber): Approximately 25% of revenue budget

**Total Revenue Budget: £1,007,621**

**Increase from 2025/26: £1,548 (from £1,006,073)**

## 5. PRECEPT IMPLICATIONS

### *5.1 Precept Calculation*

The recommendation is to wholly fund the revenue budget requirement of £1,007,621 via the precept, utilising balances expected to support the contingency and ear-marked reserves.

This represents an increase of approximately 3% on the 2025/26 precept, based on the figures received from Northumberland County Council to proceed with the recommended Council Tax Support scheme.

**Each 1% increase in the precept results in available spending of £9,755.**

### *5.2 Impact on Council Taxpayers*

The precept increase translates to the following annual impact on residents:

- **Band D properties: £3.82 per annum increase.**
- **Band A properties: £2.54 per annum increase.**

Given that the majority of Ashington properties fall within Band A, the impact on most residents is £2.54 per year, or approximately 21 pence per month.

**This modest increase enables the Council to:**

- Build substantial capital reserves from current balances.
- Maintain and enhance valued community services and events.
- Invest in workforce capacity to deliver strategic priorities.
- Protect financial resilience through enhanced contingency.

## 6. SUPPORTING COMMENTS

### *6.1 Budget Principles*

This budget has been constructed on the following principles:

- Funding revenue expenditure through precept, with reserves allocation funded from existing balances.
- Maintaining service levels in priority areas whilst achieving efficiencies where underspends demonstrate over-allocation.
- Building strategic capital reserves to enable asset investment without debt financing
- Supporting workforce development and increasing capacity to meet ambitious plans
- Protecting financial resilience through proper contingency levels

### *6.2 Strategic Considerations*

The budget reflects several strategic priorities:

- **Climate Action:** £25,000 kept for climate change projects, with additional environmental enhancement reserve, with strategic direction required.
- **Community Engagement:** Enhanced events programme including improved Christmas lights provision and switch-on event in response to resident feedback.
- **Youth Support:** £45,000 maintained for youth initiatives alongside core grants programme.
- **Asset Investment:** Substantial reserves for play areas and allotments ensure long-term sustainability.
- **Workforce Capacity:** Employment costs reflect approved recommendations to build resilience and capacity.

### *6.3 Risk Management*

Key financial risks and mitigations:

- **Income volatility:** Conservative income projections, particularly allotment rents
- **Inflation pressure:** Budget includes expected cost increases for supplies.
- **Service demand:** Enhanced contingency provides flexibility for emerging needs.
- **Workforce capacity:** Investment in training and development alongside recruitment
- **Capital commitments:** Reserves strategy ensures funding available for committed and future works.

## 7. RECOMMENDATIONS

The Full Council meeting is recommended to:

1. Note the contents of this report and the Draft Budget 2026/27
2. Approve the Revenue Budget of £1,007,621
3. Support the proposed Contingency and Earmarked Reserves allocations totalling £383,072, recognising this as an excellent approach to capital planning that uses existing balances effectively.
4. Approve the Total Budget (including reserves) of £1,390,693
5. Note that the required precept to fund this budget is £1,067,343, representing a 3% increase
6. Note the council tax impact of £3.82 per annum for Band D properties and £2.54 per annum for Band A properties.