AGENDA 6a, Enc iv) BUDGET UNDERSPENDS 2026/27 AND OPPORTUNITIES FOR SPENDING

1. *Purpose of report*

To report on the 2026/27 budget position, highlighting those budget headings with projected underspends, and to seek approval to vire £12,000 of the Employment Costs underspend to fund one-off items of expenditure.

Some underspending reflects plans not yet realised; some reflects the success of securing grants and finding efficiencies. The relevant budget headings are set out below so that Members understand the reason and can consider what, if anything, should happen next.

To invite Members to consider how remaining underspends could be used with purpose, either this year or by setting money aside for agreed projects in 2027/28.

Bringing the report now ensures Members have time to think before the budget-setting process. Figures are updated each month, but I do not expect significant changes; points are raised in view of what I know.

2. *Employment Costs*

2.1 Background and projected position

The 2026/27 Employment Costs budget of £337,508 was set on the basis that a Deputy Clerk would be recruited early in the financial year. That recruitment did not progress. Council subsequently agreed a different approach, and we have appointed a Climate, Events and Engagement Manager, who will commence in December 2026.

I have calculated Employment Costs to the year end at £255,000, including the new post from December.

Employment Costs 2026/27	**£**
Budget	337,508
Projected outturn to 31 March 2027	255,000
Projected underspend	**82,508**

2.2 Proposed one-off allocations

As RFO, I propose that part of the underspend is used to build the Council's own capacity through a small number of one-off purchases. Each would be vired from Employment Costs into the relevant budget heading.

Item	**Purpose**	**£**
Council works yard (Woodhorn Road allotment plot)	Secure storage container, hardcore base and site security on an uncultivatable plot, reducing paid storage at Jubilee and reliance on NCC for waste disposal. *This is covered in its own agenda item later.*	3,500

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Office and workplace improvements	Completing the office modernisation, including a workstation for the new Climate, Events and Engagement Manager, and replacement desks in main office. *This is covered in its own agenda item later.*	3,500
Contracting out litter bin installation	Installation of 30 replacement litter bins (see 2.3)	3,000
Tools and equipment	Extending our new Husqvarna battery-powered range: pole pruner, hedge cutter, second strimmer and mower	2,000
Total		**12,000**

The works yard and office improvements are the subject of separate reports on this agenda. Approval of this report makes the funding available; the decision on each project rests with those reports.

We have recently invested in Husqvarna battery-powered tools. Adding these four items gives the team a consistent battery platform, with shared batteries and chargers, and reduces noise, fumes and fuel costs.

2.3 Contracting out litter bin installation

This Committee approved the phased litter bin upgrade programme on 20th October 2026. I would like Members to consider contracting out the installation of the first 30 bins, rather than installing them with our own workforce.

There is still work to do on this, so this is a note rather than a firm request. I propose setting aside £3,000 from the Employment Costs underspend. If the approach is agreed, the money would be vired to Street Scene and a further report brought back with costs and a recommended contractor.

2.4 Employment Costs in 2027/28

After the proposed allocations, a further £70,508 of the Employment Costs budget is expected to remain unspent at the year end.

Members should be clear about why this money is available. The underspend is the result of a post being vacant for most of 2026/27. It is not a saving that will repeat. From December we will be operating our full staffing model, and its cost will be met in full from 2027/28.

It would be sensible to maintain an Employment Costs budget of £330,000 for 2027/28. This covers our current staffing model, including contractual increments and any expected pay award. It is however £7,508 less than the budget agreed for 2026/27.

I am raising this now so that Members appreciate that the items in 2.2 are one-off costs, not new budget commitments. They take advantage of this year's underspend, but they do not predict that similar sums will be available to move into other budget headings in future. For example, it would not be prudent to treat this underspend as a reason to increase a heading such as Events by £50,000 each year. That would create a recurring cost that could only be met by increasing the precept or drawing down reserves.

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3. *Climate Change Projects and Initiatives*

£19,000 is currently available in this budget heading, which Members are asked to note.

A community partner has raised the possibility of a Community Allotment. This is only an idea at present and would need costing, planning and partnership discussions before any proposal could come to Committee. However, it could be a very good use of this budget if it can be realised.

With our new Climate, Events and Engagement Manager in post from December, we will have the capacity to develop ideas like this properly.

4. *Woodhorn Road Allotments*

The Woodhorn Road budget is rental income less expenses, and as a large site the surplus shows. The underspend is largely thanks to in-house works, site reps, and to volunteers who help get things done.

We do need to agree a plan of jobs to be carried out on the site, and this has started. We don't want money to build up unspent unless it is being held for a longer-term plan.

5. *Street Scene*

Street Scene appears to be underspending. However, play area repairs are expected to exceed the budget available in the Play Areas heading. Quotes for these repairs are in progress, and Street Scene will be used to meet the additional cost. I don't expect a significant underspend here at the year end.

6. *Events*

The budgets for the Pride Picnic and Eco Fair will remain unspent this year totalling £8,000.

I would expect event spending to increase in 2027/28 now that we have a dedicated officer, so I would not recommend reducing the overall Events and Engagement budget moving forward. There is, however, money available this year.

Our Christmas lights switch-on continues to grow. This year we have added a snow globe, fairground rides, walkabout character and food trucks to the brilliant shop Christmas trail and selection boxes, crafts, lantern parade and Santa Claus. The opportunity now is to extend that festive feeling beyond one night and support the High Street and our community through December.

Options that could be bought in include:

- **Festive Saturdays.** Members may have contacts for carol singers, or street musicians who could be booked on December Saturdays to bring atmosphere and footfall to the High Street on its busiest trading days.
- **Christmas community support.** Small sums could be offered to local groups providing, or to incentivise providing Christmas Day lunches, warm spaces or support for isolated residents. This is a quieter use of the budget, but it reaches people the switch-on may not.

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Lead times are short, so any options would need to be agreed quickly to be delivered this December. Ideas that cannot be delivered this year could be planned now for Christmas 2027, with money set aside for them from this year's underspend.

7. *Using underspends with purpose*

This Council has adopted the General Power of Competence. That means there is very little we cannot do for the benefit of Ashington, provided it is lawful, properly planned and agreed by Council.

I would like this report to be a call out to Members. Underspending is not a problem in itself, but money that simply sits unspent at the year-end is a missed opportunity. Money set aside with a clear purpose is very different.

I would ask Members to think about two questions:

- What are your residents telling you?
- What would you like to enhance or change about the town?

Some ideas may not be deliverable this year. With thought, planning and an idea of costs, they could be developed now and money set aside as an earmarked reserve. This would reduce the impact on next year's budget and give projects a proper start, rather than this year's underspend being lost into general reserves.

I would welcome Members' ideas, either at this meeting or by contacting me directly, so that I can bring costed proposals back to Committee ahead of setting the 2027/28 budget.

8. *Financial implications*

The proposals in 2.2 involve virement of up to £12,000 from Employment Costs to the Works Yard, Office, Street Scene and Tools and Equipment headings, in accordance with the Council's Financial Regulations. There is no impact on the overall 2026/27 budget or on the precept. The £3,000 for litter bin installation will only be vired if the approach is agreed following a further report.

Any proposals arising from sections 3 to 7 would come back to Committee with costs before any money is committed or earmarked.

The proposed 2027/28 Employment Costs budget of £330,000 will be included in the draft budget for Members' consideration.

9. *Recommendations*

That Members:

- Note the projected underspend of £82,508 in the 2026/27 Employment Costs budget, and also note that this is a one-off underspend, and that an Employment Costs budget of £330,000 (only £7.5k less than 26/27) should be maintained in 2027/28.
- Approve the virement of £3,500 to fund the council works yard, subject to approval of the separate report on this agenda.
- Approve the virement of £3,500 to fund office and workplace improvements, subject to approval of the separate report on this agenda.

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- Approve the virement of £2,000 to the Tools and Equipment budget for the purchase of a pole pruner, hedge cutter, second strimmer and mower.
- Note the proposal to contract out the installation of 30 litter bins and agree that £3,000 is set aside for this purpose pending proper procurement.
- Note the £19,000 available in Climate Change Projects and Initiatives.
- Note that Street Scene will meet play area repair costs above the Play Areas budget.
- Consider ideas for using the Events underspend this year.
- Bring forward ideas for projects, service improvements, efficiencies, modernisation or investment in equipment and assets that could be costed and funded through earmarked reserves ahead of the 2027/28 budget.