

Sutton Parish Council

Budget Proposal for 2025/2026



The Budgeting Process

- Parish councils can raise revenue to meet their spending requirements by issuing a 'Precept'
- Every year in January the Parish Council needs to agree the Precept for the next financial year
- The Finance Working Party reviews the council's spending commitments and creates a draft budget for the next year
- The council discusses and agrees the budget for the next financial year
- The council then agrees the Precept, which together with other income and drawings from Reserves, needs to cover the planned expenditure

Sources of Income

- **The Precept**
 - This is the total amount to be raised through the Council Tax from all the dwellings within the parish
 - The 'Precept' is converted into an amount per Council Tax band and is part of the Council Tax bill from the District Council
- **Income from Facilities**
 - Hiring fees charged on users of the Community Room, the Pavilion and The Glebe
- **Income from Community Infrastructure Levy**
 - The Community Infrastructure Levy (CIL) is a charge levied by local authorities on new development in their area
 - It can only be spent to provide new infrastructure or maintain existing infrastructure needed to support new development

Recap on 2024/25 Budget

- Budget for 2024-25 has seen a decrease in utility costs but facility hire has dropped
- Precept decision for 2024-2025:
 - Precept rose from **£179,000** to **£188,960**, a Council Tax rise of **£2.74** to **£130.32** for a Band D property **(+2.3%)**
- Forecast General Reserve rise to 31% of Net Operating Requirement by 31 March 2025
 - Recover to 32% by 31 March 2026
 - Remain steady at around 30% by 31 March 2026

Backdrop to 2025/26 Budget

- Started 2024/25 with a reasonable level of Reserves
 - General Reserves of £65036 at 31st March 2024
 - It is anticipated that the balance on 31st March 2025 will be approx £60922 (31% of Net Operating Requirement)
- New contracts for utilities from early March 2025
 - Should produce further reductions compared to 2024 tariffs
- Need to keep General Reserve above 25% of Net Revenue Expenditure
 - Based on guidance from Joint Panel on Accountability and Governance (JPAG) Practitioners' Guide March 2022

Key Budget Changes 2025/26 (1)

- Significant reduction in utilities (gas and electricity)
 - Energy costs forecast to be roughly £1500 less than 2024
- Staffing budget updated with latest NJC agreement
 - No changes to staffing, retaining same office and facilities roles plus Lengthsman and Time Bank Coordinator
 - Much larger NI contributions, 13.8% contribution increased to 15% and threshold reduced from £9100 to £5000, leading to around £6,000 increase in NIC bill
- Adjusting expected income from Facilities -
 - Total income forecast at £21,080 for 2024/25
 - Total income forecast at £20,330 for 2025/26

Key Budget Changes 2025/26 (2)

- Community Infrastructure Levy
 - Only to be used for highways improvements and facilities improvements and facilities maintenance
 - Plus allocations made for specific projects and maintenance needs

Recommendation for Precept

- Last year agreed precept of **£188,960**
 - A Band D Council Tax of £130.32 (+2.3%)
 - Annual increase of **£2.74** or **3p per week**
- Proposal for 2025-2026:
 - Precept rise from **£188,960** to **£200,000** Leading to Council Tax rise from **£130.32** to **£139.61** for a Band D property (+6.9%)
 - Annual increase of **£9.30** or **18p per week**

Impact on the General Reserve

- Starting position on 31 March 2024
 - General Reserve balance of £65,036
- Anticipated impact on GR in current financial year
 - Anticipated loss of £4,114 by year end
 - Leading to GR balance of £60,922 on 31 March 2025
- Anticipated spend from GR in 2025/2026
 - Draft budget forecasts addition of £3,958 in 2025/26
 - Leading to GR balance of £64,888 on 31 March 2026

Three Year Forecast

- In addition to budget for the coming year, the council looks at a three year forecast
 - Assumes 3.5% annual increase in expenditure
 - Assumes 3.5% annual increase in the precept

Summary	2024-25 Actual+F'cast	2025-26 Budget	2026-27 Forecast		2027-28 Forecast	
CASH REQUIREMENT	£ 193,254	£ 196,453	£ 198,972		£ 193,293	
PRECEPT	£ 188,960.00	£ 200,000.00	£ 207,000.00	3.5%	£ 214,245.00	3.5%
TO/FROM GENERAL RESERVES	(4,294.00)	3,547.00	8,028.22		20,952.08	
TOTAL GENERAL RESERVES START OF FINANCIAL YEAR	£ 65,036	£ 60,742	£ 64,289		£ 72,317	
Net Expenditure (ex loan repayment)	£ 235,505	£ 214,135	£ 221,630		£ 229,387	
General Reserves as %age of Net Operating Requirement	26%	27%	27%		32%	

Medium Term Outlook

- **Short term:** Restoration of General Reserves to comfortably above 25% minimum (predicted to be around 30% by 31st March 2026)
- **Medium term:** Balanced budget should be feasible without further action on General Reserves
 - Precept increases expected to roughly track inflationary pressures on future expenditure
 - Any new properties build in the parish could enable reduced future Council Tax increases or further services
 - Mortgage payments for The Glebe cease in 2 years allowing approx. £13,000 of budget to be freed up

Earmarked Reserves 2025/26

- CIL Reserve totals £53,950.33
- Agreed to allocate CIL Money as follows;
 - Footpath Bowls Club £6,000
 - Footpath St Andrews £6,000
 - New ovens £2,100
 - Glebe Rear Garden Refurb £5,000
 - The Old Rec Ditch £5,000
 - Glebe Windows £10,000
 - Glebe Maintenance £2,500
 - Pavilion Maintenance £2,500
 - LHI Weight Restriction £14,850.33