

Stratfield Mortimer Parish Council

Budget 2025/26

Background

The draft 2025/26 Budget structure is split into two sections - operating items, and reserves and community infrastructure.

The object of this is to enable:

- The regular on-going Precept and other income to cover regular Council operational and maintenance costs, ensuring the Council is financed on a sustainable basis.
- The management of the Council's reserves, including Operating and General Reserves, those reserves that have been established for short term spend and those for longer term capital projects such as the tennis court resurfacing.
- The management of the CIL income stream and expenditure.

Operating items

Operating Income comprises of the Precept, Cemetery and Fairground income and some other smaller items.

Operating Costs comprises of staffing and admin costs, the long term 'normal' levels of spending of Committees and grants that the Council makes to several bodies i.e. contribution to the Willink Leisure Centre and other third parties. As discussed at the most recent West Berkshire District Parish Conference, it is not expected that Stratfield Mortimer Parish Council will be asked to make a voluntary contribution to the library service for 2025/26. In addition, further to the Council Awayday and the possible committee restructure, a budget of £10,000 has been allowed for a Community Committee.

The Precept figure has been set to balance the operational costs. The current predicted Precept figure of £161,729 is an increase of 8% of the Precept received for the previous four years – circa £149,319. The relevant tax base figures were not available when the report was written.

Consideration has been given as to how changes in income and costs may affect individual items of operating income and expenditure, and assumptions on changes are given on the spreadsheet.

Community Infrastructure Levy (CIL) and CIL Projects

The Council's current main source of CIL income is from MOR006. To date the following amounts have been received:

- Phase 1 £112,524.00 received 2021/22
- Phase 2a £14,483.00 received 2022/23
- Phase 2a £26,898.08 received 2023/24
- Phase 2b £55,016.48 received 2023/24
- Phase 3 £173,295 received 2024/25

Prospective CIL for 2025/26 is as follows:

- MOR006 £30,199
- Windmill Road £20,464
- King Street £22,185
- Four Houses Corner £13,674

An amount of circa £4,500 has also been included in the Budget for smaller planning applications. Additional CIL may be received from the development of the Reserved Land on MOR006, but it is unlikely that there will be any further large amounts of CIL, from other developments like MOR006, in the years to come.

A "CIL" spreadsheet has been included as part of the 2025/26 Budget document and provides more detailed information regarding:

- CIL received and spent during 2024/25.
- Budgeted spend for 2024/25.
- Budgeted income for 2025/26 as above.
- Budgeted spend for 2025/26 of £55,000. The spend is for replacing the Fairground fence with galvanised Estate railings - £17,500, resurfacing the Hip Hop (Gyro Spiral), Titan Swing & Super Nova - £22,500 and over skimming the MUGA - £15,000.
- A transfer of £217,000 from CIL reserves to the Mortimer to Burghfield Cycleway and Footpath

The above transactions leave just under £86,000 of CIL for other projects.

Unless it can be demonstrated that CIL has been allocated to a particular project, it must be spent within 5 years, or it may need to be paid back. In addition, there are restrictions on what it may be used for. CIL amounts received are, therefore, held in earmarked reserves and monitored accordingly by the Responsible Financial Officer.

Reserves

Operating Reserve

As part of the Reserves Policy, an Operating Reserve of £50,000 was established in 2024/25. The Operating Reserve balance is calculated to be 25% - or 3 months - of the Council's annual operating costs rounded up to the nearest £10,000. (See Budget spreadsheet: Reserves tab lines 33-36)

General Reserves

It is currently predicted that the General Reserves at the start of 2025/26 shall be £90,557.

Earmarked Reserves (EMR)

It should be noted that the guidance from the Joint Panel on Accountability and Governance (JPAG) regarding Ear Marked and Other Capital Receipt Reserves (CRR) is as follows:

There is, in practice, no upper or lower limit to EMR/CRRs save only that they must be held for genuine and identifiable purposes and projects, and their level should be subject to regular review and justification (at least annually and at budget setting),

and should be separately identified and enumerated. Significant levels of EMRs in particular may give rise to enquiries from internal and/or external auditors.

It is expected that the following earmarked reserves will have been or will be spent by the end of 2024/25:

- Roads, Footpaths and Commons: recharge by West Berkshire Council (WBC) for Brewery Common tree work - £7,727
- Fairground and Cemetery: conservation information boards - £1,000

Other earmarked reserves currently held are:

- Cemetery Extension: it is expected that the landscaping will be finished in early 2025/26 and the current EMR shall be used. There may be some funds remaining if the contingency amount is not needed.
- Mortimer to Burghfield Cycleway and Footpath: it is assumed the current EMR, predicted balance to be £102,205 at the start of 2025/26 will be used during 2025/26.
- Election Expenses: £4,494 is held for the cost of running an election either as part of the four-year local elections or should a poll be demanded following a casual vacancy.
- Tennis Court Resurfacing: An EMR is held for the resurfacing of the courts. It was a stipulation of a Sport England grant, given for the previous court renovations, that money should be saved for this purpose. It is estimated that £50,000 will be required.
- Neighbourhood Plan: it is assumed the current EMR, predicted balance to be £25,000 at the start of 2025/26 will be used during 2025/26. Any additional funds needed will be approved by Council and transferred from General Reserves
- Climate and Environment: £8,340 is currently held and no expenditure for 2025/26 is currently predicted.
- Community Grant: a reserve of £10,000 is maintained for issuing annually.

As part of the budget process, it is proposed:

- A transfer of £4,237 is made from General Reserves to Community Grant to maintain a reserve of £10,000.
- A transfer of £5,000 of the unspent Roads, Footpaths and Commons 2024/25 Budget is made from General Reserves to an earmarked reserve for future Windmill Common Tree work.
- A transfer of £2,334 is made from CIL reserves into the Tennis Court reserve to achieve the £50,000 wanted.

- A transfer of £217,000 is made from CIL reserves into the Mortimer to Burghfield Cycleway and Footpath EMR to increase Council funds for this project.

Full details of and predicted year end balances for EMRs may be found on the “Reserve” tab sheet of the Draft Budget.

Public Works Loan Board (PWLB) Loan

Whilst considering the draft Budget, the Finances and General Purposes Committee reviewed funding for the Mortimer to Burghfield Cycleway and Footpath. Funding and grants shall be sought but in addition to these, and the reserves held/transferred for this project, it is possible that the Council may seek a PWLB loan – the budget therefore includes a provisional allowance of £15,000 for the repayment of such a loan in the first year.

Clerk 23/12/2024