

Stratfield Mortimer Parish Council

Budget 2026/27

Background

The draft 2026/27 budget follows the same structure as previous years, separating the Council's finances into two defined components:

1. Operating Income and Expenditure – covering the ongoing running costs of the Council; and
2. Reserves and Community Infrastructure (CIL) – covering longer-term projects, earmarked funds and capital expenditure.

This separation enables clear financial planning by ensuring that:

- Regular operational expenditure is fully funded through the Precept and other recurring income.
- Capital projects, earmarked reserves and CIL allocations are managed transparently and in accordance with statutory guidance.
- CIL receipts continue to be ring-fenced and monitored, recognising the time-limited nature of CIL funds.

All figures and assumptions used in the draft follow the structure within the "Budget Summary", "Reserves", and relevant cost-centre sheets of the 2026/27 spreadsheet

Operating Items

Operating Income

Operating income again comprises:

- Precept
- Cemetery income
- Fairground income
- Other minor income streams

The draft budget also reflects adjustments to income based on current year trends, as shown on the relevant individual account sheets (e.g., Sheet 100 Income).

Operating Expenditure

Operating expenditure includes:

- Staffing costs
- Administrative and office costs
- Committee budgets relating to:
 - Estate Management
 - Planning & Highways
 - Community

Assumptions for each cost centre are detailed within the spreadsheet, reflecting expected inflationary changes, known contractual increases, and any one-off adjustments required for 2026/27. It is not expected that Stratfield Mortimer Parish Council will be asked to make a voluntary contribution to the library service for 2026/27 and following withdrawal from the Willink Leisure Centre Agreement the Council will not have to pay the annual fee for 2026/27.

As with previous years, the aim remains that *operational income fully funds operational costs*, ensuring that the Precept is used sustainably.

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 may make. Following the Councils withdrawal from the Willink Leisure Centre Agreement a payment will not be made in 2026/27.

The Precept figure has been set to balance the operational costs. The current predicted Precept figure of £171,433 is 106% of the Precept received for the previous year - £161,729. The Precept requirement has been calculated to meet the full cost of operational expenditure for 2026/27. The tax base figures were pending at the time of preparing this report; therefore, the Precept will be finalised once West Berkshire Council confirms the band D equivalents for 2026/27.

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 received 2021/22
- Phase 2a £14,483 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
- Phase 3 £16,261.12 received 2025/26
- Phase 3 £13,938.10 received 2025/26

Prospective CIL for 2026/27 is as follows:

- MOR006 £13938.10
- Perrins Farm £31,914.32- might reduce to £0 if offsetting granted
- King Street £33,110.90- might reduce to £0 if offsetting granted
- Mortimer House, Mortimer Lane £9,104.88- might reduce to £0 if self-build exemption granted

A "CIL" spreadsheet has been included as part of the 2026/27 Budget document and provides more detailed information regarding:

- CIL received and spent during 2025/26.
- Budgeted spend for 2025/26.
- Budgeted income for 2026/27

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 Finance Officer.

Reserves

Operating Reserve

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 due to rounding 25% of the operating cost (£50,155.91) to the nearest £10,000. For 2026/27 this will be increased to £60,000 (See Budget spreadsheet: Reserves tab lines 38-42)

General Reserves

It is currently predicted that the General Reserves at the start of 2026/27 shall be £186,121.

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 2025/26:

- Fairground and Cemetery: conservation information boards - £1,000
- Cemetery Extension: it is expected that the landscaping and memorial wall will be finished in 2025/26 and the current EMR shall be used. A further transfer of £2108.00 will be needed from general reserves.
- Playground equipment- has been spent already- £5684.00
- Fairground Tree Works- has been spent already- £1065.00
- Fairground Water Supply- has been spent already- £4534

Other earmarked reserves currently held are:

- Mortimer to Burghfield Cycleway and Footpath: it is assumed the current EMR, predicted balance to be £308,543.00 at the start of 2026/27 will be used during 2026/27.
- Election Expenses: £5,000 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 £14,235 at the start of 2026/27 will be used during 2026/27. Any additional funds needed will be approved by Council and transferred from General Reserves.
- Climate and Environment: £8,340 is currently held and it has been decided to transfer this back to general reserves for 2026/27.
- Community Grant: a reserve of £10,000 is generally maintained for issuing annually.
- Bus Shelters- an EMR was set up in 2025/26 for the procurement and 5-year maintenance of 3 bus shelters.
- Roads, Footpaths and Commons: recharge by West Berkshire Council (WBC) for Brewery Common tree work - £7,727
- Windmill Common tree works- Ongoing maintenance for the Windmill Common Tree Work £5,000.00

As part of the budget process, it is proposed:

- A transfer of £10,000 is made from General Reserves to Community Grant to maintain a reserve of £10,000.
- A transfer of £2108.00 from General Reserves to increase the balance of the Cemetery extension EMR to cover the difference in the raised POs.

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

Other Points

- The Draft Budget includes £20,000 for the Basingstoke and Deane Local Plan Steering Group for legal advice and additional support for 2026/27.
- Consideration needs to be given regarding the funding of the Mortimer to Burghfield Cycleway and Footpath when looking at reserve transfers.
- £15,000 has been allowed for a public works loan for 2026/27, this may not be needed.
- Bank interest is likely to be reduced due to lowering interest rates and a reduction in bank balances. This is reflected in the income tab. I have been conservative and allowed for 3% bank interest.

Clerk 12/12/2025

CONFIDENTIAL