

Item 10 - Budget & Precept 2026-27

Meeting: 18 December 2025

Motion(s): To approve the budget for 2026-27.

Author: Clerk to the Council

Background

Parish councils, irrespective of their size, have a statutory duty to prepare an annual budget. It is important to prepare an accurate budget to ensure that the council has sufficient funds to carry out its work and meet its responsibilities.

The main source of income for the Council is called the precept. This is collected from residents of the parish through their council tax bills by Stratford District Council on the parish council's behalf. The precept is a calculated figure which is derived from the budget.

Budgetary Considerations

A draft budget has been presented (see annex).

The RFO has estimated the lines of recurring expenditure and these projections can be discussed and amended if required.

The most significant variations year on year are:

- (a) An increase to staffing costs due to pension obligations.
- (b) Bringing all the pavilion income and expenditure within the council budget.

The other aspect of income and expenditure, potentially with much greater impact, are any projects that the Council would like to undertake.

The draft budget includes the Village Gateways project, with the cost of the project being met from a grant from Highways Community Fund and CIL contributions in earmarked reserves. At the time of writing this report, this was the only project included in the budget.

Any additional projects proposed for inclusion in the budget should be both realistic and achievable within the period covered by the budget. If other projects arise during the year, then Council could consider spending from reserves, reallocating funds from other budgets (a virement), applying for grant funding, or deferring the project to the following year.

Note: Funds allocated to projects that are not completed can be moved to an earmarked reserve (EMR), which carries over from year to year; they do not need to be budgeted again unless the expenditure is expected to exceed the original budget allocation.

Reserves

The budget must also take account of any movements in reserves, both general reserves and earmarked reserves (EMR).

Earmarked reserves are held for specific purposes. In previous years the council has allocated £2,500 into an EMR to build up a sinking fund for renewal of the playground equipment. It may also wish to consider topping up the Pavilion capital works budget.

Precept

The precept, sometimes referred to as the 'budget requirement', is a balancing figure, after accounting for budgeted expenditure, other income, and transfers to or from reserves.

The amount charged to local residents and the resulting percentage increase on Council Tax bills also depends on how many households in the parish are liable to pay council tax.

Stratford District Council has notified us of the 'Tax Base' for Ilmington of 396.70 in 2026-27. This is the number of Band D equivalent dwellings in the parish. This figure can vary from year to year as new homes are built or because more or less households are in receipt of council tax support. Those who are least able to pay are removed from the system.

Each £1,000 of additional income to the parish council (via the precept) results in an increase on a resident's council tax bill of £2.52 per year, for a Band D property.

The draft budget as presented would equate to a 6.4% increase in the parish element of resident's Council Tax on bills. This gives a total charge of £103.89 for a Band D property which is an increase of £6.29 year on year.

Precept Benchmarking

Precepts vary widely from one local council to another, depending on their size and services. In 2025-26, the highest Band D charge in the district of £212.80 was set by Welford on Avon which is a medium-size parish with Tax Base of 939.8 and precept of £200,000. Some parishes levy no precept, but provide no services. The average precept in the district in 2025-26 was £84.13 for a Band D household.

Parish precepts in Stratford on Avon District:

<https://democracy.stratford.gov.uk/documents/s72785/Appendix%203.pdf>

Referendum Principles

Town and parish councils are not currently subject to Council Tax referendum principles which effectively cap the amount that local authorities can charge. The situation is reviewed annually as part of the Local Government Finance Settlement and to date the Government has decided not to introduce referendum principles for parish and town councils. However, there is no guarantee they won't be introduced in future.

Recommendation

Please note that the resolutions must be taken separately and in the order listed below.

It is recommended that:

1. Council agrees any amendments and approves the budget for 2026-27.
2. The precept for 2026-27 is approved and the amount minuted.

Reason for recommendation:

1. There is a legal requirement to approve the budget before setting the precept.
2. Stratford District Council asks parish councils to notify them of the precept demand by 23rd January 2026 so that it can be included in Council Tax bills issued in March.