



## 2026-2027 BUDGET DOCUMENTS

### 1. INTRODUCTION

The preparation of an annual budget is a key statutory task; it results in Lenham Parish Council (LPC) setting the precept for the year and gives the Clerk / RFO the authority to make spending commitments in accordance with the spending plans approved by members. It also provides a basis for monitoring progress during the year by comparing actual spending against planned spending. The importance of the budget cannot be underestimated. Members should know how it has been compiled and how it is used in the running of LPC. At its simplest, the budget compares LPC's spending plans and expected income with the excess of planned spending over income made up by the precept. As the year progresses things will not always go to plan and the prospect of a shortfall of funds during the year can present a risk. Regularly reviewing the budget against expenditure will warn members and help them decide responsive actions.

### 2. 2026-2027 BUDGET DOCUMENT

- a. Sets out LPC's spending plans and explains how they will be funded.
- b. Includes a breakdown demonstrating how resources have been allocated to meet running costs of each service along with budget summaries to support the estimates.
- c. Provides a summary of the 2026-2027 Budget, setting out the background to the budget process.
- d. Summarises key budget changes, shows how the budget impacts on Council Tax bills and gives consultation information.

It is important that LPC continually improves the quality of published financial information and feedback is invited.

### 3. MEDIUM TERM FINANCIAL PLAN (MTFP) 2024-2027

- a. LPC takes a strategic approach to financial planning.
- b. MTFP provides a link between LPC's strategic aims, priorities of the local community and the resources likely to be available to fund them.
- c. MTFP establishes financial principles, within which financial planning will be undertaken and highlights key financial challenges facing LPC over the next five years, putting in place a financial strategy to meet these.
- d. MTFP puts in place the framework for planning LPC's spending each year and is the main driver for setting future budgets.
- e. MTFP focuses on issues such as likely funding cuts, whilst aiming to maintain existing service levels and keep future increases as low as possible.
- f. MTFP details challenges facing LPC and the need to make difficult decisions in the coming years in terms of how to offset funding cuts as well as other spending pressures. It is likely that these budget pressures will need to be funded by increases to the Precept and budget reductions.
- g. While capital commitments will be met from earmarked reserves, balances are likely to diminish if they cannot be replenished. LPC is in a strong position to meet the challenges that lie ahead and to maintain existing services.

#### **4. EFFICIENCY SAVINGS**

There is a potential to make savings with the implementation of some or all the following initiatives:

- a. Increased use of volunteers
- b. Over 95% use of BACS for making payments
- c. Electronic communications where possible
- d. Scan and email where possible
- e. Insourcing certain maintenance items
- f. The use of social media and the Parish Council's website for advertising and publicity will result in less paper communication.
- g. Raising fees where justified, i.e. cemetery fees, allotment rent, recreation field rent.
- h. Manage cash to maximise interest, i.e. CCLA Investment Account.
- i. Hire out underutilised resources
- j. Looking at external funding sources for large projects such as War Memorial Trust Grant for the Cross and Strategic CIL funding for the Nursery building.
- k. Review utilities often
- l. Outsourcing payroll
- m. Add perennials to planters to save purchasing so many annual plants

#### **5. 2026-2027 BUDGET FRAMEWORK**

The budget framework ensures that LPC sets a prudent, realistic, and transparent budget which identifies costs and income associated with the provision of services and puts in place prudent budgetary provision within the financial resources available. The Budget Framework aims to assess the impact of the Budget and determine the increase required (if any) to the Parish Council Tax in 2026-2027.

#### **6. THE 2026-2027 BUDGET**

- a. The financial year runs from 01 April - 31 March. The budget is prepared in the autumn and set in January, in advance of the new financial year.
- b. The Budget estimates the resources required to fund the services it provides, deliver its strategic aims and objectives, and meet community and local taxpayer needs and priorities.
- c. The Budget covers the day-to-day operating costs of LPC's services. The net cost, after deducting income and confirmed grants, is funded through the Precept and general reserves.
- d. The Budget also funds major one-off investments in Parish Council and community assets such as buildings, car parks and play areas. These can also be funded from Earmarked Reserves and any grants and contributions that may be available.
- e. The Budget is prepared in line with the LPC's Financial Regulations.
- f. The Budget has been developed on the principle of maintaining existing service levels whilst keeping the required increase in Council Tax as low as possible.
- g. The setting of the budget has considered likely changes in costs and income associated with the running of LPC services between the two years.
- h. Budgetary provisions need to be made for several unavoidable budget increases such as officer pay awards and inflation on running costs. However, these increases can be offset, for the most part, by efficiency savings, budget reductions and income increases which will be assisted by the favorable budget position from 2025-26.

Savings have been achieved without cutting services and LPC will be maintaining services at 2025-26 levels. The Budget includes contingency funds which protect against further spending pressures. The 2026-27 budget has been kept to a minimum and will ensure that important services provided by LPC are protected and maintained.

#### **7. THE PRECEPT**

The Budget must be agreed before precept recommendations can be agreed. The recommendations are based on precept increases of 0%, 3%, and 5%. The tax base has increased this year to 1,750.50, compared

with 1,729.50 in 2025/26.

A 0% increase in band D property amount (£141.46) would mean the precept received will actually increase to £247,628, this is an increase of £15,177.95.

A 3% increase in the current band D amount (£145.70) would raise a precept of £255,047.85.

A 5% increase in the current band D amount (£148.53) would raise a precept of £260,007.02.

Budgetary increases have been offset by efficiency savings and budget reductions. It has been possible to make savings on some service costs by improved procurement and reductions in under-utilized budgets.

The proposed budget for 26/27 is presented in Appendix A and a breakdown of the different options and the calculated precept and Band D property amount is presented in Appendix B.

## **8. 2026-2027 PROJECT PROGRAMME**

This provides for specific projects and investment in assets such as buildings, amenity land, playing fields and play areas and includes provisions for the following: -

- Refurbishment of the Lock up
- Cemetery road repairs
- Lenham Nursery School

The project programme will be funded by Earmarked Reserves, CIL, budgetary provisions, and other grants. There is no current need for LPC to borrow funds.

## **9. 2026-2027 BUDGET CONSULTATION**

The draft budget proposals have been discussed at public meetings and draft versions have been available on the LPC website. The chair of LPC has also provided information on the budget setting process in his article in the monthly parish magazine. This allows residents to comment on whether they are supportive or not of the proposed Budget.

## **10. BALANCES AND EARMARKED RESERVES**

LPC holds earmarked reserves for capital projects of £1,342,566. This is funds remaining from the sale of a strip of land at the William Pitt Field in 2023. The reserves support future capital spending commitments and asset management.

Best practice is for a parish council to hold general reserves of 3 – 12 months of its expenditure.

## **11. LAND, PROPERTY, AND OTHER ASSETS:**

The value of LPC's assets i.e. plant, machinery, street furniture, office contents, and play equipment is currently £646,799.02. This valuation is for insurance purposes rather than the open market. As the assets are specialized and seldom sold, they are valued at existing use or replacement cost, which is lower than market value.

## **12. INVESTMENTS**

Some of LPC's reserves (£1,500,000) are invested in CCLA, this includes the capital funds being held for capital projects of which £1,342,566.56 remains. This also includes £157,433.44 of general reserves.

A savings account is also held with Unity Trust Bank for remaining general reserves and this includes CIL money of £55,875.89.

**13. CONTRACTS AND TENDERING**

The Public Contracts Regulations 2015 govern the management, advertising, and negotiation of contracts. These require that tenders should, as a minimum, be advertised on Councils' websites and may also require advertising on the Contracts Finder website. NALC has published a "Guide to Understanding Procurement" which is very comprehensive, and it is a sound basis for LPC to follow should it undertake any form of contracting exercise. LPC's threshold is £30,000 above this, projects must go out to tender.

**14. ZERO-BASED BUDGETING APPROACH**

In preparing the budget, a zero-based approach has been used which encourages the questioning of each expenditure item and starts from the premise that no costs should be factored into the budget simply because they were in the previous year's budget. Each expenditure item has been considered and justified, and there is a reasonable prospect of each item coming to fruition during the year.

**15. 2026-2027 BUDGET PROPOSALS**

The budget proposals are based on core expenditure. A full breakdown of the budget proposal for 26/27 is presented in Appendix A.

**16. 2026-2027 PRECEPT CALCULATIONS**

**16.1** The budget meets the requirements of the Accounts & Audit Regulations. It may be amended because of LPC changing its proposed program, amending fund contributions, or through policy changes. The balances are the minimum LPC should retain to develop and sustain existing service levels.

**16.2** Appendix A shows the 2024-25 actual amounts, the 2025-26 estimates, the 2025-26 predicted spend & the budgetary proposals for 2026-2027. A 5% inflationary adjustment has been used where necessary and higher provisions where required. Expenditure has been analysed between costs of supporting LPC, cost of planned projects, and sums earmarked for future commitments. Income predictions are based on anticipated outcomes.

**17. REFERENDUM PRINCIPLES**

The Government has challenged Local Councils to demonstrate restraint when setting precept increases that are not a direct result of taking on additional responsibilities and to make precept decisions more transparent to local taxpayers. The continuation of this position in 2026-27 is contingent upon the Government receiving clear evidence of how the sector is responding to this challenge. The Government expects Local Councils in setting their precepts to consider all available options to mitigate the need for council tax increases including the use of reserves where they are not already earmarked for specific purposes or for "invest to save" projects which will lower ongoing revenue costs.

**Appendices:**

**Appendix A: Budget Proposals 26-27**

**Appendix B: Precept Banding 26-27 Band D costs**

**Appendix C: Notes to Support the 26-27 Budget Calculations**

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**7<sup>th</sup> January 2026**