STANWAY PARISH COUNCIL

BUDGET

FOR THE 12 MONTHS PERIOD COMMENCING 1 APRIL 2025

Introduction

This budget sets out Stanway Parish Council's expenditure plans for the 12 months period beginning 1 April 2025 and the Medium Term Financial Plan ('MTFP') for the following five years.

Background

Legislation Stanway Parish Council ('SPC') is a 'precepting authority'. It receives the main part of its income from indirect taxation collected from electors by Colchester City Council as part of Council Tax. SPC has a legal duty to ensure income covers operating costs and, because it generates negligible income from other business activities, it relies on the precept to fund expenditure.

Economic outlook Gross Domestic Product is currently around 1.7% and is expected to remain at this level throughout 2025 before falling to 1.1% in 2026; headline inflation is 2.3% and is predicted to increase to 2.75% during 2025 and remain above the Bank of England's 2% target until at least 2026; at 4.75%, the base rate is at its highest level in 15 years and, while forecast to drop to 3.7% next year, the cost of borrowing is likely to remain relatively high for at least the next five years; and the labour market remains weak with the unemployment rate possibly reaching 7% by 2027[1]. These and other factors impact on the costs incurred by SPC to deliver services.

Population Over the past twenty years the population of Stanway has grown by nearly a third to around 9,700 residents. Developments already approved at Catchbells, Fiveways Fruit Farm, Wyvern Farm and Land West of Lakelands are slated to add another 1,200 new homes in Stanway over the next decade.

Tax base Despite new homes and a growing population the 'tax base' (which Colchester City Council uses as an arbitrary basis to allocate the precept) rose at a slower rate over the same period. As a result, the proportion of the precept notionally collected from each household has risen disproportionately.

Volatility and deficits Repeated funding deficits over 20 years impacted liquidity and constrained progress. The programme of financial discipline commenced in 2023–24 must continue into 2025–26 and beyond, if SPC is to restore reserves, build economic resilience and provide for future investment.

Budget process

Expenditure budgets are set within the context of priorities identified by members which determine the financial resources required to meet operational requirements. For 2025–26 the Staffing Committee, Community Services Committee, Community Assets Committee and Corporate Governance Committee formulated spending plans. The costs of future plans, reserves and financial contingencies were included and the resulting precept was calculated in line with the statutory formula[2].

Robustness of forecasts and estimates

Estimates for 2025–26 are predictions of spending and income made at a point in time, based on service needs and known expenditure patterns. Expenditure budgets reflect the need to maintain certain service levels, but it is a demand-led budget and inevitably entails a degree of judgement. There are also assumptions within the forecasts as summarised below.

- **Income** The budget includes targets for income reflecting updated charges and estimates of demand for services. Although the assumptions lead to prudent income forecasts, there is a risk of income volatility. The General Reserve provides some contingency in case of material shortfalls in income.
- **Borrowing** The capital investment programme during 2006–07 required long-term borrowing to support SPC's priorities and ambitions. Future capital expenditure similarly may require raising funds through loans, though none are planned in 2025–26.
- **Inflation** Cost estimates within the MTFP include assumptions for increases in pay, utilities, contracts and general prices for goods and services. The MTFP assumes an average 2% inflation increase year-on-year which is below short-term economic forecasts but in line the Bank of England's long-term target.
- **Gifts and donations** For the purposes of creating a balanced budget, income from gifts and donations includes the potential proceeds of Mrs Jansma's estate, which will be allocated immediately to an Earmarked Reserve and, as such, has no direct impact on budgeting and financial planning for 2025–26.

Planned revenue expenditure during 2025–26

Revenue expenditure are the day-to-day running costs of performing SPC's functions, some of which are outsourced (discussed further below) which makes some costs volatile and unpredictable.

Staff In common with other employers, SPC's wage bill (along with associated liabilities for National Insurance and pension contributions) accounts for around half of the overheads. The following factors will have an impact on staff costs in 2025–26.

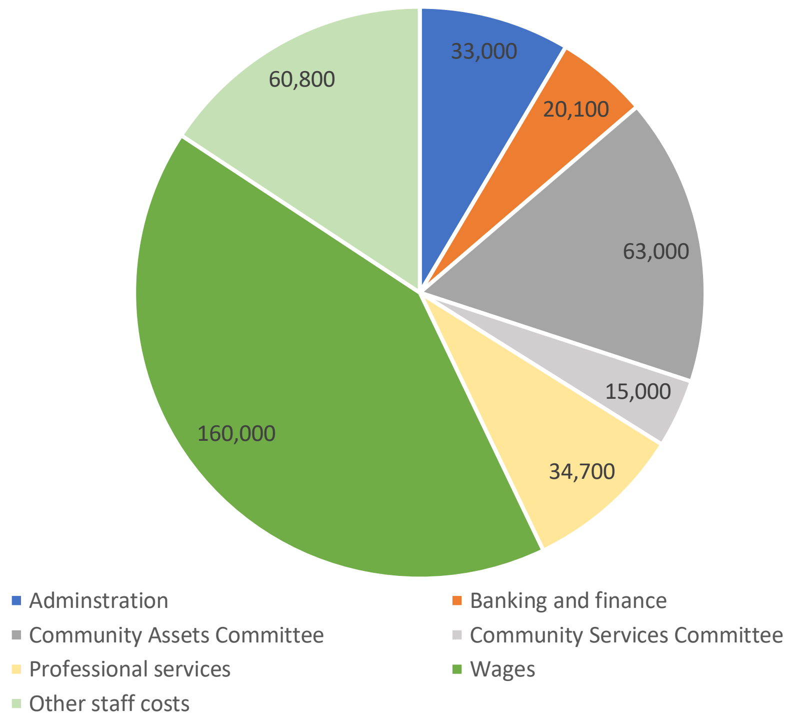
- Recruitment of new staff and changes to working patters means the number of full-time equivalents ('FTE') is set to increase from 3.4 to 4.2.
- From April 2025, changes to National Insurance thresholds and rates will increase SPC's liability for contributions by around 28%.

Outsourced services SPC outsources several key services. The Community Assets Committee oversees provisioning, service delivery and supplier performance.

Professional services SPC pays solicitors, auditors and other advisers for support and advice. Some costs are unavoidable (such as audit fees); others are necessary to support activities and project delivery.

Financing Interest and bank charges represent the fifth largest overhead, with repayment of the loan taken in 2005 being the biggest individual element.

The expenditure plans for 2025–26 are summarised in the following chart, and there is a breakdown under each category at Appendix One.



Planned investment and renewal during 2025–26

SPC invests in infrastructure for community benefit (such as buildings, parks, play equipment, sports grounds and other facilities) and assets to support its operations (such as maintenance machinery and office equipment). It also refurbishes assets from time to time and has to replace them when they reach end of life.

During the past year, for example, SPC installed additional CCTV cameras at Villa Road and replaced broken IT equipment and grounds maintenance machinery.

The unpredictable nature of an asset's lifespan means spending plans can vary significantly from one year to the next.

The expenditure plans for 2025–26 are as follows:

Climbing wall at Silver Witch Green	£4,000
IT & office equipment	£1,000
Jansma Park — Phase One[3]	£50,000
Path at Silver Witch Green[4]	£11,000
Plant and machinery	£1,000
Total	**£67,000**

Expected revenue income during 2025–26 (excluding precept)

SPC charges for some of its services and for some events but otherwise generates very little money from its activities.

Income from ongoing business activities SPC expects to derive a small income from business activities. In practice, the burial ground is SPC's only source of income, but it is unpredictable and varies significantly from one year to the next.

Interest Credit interest accrues on the cash deposited with banks and other financial institutions. A stronger financial base means SPC may commit to depositing cash for longer periods thereby accessing products with higher returns.

Events SPC generates income from the events it organises throughout the year. When the income from an event exceeds the costs directly associated with it, SPC usually donates the notional 'profit' to charity.

The budgeted revenue income for 2025–26 is summarised as follows:

Burial ground	£3,700
Credit interest	£8,000
Events	£800
Total	**£12,500**

Expected capital receipts during 2025–26

In addition to revenue from ongoing operations (summarised on page 5), SPC may receive money from grants, gifts and loans.

Gifts and donations It impracticable to predict gifts and donations; accordingly they are rarely included in a budget. However, SPC is a beneficiary in the will of a former local resident and expects to receive circa £100,000 from the proceeds of her estate during 2025–26. That bequest will be ringfenced in an Earmarked Reserve for a specific purpose (summarised further on page 7).

Grants Aside from the Local Council Tax Subsidy administration scheme, which has halved in the past decade, there are no other committed grants for 2025–26. A notional £1,000 has been included as a placeholder.

Loans There are no plans to raise additional funds from borrowing during 2025–26.

The budgeted capital income for 2025–26 is as follows:

Gifts and donations[5]	£104,000
Grants from Colchester City Council	£5,300
Other grants[6]	£10,000
Loans	£0
Total	**£119,300**

Reserves

SPC holds cash reserves to meet future planned expenditure and as a contingency against unplanned financial stress. Reserves are made up of General Reserves and Earmarked Reserves.

General Reserves SPC must maintain sufficient liquidity to fund its ongoing operations and has resolved to maintain a reserve equivalent to 25% of its budgeted revenue expenditure. Based on the overheads (summarised on page 3), it will hold a reserve of at least £96,700 throughout 2025–26.

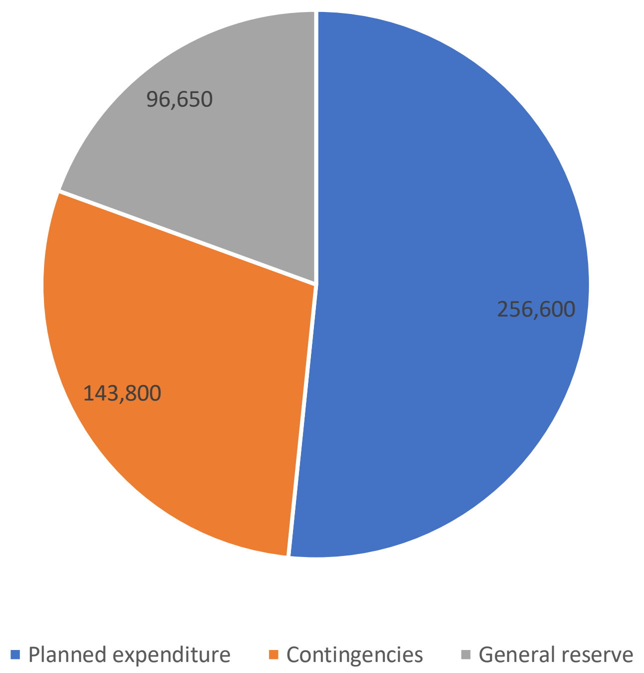
Earmarked Reserves As a discretionary matter SPC allocates reserves to meet planned future expenditure. Broadly speaking reserves are:

- for outlay deemed too great to finance through the precept in a single year (such as the new path at Silver Witch Green);
- to replace assets at end of life (for example renewal of playground equipment); and
- cash ringfenced for any other identified purpose (such as the bequest from Mrs Jansma being given solely for the upkeep and maintenance of Jansma Park).

Earmarked Reserves are also held as a contingency to:

- reinstate assets impaired due to a foreseeable event with uncertain timing (such as criminal damage or a storm); and
- cover unplanned additional revenue expenditure (such as unplanned long term staff absence).

The reserves for 2025–26 are summarised in the following chart, and there is an itemised breakdown at Appendix Two.



The precept

As a precepting authority, SPC has a duty to ensure it has sufficient funds to cover the costs of delivering services and make sufficient provision for contingencies and future investment. The Local Government Finance Act 2015 sets out **the formula SPC must use to calculate the precept**. There are two main components to the calculation — the funding demand and the funding supply, with the precept being the difference between them.

Bringing together the plans summarised on the preceding pages, the demand and supply for 2025–26 are as follows:

Funding Demand		**Funding Supply**	
Expenditure incurred in performing functions (summarised on pages 3 and 4)	£453,600	Cash in hand as of April 1, 2025[7]	£436,300
Reserves for planned future expenditure (summarised on page 7)	£256,600	Revenue income other than the precept (summarised on page 5)	£12,500
Allowance for contingencies and general reserve (summarised on pages 7–8)	£240,500	Capital income (summarised on page 6)	£119,300
Allowance for deficits from earlier years	£0		
Total funding demand for 2025–26	**£950,700**	**Total funding supply for 2025–26**	**£568,100**

Resulting precept

Precept = Total Funding Demand – Total Funding Supply = £950,700 – £568,100 = **£382,600**

Although comparisons with prior years are inevitable, the year-on-year figures are not directly comparable because, except for staff costs (more on that below), the recurring overheads are broadly the same as in 2024–25, with only a small inflationary increase expected. There are two factors that contribute to the apparent increase.

- Recruitment of additional staff coupled with changes to employers' National Insurance will increase staff costs by around 18%.
- The first phase of Jansma Park and the climbing wall are exceptional nonrecurring expenses for which SPC did not plan in earlier years. As a result, the entire cost of both will be met from the precept in 2025–26.

The precept for 2025–26 might have been flat or slightly lower compared to 2024–25, were it not for Jansma Park, the climbing wall, an additional FTE and the increase in National Insurance.

Medium Term Financial Plan 2026–31

The MTFP summarises the impact of SPC's plans and estimates costs and funding for the medium to long-term. The MTFP balances the financial resources required to deliver SPC's plans and SPC's strategies. The plan also considers the financial climate at both the local and national level together with available resources and budgetary pressures.

The MTFP summarised below is for a five-year period.

	Financial year commencing 1 April				
	2026	**2027**	**2028**	**2028**	**2030**
Funding Demand:					
Overheads	403,600	410,600	417,700	423,300	431,700
Investment and renewal	30,500	2,100	19,600	14,200	2,200
Reserves	561,100	558,000	589,000	613,900	648,000
	995,200	**970,700**	**1,026,917**	**1,052,400**	**1,089,900**
Funding Supply:					
Revenue from ongoing operations	12,500	12,000	11,500	11,000	10,500
Grants	5,300	5,300	5,300	5,300	5,300
Loans	0	0	0	0	0
Cash balance carried forward	497,100	561,100	558,200	589,600	614,100
	514,900	**578,400**	**575,000**	**605,900**	**629,900**

Appendix One — Planned revenue expenditure breakdown

Administration	
Chairman's allowance	300
Communications & promotion	2,500
Insurance	10,000
IT, telephone, & broadband	6,800
Non-salaried benefits	1,600
Office supplies & consumables	1,700
Subscriptions	2,500
Training & memberships	7,000
Travel & subsistence	600
Subtotal	**£33,000**
Banking and finance	
Bank charges	300
Capital repayments	16,000
Debit interest	3,800
Subtotal	**20,100**
Community Assets Committee	
Buildings & car parks	6,000
Burial ground	3,500
Footpaths	3,000
Grounds maintenance	18,000
Misuse & vandalism	£1,500
Motoring	3,000
Play areas	6,000
Street furniture	3,500
Streetlights	17,500
Tools & consumables	1,000
Subtotal	**£63,000**
Community Services Committee	
Community safety	2,000
Community services	500
Events	4,000
Grants	5,000
Road safety	3,500
Subtotal	**£15,000**
Professional Services	
Audit	2,700
Other professional services	32,000
Subtotal	**£34,700**
Wages and other staff costs	
Employer's National Insurance	20,300
Employer's pension	40,500
Salaries & wages	160,000
Subtotal	**£220,800**
Total	**£386,600**

Appendix Two – Reserves

Planned future spending (in date order)	
Upkeep and maintenance of Jansma Park (2026–27 onwards)[8]	£204,000
Air quality survey (2026–27)	£1,000
Jansma Park — Phase Two (2026–27)	£11,000
Vehicle activated sign (2026–27)	£2,000
Youth Council (2026–27)	£300
Replace van (2028–29)	£5,400
Swan Green Biodiversity (2028–29)	£400
Trampoline at Silver Witch Green (2029–30)	£3,000
Replace outdoor gym (2031–32)	£5,000
Replace playground equipment (2032–33)	£24,400
Subtotal	**£256,600**

Contingencies	
Burial ground	£2,900
Bus shelters	£5,300
Car parks	£6,300
Community safety	£3,200
Elections	£4,200
Footpaths	£17,000
Grounds	£5,800
Maintenance machinery	£1,100
Notice boards	£3,200
Office equipment	£4,200
Planning	£1,600
Professional fees (legal, etc)	£6,300
Staffing	£45,700
Streetlights	£6,300
Village halls	£27,500
Workshop and store	£3,200
Subtotal	**£143,800**

Notes and references

[1] Figures in this section are taken from Bank of England Monetary Policy Report dated November 2024 https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-report/2024/november/monetary-policy-report-november-2024.pdf
[2] The bases for calculating the precept are set out in s.49A of the Local Government Finance Act 1992.
[3] SPC resolved to proceed with Phase 1 of Jansma Park at its meeting on 26 September 2024.
[4] SPC resolved to proceed with the improvements to the path at Silver Witch Green at its meeting on 27 November 2024.
[5] The income from gifts is an arbitrary figure based on the anticipated proceeds from Mrs Jansma's estate gifted to SPC. The figure may be higher or lower, depending on the sum received and has no impact on the budget for 2025–26.
[6] The income from grants represents anticipated part funding from Enovert Community Trust in respect of the planned improvements to the footpath at Silver Witch Green.
[7] The projection of cash in hand as of 1 April 2025 is based on: (1) spend for the year to date; and (2) a reasonable assumption of anticipated expenditure for the remainder of 2024–25 derived from identified plans and spending patterns in prior years.
[8] The earmarked reserve for Jansma Park is an arbitrary figure based on the anticipated proceeds from Mrs Jansma's estate gifted to SPC. The figure matches the budgeted income and may be higher or lower, depending on the sum received. It has no impact on the budget for 2025–26.