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Briefing Note
Budget & Precept Preparation
1 April 2027 – 31 March 2028

For Council on 22 October 2026

Introduction

This briefing note sets out the proposed timetable and the principles and assumptions, which underpin the four-month long budget setting process which commences in October each year in order to arrive at the precept required by the end of the following January. The precept (Council Tax requirement) is the sum collected by Mid Sussex District Council on the Parish Council's behalf, which is raised through the Council Tax bill. The half yearly monitoring of the current year's 2026/2027 budget is covered elsewhere on this agenda.

Background to the 2026/27 Process

At the Council meeting on 18 December 2025, the Parish Council approved the 2026/27 budget and precept as follows:

Minute: C25/26.104: Final Council Budget 2026/27: Members considered the Parish Council budget requirements for 2026/27 as recommended by the Finance, Governance & Estates Committee of 11 December 2025. Members noted the requirement for funds to help cover the costs of the resurfacing the Parish Council section of South Avenue and the ongoing cost of repairing vandalism and removing graffiti. It was noted that the Community Events Grant budget would not be increased, and it was:

> **RESOLVED: That the Council AGREES the final Parish Council budget requirements for 2026/27 as income of £118,702, expenditure of £478,306 and a precept required to balance the budget of £359,604. Based on the tax base figure of 3386.6 this equates to a Band D (Precept) Council Tax payment of £106.18 (an increase of 7.21% on the 2025/26 figure of £99.05).**

Timescales for Budget Setting for 2027/28

As per the Parish Council's adopted Financial Regulation 4.9, the Clerk/Responsible Finance Officer shall issue the precept to the billing authority no later than the end of February and supply each member with a copy of the agreed annual budget. To facilitate this, the following timescales are recommended:

- Thursday 22 October 2026 - **Council** reviews the first half year Income and Expenditure for 2026/27 and agrees the assumptions and timetable for the budget setting process as recommended by the Finance, Governance and Estates Committee.
- Monday 2 November 2026 – **Planning Committee** review their Action Plan and prepare the initial Committee budget for 2027/28.
- Thursday 12 November 2026 – **Finance, Governance & Estates Committee** recommend schedule of charges for 2027/28 to Council, agree staffing budget for 2027/28, review their Action Plans and prepare initial Committee budget for 2027/28.
- Thursday 19 November 2026 - **Community Engagement Committee** review their Action Plan and prepare their initial Committee budget for 2027/28.
- Thursday 26 November 2026 **Council** to agree schedule of charges for 2027/28.
- Thursday 10 December 2026 – **Finance, Governance & Estates Committee** assess collated budgets from all Committees to produce first draft of 2027/28 budget for recommendation to Council with proposed precept and updated Action Plans.

- Thursday 17 December 2026 – **Council** review draft budget recommendation from Finance, Governance and Estates Committee with proposed precept and updated Action Plans, and, if ready, Council agrees the final budget and precept for 2027/28.
- Thursday 21 January 2027 - unless completed in December, **Finance, Governance & Estates Committee** finalise individual Committee and Council budget proposals and assess Council Tax requirement using Tax Base information; propose budget and precept to Council with supporting Action Plans.
- Thursday 28 January 2027 - unless completed in December, **Council** approves Action Plans, budget for 2027/28 and sets the precept. Precept submission due to MSDC by 31 January 2027.

Principles and assumptions of revenue expenditure and income

The following principles have been carried forward from previous years:

1. Revenue income and expenditure should balance, therefore a balanced budget is required to be set.
2. Reserves should only be used for one-off expenditure or capital items.
3. There are no changes to service levels.
4. Income: charges will be reviewed using the September 2026 CPI figure, and any increases agreed and applied to budget modelling with effect from 1 April 2027 (1 October 2027 for allotments).
5. Inflation: expenditure items be reviewed using the September 2026 CPI figure* unless cost increases to contracts are known and then actuals will apply.

   *Source: Office of National Statistics: The Consumer Price Index (excluding occupiers housing costs) rose by 3.1% in the twelve months to August 2026. (Release date 16 September 2026.) The rate of inflation is the change in prices for goods and services over time. The release date for the September data is 21st October.

Principles and assumptions of one-off and capital expenditure

The aspirations and planned work programme of the Parish Council is set out in the Committee Action Plans. Projects within the Action Plans contain details of funding sources, which include but are not limited to the use of Parish Council reserves and Section 106 funds.

Some projects which are important to the Parish Council but not funded by the Parish Council are also included. For example, where the Parish Council hopes to influence other projects (such as Community Highways Schemes) these are included although the expenditure is not controlled by the Parish Council.

General Reserves

The Parish Council has a Reserves Policy, adopted on 26 February 2026 (Minute C25/26.128.3)**.** Guidance regarding the appropriate level of general reserve varies, but typically recommends 3-6 months of revenue expenditure or 50% of the precept, as adjusted for local conditions. On 30 September 2026, £202,359 is held in General Reserves, equating to 55% of the £359,604 2026/27 precept. A much higher than normal figure. The Parish Council is aware that the level of General Reserve is currently high.

At the year-end any underspend or overspend against the budget directly affects the General Reserve, unless the Parish Council resolves to allocate the funds differently.

The current year fund shown on the Balance Sheet 30 September 2026 of £160,769 is the cash available that the Parish Council has left to spend before 31 March 2027.

Earmarked Reserves (EMRs)

Earmarked Reserves are established to provide future funding for specific capital projects and/or areas under the control and management of the Parish Council. Reserves should only be used for one-off expenditure or capital items and should not be used to support revenue expenditure.

There is no guidance as to appropriate amounts to hold in EMRs, as this will vary depending on the projects under consideration. The EMRs are always shown on the monthly balance sheet. On 30 September 2026, the following amounts were held in EMRs.

EMR	DESCRIPTION		£	Comment
320	CEMETERY		25,017	For unforeseen cemetery costs or new site.
335	SOUTH AVENUE		5,788	For South Avenue road or Recreation Ground.
345	PROFESSIONAL SUPPORT		7,892	For District Plan and other professional support.
350	HURST MEADOWS S106	*	301,397	Ring-fenced for Hurst Meadows works.
355	HURST MEADOWS ACCESS		20,101	For Hurst Meadows access improvements.
360	MILLENNIUM GARDENS	**	7,073	Ring-fenced for the Millennium Garden costs.
380	COURT BUSHES SINKING FUND		46,670	Target of £7,000 end of lease top-up per annum.
390	YOUTH FACILITIES		5,721	For capital or one-off expenditure items.
391	HEALTH & WELLBEING PROJECTS		1,153	For capital or one-off expenditure items.
395	CHRISTMAS LIGHTS		4,772	For capital or one-off expenditure items.

*The Hurst Meadows S106 EMR is the amalgamation of the Little Park and Highfield Drive S.106 agreements. Funds of approx. £17,000 are planned to be used each year to cover expenditure at the site.

**The Millennium Garden EMR was established with an initial balance of £10,000 from the grant from St George's Millennium Garden Trust. Funds are planned to be drawn down from this EMR on an annual basis to cover ongoing maintenance costs for the site when applicable.

Both of these EMR's are ring-fenced and cannot be used for any other purpose, due to the nature of the receipt of the funds. Any future Section 106 receipts will be similarly ring-fenced, as will any capital receipt over £10,000 (which may only be used for a capital purchase and/or repayment of borrowing).

At the end of each financial year, the Earmarked Reserves are "topped-up" proportionally with the bank interest received throughout the year, and allocated to each.

Staff Costs

The Parish Council has 5 employees, two full-time and three part-time (3.97 full time equivalent (FTE) staff). The National Joint Council (NJC) for Local Government Services agreed the annual national pay arrangements, taking effect from 1 April 2026, back in August 2026. This national pay award for 2026/7 (equating to a 3.3% pay rise) has already been automatically paid to staff and backdated to 1 April 2026.

Assuming a 5% national pay increase for 2027/28, and assuming salary (SCP) increases on 1 April 2027, and for worst case budgeting purposes, anticipated staff costs for 2027/28 are as set out below.

Anticipated Staff Costs for 2026/27 and 2027/28

	A 2026/2027 Budget	B 2026/2027 Year End Estimated Outturn	C 2027/2028 Estimate
Nominal Code	**Current Budget**	**(includes the 3.3% national pay increases already backdated to 1.4.26)**	**Includes 5% increase on Staff Salaries, NI and Pension, and SCP increases from 1.4.27**
5100-101 Salaries	159,392	156,814	165,508
5110-101 National Insurance	20,159	19,768	21,076
5120-101 Pension Contributions	23,909	23,522	24,826
TOTAL	**203,460**	**200,104**	**211,410**

Conclusion

The Committee is asked to review the timetable, principles and assumptions outlined in this paper, which underpin the budget setting process for 2027/28 and to agree the following recommendation:

RECOMMENDATION: That Council AGREES AND ADOPTS:

a) The proposed timetable to commence the budget setting exercise for 1 April 2027 to 31 March 2028.

b) The principles and assumptions outlined in this paper which underpin the budget and precept setting process for 2027/28 as follows:

- **i. A balanced budget is required to be set.**
- **ii. Reserves should only be used for one-off expenditure or capital items.**
- **iii. There are no changes to service levels.**
- **iv. Charges will be sensitively reviewed using the September 2026 CPI figure when known.**
- **v. Inflation will be added to expenditure forecasts using the September 2026 CPI figure, unless cost increases to contracts are known, then actuals will apply.**
- **vi. Staff costs will initially be budgeted for at an increase of 5% for 2027/28.**