

2026-2027 BUDGET DOCUMENT

1. INTRODUCTION

The preparation of an annual budget is a key statutory task; it results in KHPC 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 KHPC. At its simplest the budget compares KHPC'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

- Sets out KHPC's spending plans and explains how they will be funded.
- Includes a breakdown demonstrating how resources have been allocated to meet running costs of each service; budget summaries support the estimates.
- Provides a summary of the 2026-2027 Budget, setting out the background to the budget process.
- Summarises key budget changes, shows how the budget impacts on Council Tax bills and gives consultation information. It is important that KHPC continually improves the quality of published financial information and feedback is invited.

3. MEDIUM TERM FINANCIAL PLAN (MTFP) 2023-2027

- KHPC takes a strategic approach to financial planning.
- MTFP provides a link between KHPC's strategic aims, priorities of the local community and the resources likely to be available to fund them
- MTFP establishes financial principles, within which financial planning will be undertaken and highlights key financial challenges facing KHPC over the next five years, putting in place a financial strategy to meet these.
- MTFP puts in place the framework for planning KHPC's spending each year and is the main driver for setting future budgets.
- MTFP focuses on issues such as likely funding cuts, whilst aiming to maintain existing service levels and keep future increases as low as possible.
- MTFP details challenges facing KHPC 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.
- While capital commitments will be met from earmarked reserves, balances are likely to diminish if they cannot be replenished. KHPC 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:

- Increased use of volunteers
- Increased take up in hall bookings at the Community Centre
- + 99% use of BACS for making payments
- Electronic communications where possible for customer receipts and invoicing.
- Scan and email where possible
- Insourcing certain maintenance items

- The use of social media and the Parish Council's website for advertising and publicity will result in less paper communication.
- Raising fees where justified, i.e. allotment rents and Community Centre hire fees
- Manage cash to maximise interest, i.e. CCLA Investment Account.
- Hire out underutilised resources, i.e. Cunningham Suite
- Looking at external funding sources such as sponsorship from businesses and residents for certain key projects
- Three-year agreement on insurance has saved money.
- Review utilities often

5. **2026-2027 BUDGET FRAMEWORK**

The budget framework ensures that KHPC 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**

- 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.
- 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.
- The Budget funds the day-to-day running costs of KHPC's services, and the net cost after deducting income and confirmed grants is funded from the Precept.
- The Budget also funds major one-off investments in Parish Council and community assets such as buildings and play areas. These can also be funded from Earmarked Reserves and any grants and contributions that may be available.
- The Budget is prepared in line with the known financial strategy of KHPC.
- 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.
- The setting of the budget has considered likely changes in costs and income associated with the running of KHPC services between the two years.
- 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 favourable budget position in 2025-2026.

Savings have been achieved without cutting services and KHPC will be maintaining services at 2025-2026 levels. The Budget includes contingency funds which protect against further spending pressures. The 2026-2027 budget has been kept to a minimum and will ensure that important services provided by KHPC are protected and maintained.

7. **THE DETAIL**

Budget and precept recommendations have been made based on a 0%, a 5% decrease and a 5% increase in the precept. A 0% increase would mean the precept remains unchanged at £500K, a 5% decrease would reduce the precept by £25K to £475K and a 5% increase would increase the precept by £25K to £525K.

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: -

- Continued IT development

- Asset management works at the Community Centre
- Asset management works at the Sports Park
- Environment projects
- Emergency Planning
- Play equipment improvements
- GPC
- Allotment Improvements

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

9. 2026-2027 BUDGET CONSULTATION: The draft budget proposals have been published allowing residents to comment on whether they are supportive or not of the proposed Budget.

10. BALANCES AND EARMARKED RESERVES: At 31 March 2025, the balances and reserves were £718,208 (Gross) after the deduction of Earmarked Reserves of £470,255, the net reserves were £247,953. At 31 March 2026 the projected year end balance is circa £820K (£438K Earmarked Reserves). The reserves support future capital spending commitments and asset management. KHPC is expected to hold reserves of 6 – 12 months of its budget.

11. PROPERTY AND OTHER ASSETS: The value of KHPC's assets i.e., plant, machinery, street furniture, office contents and play equipment is £730,166. This is an insurance valuation as at the November 2025 Insurance Renewal not an open market valuation as the assets are generally regarded as specialised in that they will rarely be sold and therefore valued as existing use or replacement cost which is lower than the open market value.

12. INVESTMENTS: KHPCs Reserves are invested in accounts held in reserve deposit accounts held with Unity Trust and CCLA. Unity Trust also holds the Parish Councils current account.

13. CONTRACTS AND TENDERING: Tendering Thresholds for Parish Councils

1. High-Value Contracts (Above Threshold)

Under the Procurement Act 2023, which came into effect on 24 February 2025, the following thresholds apply:

- Goods and Services: £214,904 (including VAT)
- Works/Construction: £5,372,609 (including VAT)

If a contract exceeds these thresholds, the council must:

- Follow the full requirements of the Public Contracts Regulations 2015 (until fully replaced by the Procurement Act).
- Use formal tendering procedures.
- Advertise the opportunity on Contracts Finder and Find-a-Tender

2. Mid-Value Contracts (Between £30,000 and the Threshold)

- If the estimated total value (including VAT) is £30,000 or more, the council must advertise the opportunity on Contracts Finder if it is an open invitation to quote or tender.
- If the council invites specific firms without opening it to wider competition, advertising is not required, but transparency and fairness must still be maintained.

3. Low-Value Contracts (Below £30,000)

- Councils must follow their own Standing Orders and Financial Regulations.
 - Below £1,000: 2 quotations

- £1,000–£3,000: 3 quotations
- Above £3,000: More formal procedures may apply depending on internal policy

Key Considerations

- Total contract value includes the full term, any extensions, and VAT.
- Councils must ensure value for money, fairness, and transparency.
- Even if not legally required to tender, councils should document decisions and avoid non-commercial considerations.

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.

16. 2026-2027 PRECEPT CALCULATIONS

16.1 The budget meets the requirements of the Accounts & Audit Regs. It may be amended because of KHPC changing its proposed programme, amending fund contributions, or through policy changes. The balances are the minimum KHPC should retain to develop and sustain existing service levels. Whilst capping arrangements are expected; they are unlikely to affect KHPC.

16.2 The working paper shows the 2024-2025 actual amounts, the 2025-2026 estimates, the 2025-2026 revised budget & the budgetary proposals for 2026-2027. A 4.1% inflationary adjustment has been used where necessary and higher provisions where required. The rate of inflation at 17.09.25 was 4.1%. Expenditure has been analysed between costs of supporting KHPC, 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 2026-2027 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.