

COLNEY HEATH PARISH COUNCIL

✉ Address: Highfield Park Visitor Centre, Hill End Lane AL4 0RA

☎ Telephone: (01727) 825 314

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2024/25 Item 65a

BUDGET PAPER 2025/26

Prepared for Full Council

To prepare budget recommendation for 2025/26, and to propose the level of Precept to be demanded from **St Albans District Council** 2025/26.

1. Budget for Colney Heath Parish Council (CHPC) for 2025/26

Attached is the budget as recommended by the Budget Committee meeting held on 14th November 2024. This confirms that the budget required for Colney Heath Parish Council for 2025/26 to fulfil its obligations is **£182,910** an increase of **£4,860** over the 2024/25 budget of **£178,050**.

The main reasons for this increase are:

- a) **Inflationary Pressures:** Rising costs of goods and services essential to the Council's operations are significantly impacting expenditure, necessitating careful budgeting and cost management strategies.
- b) **Cost of Living Adjustments:** Increasing financial pressures on staff due to the elevated cost of living, further compounded by the recent budget announcement of a rise in the employer's National Insurance rate to 15%, alongside nationally negotiated pay rates that are beyond the Council's direct control.
- c) **Prudent Accounting Practices:** Given the current economic climate, including elevated interest rates and uncertainty around forthcoming budget announcements, the Council must adopt conservative accounting measures and maintain robust forecasting to safeguard financial sustainability and manage potential risks effectively.

2. Considerations

- **Rent on Buildings** – leases are being resolved and rates may fluctuate as a result of agreements
- **Staff Training** – Increase due to requirement for compliance training on legionella
- **Office Rent** – Increase to account for RPI 3.4%
- **Community Activities** – very low activity in 2024/25, schedule more activity in 2025/26 and increase the budget for community activities by another 50%
- **Asset Management** – new budget line, more regular inspections of buildings and assets to include legionella compliance as responsible landlord
- **Pond Maintenance** – new budget line, ownership signs and maintenance to include potential for installation of life saving equipment
- **Play Area Inspections** – new budget line for quarterly inspections by play company to be considered, consideration on regular weekly visual and quarterly maintenance inspections.

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3. Budget Committee recommendation

The Budget Committee met on 14th November 2024 and discussed every line of the budget in great detail further recommending that the Council confirms a budget requirement for **Colney Heath Parish Council of £182,910 net for the financial year 2025/26.**

4. Precept Requirement for 2025/26

Upon finalising the budget, CHPC must determine the funding source. This may be fully or partly from council tax collected by **St Albans District Council** or from reserves (excluding capital reserves, which are designated for capital expenditures). As of November 2024 (Month 6), CHPC holds an estimated balance of **£225,147** there is a further 6 months of the budgeting year remaining and there is **£58,595** set aside for the this.

St Albans District Council will provide the tax base in December 2024 all figures use the previous tax base figure from 2024/25 which was **1143.9 households**, this represents the number of properties contributing to the CHPC precept.

5. Precept Demand

CHPC has historically rarely used its reserves to supplement the Precept but Council could decide to use a certain level of reserves to keep the Precept as low as possible. However with the potential funding of a building renovation or replacement to consider and the current pressure on the Parish on planning applications which often become appeals it would not be a recommendation that in this financial climate reserves are not used for this financial year.

Based on a budget of **£182,910 (A)** and an estimated tax base of **1143.9 households (C)**, the projected charge per Band D property should be **£159.34(D)**. This represents an increase from the previous year's Band D charge of **£155.46 (E)**, amounting to an additional **£3.88** per household annually (F) or a **2.5%** increase (G). This increase accounts for inflationary adjustments, the Budget Committee requested the increase be capped at 2.5% and this represents a minor impact on the Parish Council reserves.

6. Precept Calculation

Income Source	Amount (£)
Admin	8,350
Asset Income	6,000
Advertising	650
Common	3,500
Total Income	18,500

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Expenditure Category	Amount (£)
Operating Costs	30,090
Staff	92,800
Open Spaces	41,770
Community	18,250
Total Expenditure	182,910

Net Precept Requirement | £182,269 (B)

Use of Reserves 2025/26 | £640.98

7. Calculation Summary

- **Net Budget Required (A):** £182,910
- **Previous Year Budget:** £178,050 (Increase of £4,860)
- **Tax Base (Band D):** 1143.9
- **Precept per Band D (D):** £159.34
- **Previous Year Band D (E):** £155.46
- **Increase per Band D (F):** £3.88
- **Percentage Increase (G):** 2.5%

8. Reserves Recommendation

Budget Committee have recommendation general reserves at 3-6 months of operational costs would be set at £50,000 the remaining reserves to be allocated as recommended in the spreadsheet attached to this report. .

Full Council are requested to review this report in conjunction with the prepared excel spreadsheet showing budget and reserves calculations.