

Reasons for the precept increase in 2025/26

Medstead Parish Council had to increase the precept for 2025/26 for several reasons, and it is not a decision that the council took lightly. The main factors are outlined below:

- **Employment costs**

Staff costs have had to go up this year for several reasons. We have had to increase the clerk's hours from 20 to 25 hours per week to factor in that work loads have been running a lot higher and there also needs to be sufficient time to allow the clerk to complete necessary training and become fully qualified. This is one of the factors needed to allow the Council to use the [General Power of Competence](#) after the next election when making expenditure decisions. We are hoping the increase in hours will be temporary and will review it at the next budget.

The Government has increased the rate of National Insurance Contributions for employers and unlike small businesses, Local Authorities are not entitled to any relief.

The clerk's job has a pension option available that the current clerk has taken up whereas the previous clerk did not. This means that the Council now has to pay employer contributions to the pension fund.

The budget for employment related costs is up £5.3k against the outturn for 2024/25 (largely for the additional hours in 2025/26) and up £11.2k against the budget for 2024/25 as that did not factor in the pension, the NI increase or the inflationary pay rise last year.

- **Inflationary pressures**

In the past the council has faced considerable pressures from inflation, as has everyone dealing with the cost of living crisis. Whilst inflation has now dropped back again to more traditional levels, it is still having a legacy effect on the council in two ways. Firstly, we are still seeing higher than inflation increases in certain prices, for example our mowing contract went up by more than inflation this year and it seems to cost a lot more for any maintenance-type tasks. Secondly inflationary increases depleted reserves to some extent in previous years.

- **General Reserves**

The General Reserves are funds that are not allocated to specific running costs or projects, but rather 'spare' money to deal with unpredicted expenditure or higher than budgeted costs for certain items. It is also important to smooth cash flow and deal with the ups and downs in expenditure. The precept and any grant money the council receives covers expenditure excluding VAT, whereas the actual payments typically include VAT. The council normally claims back the VAT quarterly so is out of pocket at

any point. It also usually gets reimbursed for work covered by grants in arrears. Hence, it needs reserves to tide it over. The precept is paid in two installments twice a year, which also causes issues with cashflow.

Medstead Parish council had around £7k predicted in end of year reserves when the budget was done, whereas the guidance for councils is that they should have 3-12 month's-worth of reserves. Six months is typical for a council of Medstead's size, representing about £40k. The type of unexpected payments it should cover are the clerk being ill and needing to pay extra for a locum clerk, or fire or damage to property with a proportion of the costs not covered by the excess, or unexpected repairs or replacement of assets etc. The current budget for 2025/26 has built in an extra £3k of reserves – a small step but an improvement in the right direction. In recent years, the level of general reserves has been hit by a number of factors, such as ash-die back disease and an illegal encampment on the village green.

- **New Parish Office**

The costs of extending the pavilion to build a new parish office have been almost all covered by grants from EHDC and Community Infrastructure Levies paid to the council. But it will cost more to run the office compared to a clerk working at home. For many years the council has had a rented parish office in various locations, but has not had one in recent times. The difficulty with home-working is that there is a huge amount of storage of documents needed, and this limits the potential pool of candidates for the role. Plus, a parish office makes the clerk and councillors more available to meet with residents. There are high demands on the village hall, and it is often not possible to book it when needed for ad hoc meetings, so the parish office gives us dedicated facilities. The additional costs to run it include electricity, broadband and ad hoc maintenance costs. The precept in 2025/26 also includes an amount to replenish the reserve for office equipment following expenditure on essential items for the parish office.

The Council also needs to start paying business rates for the pavilion / parish office this year and has been factored into the precept. This is not a direct result of the extension but rather an omission that came to light at EHDC.

- **Neighbourhood Plan**

The council has embarked on upgrading its Neighbourhood Plan. There has been a big increase in speculative development in the parish in the last few years as developers are taking advantage of the new housing targets imposed by government, and the fact that EHDC has not identified sufficient five-year land supply; this tilts planning decisions in developer's favour. These factors make the Council powerless to stop development in the parish. However a revised Neighbourhood Plan will give the council

greater control on influencing the decisions. It is expected that the costs of this will be largely covered by grants, but the council will need to cover some of the costs itself. It has therefore allocated £8k of funds from the precept to go into funding the Neighbourhood Plan.

- **Overall summary**

The items above together exceed the total increase in the precept, and to avoid an even higher increase, the council has tightened its belt in other areas and reduced reserves in areas where it believes that it can manage with less.

When agreeing the increase, the council took into account the following considerations:

- The precept for Medstead is currently much lower than the majority of its neighbouring parishes, as seen in the comparison table overleaf. Medstead is the 11th lowest out of 40, and all the villages lower down have very limited facilities compared to Medstead, some of which are just hamlets.
- Parishioners get a lot for their money compared to other parishes. Medstead is very well provisioned with a village green with a football pitch and cricket pitch, playground, sports pavilion, parish office, wildflower meadow three ponds, woodland and car park. In the last year alone, parishioners have benefited from a new parish office, two new pieces of playground equipment and two new picnic tables and a restored village pond. In comparison, Four Mark's precept for 2025/26 is 56% higher than Medstead, and although it has a few more facilities, it also has a bigger population to share the costs.
- Although the percentage increase is high, in absolute terms it is relatively low. For example, it equates to around three cups of coffee in a café, or a couple of points of beer.
- It is not in parishioners' best interests for the council to run its income so low that it cannot properly maintain the facilities that residents enjoy or deal with emergency events, should they arise.
- The council expects the increase in 2025/26 to be a one-off adjustment, with increases in 2026/27 more in line with inflation.

Comparison table overleaf:

Parish/Town Council	Budget requirement 2024/25 £	Council Tax Band D (£)	Budget requirement 2025/26 £	Council Tax Band D (£)	Council Tax Increase / Decrease
Alton	£851,976.11	113.59	£890,180.00	116.99	2.99%
Beech	£18,900.00	56.86	£20,262.00	61.04	7.35%
Bentley	£64,349.00	114.45	£64,349.00	114.66	0.18%
Bentworth	£14,000.00	47.83	£14,560.00	49.97	4.47%
Binsted	£90,000.00	90.80	£94,000.00	93.26	2.71%
Bramshott & Liphook	£429,576.00	98.46	£449,576.00	102.06	3.66%
Buriton	£24,000.00	63.99	£24,500.00	65.04	1.64%
Chawton	£19,918.50	73.23	£19,690.00	73.71	0.66%
Clanfield	£210,000.00	91.21	£230,000.00	99.89	9.52%
Colemore & Priors Dean	£0.00	0.00	£0.00	0.00	0.00%
East Meon	£32,571.68	57.98	£34,526.00	59.90	3.31%
East Tisted	£5,707.58	57.13	£6,107.11	62.16	8.80%
Farringdon	£25,000.00	68.56	£15,000.00	41.07	-40.10%
Four Marks	£184,010.00	86.20	£192,200.00	89.99	4.40%
Froxfield & Privett	£29,700.00	60.74	£35,591.00	74.34	22.39%
Froyle	£32,000.00	79.74	£34,400.00	85.49	7.21%
Grayshott	£124,148.00	93.55	£127,358.00	95.71	2.31%
Greatham	£23,000.00	68.67	£25,000.00	74.22	8.08%
Hawkley	£17,000.00	62.90	£17,500.00	64.15	1.99%
Headley	£167,000.00	62.35	£176,500.00	65.62	5.24%
Horndean	£469,786.00	91.97	£510,903.00	99.14	7.80%
Kingsley	£28,388.00	97.83	£29,240.00	98.90	1.09%
Langrish	£6,300.00	43.29	£6,426.00	44.48	2.75%
Lasham	£2,000.00	21.06	£2,000.00	20.67	-1.85%
Lindford	£55,000.00	51.61	£56,000.00	52.56	1.84%
Liss	£263,623.00	98.20	£270,623.00	100.38	2.22%
Medstead	£67,800.00	45.16	£87,300.00	57.74	27.86%
Newton Valence	£850.00	7.14	£850.00	6.92	-3.08%
Petersfield	£1,040,004.00	178.74	£1,214,956.00	208.33	16.55%
Ropley	£56,500.00	65.77	£62,000.00	72.42	10.11%
Rowlands Castle	£149,520.00	99.15	£158,945.00	104.50	5.40%
Selborne	£66,300.00	100.93	£68,615.00	105.20	4.23%
Shalden	£13,000.00	55.01	£13,500.00	57.28	4.13%
Sheet	£45,000.00	95.11	£47,250.00	100.00	5.14%
Steep	£40,000.00	77.43	£46,000.00	88.35	14.10%
Stroud	£18,900.00	102.34	£19,278.00	105.48	3.07%
West Tisted	£0.00	0.00	£0.00	0.00	0.00%
Whitehill	£511,589.12	98.42	£543,874.00	105.70	7.40%
Wield	£3,500.00	27.32	£3,500.00	28.13	2.96%
Worldham	£17,480.40	86.59	£18,004.00	90.82	4.89%
TOTAL/AVERAGE	5,218,397.39	99.21	5,630,563.11	106.59	7.44%