



# FARNHAM TOWN COUNCIL

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Report  
Council

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**Date: 19<sup>th</sup> December 2024**

## **Budget for 2025-26**

### **Introduction**

1. The draft budget recommended by Strategy & Finance for consideration by Council for 2025-26 is attached at Annex 1, with notes explaining key points or changes in the draft budget attached at Annex 2.
2. In 2024, Farnham has a provisional Band D tax base of 18,398.9, up from 18,231.9. Based on an assumed collection rate of 98.5%. After exemptions in each area have been deducted, this percentage is multiplied against the Band D calculation in order to calculate the Band D number for each part of the Borough. This means the precept income (with no change) would be £1,437,874 up from £1,424,818 (an increase of £13,056).
3. The draft budget has been drawn up based on a review of expenditure in 2024/25 and on the 2023/24 outturn but in a context of continuing economic pressures. It also takes into account evolving priorities of the new administration elected in May 2023 and the Strategy Workshop held on November 29<sup>th</sup> which was further discussed at the December Strategy & Resources Working Group. The most significant changes have been an addition of £25,000 in the grants budget to meet the increasing needs of community organisations, a new allocation for the Farnham Museum service run by the Farnham Maltings of £10,000, and additional costs in the personnel budgets as a result of the increase in the National Insurance contribution for employers and provision for an inflationary cost of living increases for employees (subject to national pay negotiations).
4. Inflation over the past 18 months has been at a 40 year high (11% at the in 2023 but falling to 3.2% (CPI, October 2024) or 3.4% (RPI). November figures are due for publication on 18<sup>th</sup> December.
5. In drawing up the FTC budget, Council is very mindful of the impact on residents especially with the forecast increases of both the Borough and County Councils council tax levels. However, there has been a transfer of some costs of the principal authorities as FTC is picking up reductions in grants to community organisations to support those most in need in the community. The increase for support for younger people is continuing at the same level at in 2024-2025 but with a reduction of £10,000 as the 2024 research will not be repeated at the same level. An increase in income from sponsorship and activities has been taken based on experience in 2024-25.
6. Investment income with rising bank rates has been increased with the expectation that they will continue at a higher level but drop during 2025. The budget assumes fees and charges broadly based on 2024-25 levels but these are being reviewed to help meet the budget gap and a full list of

fees and charges will be presented to the January Council meeting after discussion at Strategy & Finance and prior to a decision on the precept level being made.

7. The overall salary costs are based on the assumption that the full staffing establishment is employed but with a vacancy factor and grade 'lag' built in. A job evaluation review of all staff was completed in 2024 and the budget reflects some adjustments that resulted from this. The 2024 cost of living employers' offer (a flat rate of £1,290 - pro rata for part time employees - was announced in October and has been implemented in the December payroll. The budget level includes provision for a cost of living increase for 2025/26 of an estimated 3% but discussions between the Unions and the National Employers have not yet started.
8. Members have previously discussed the potential impact of pressures on the budgets of principal authorities and the increasing likelihood that there may be a need to further top up or take on services such as street cleansing and litter collection to meet the aspirations of the local community. In 2025/26, there will be a new playground implemented in Gostrey Meadow and planning permission sought for the new toilets and storage in Gostrey Meadow. A tender for the replacement Christmas lights will be progressed and a new website will also be implemented in the coming financial year, with other proposals for improvements funded by Community Infrastructure Levy, grants or borrowing if required to spread the costs and minimise the impact on the precept.
9. The New Initiatives/climate change fund has been maintained to allow for continued sustainability and climate change actions. Provision is made for continuing the Craft Co-ordinator throughout the year to support the impact of World Craft Town on the economy and Tourism, and continuing the co-ordinator for the successful Literary Festival. Provision has been made for a new Film Festival and for activities taking place in each ward in partnership with community organisations.
10. The Government has not yet indicated any intention to put a restriction on the level of increase in a precept (or band D council tax rise) for town and parish councils (the capping principle). This will not be known until the Local Government Finance Settlement is announced around Christmas. Farnham Town Council's precept level in 2024/25 was again below the average sector increase for an fourteenth consecutive year as it used reserves and savings targets to minimise the impact of residents.
11. When the Council considers its precept strategy it will need to bear in mind that a 1% increase in precept would bring £14,248 of additional income for Farnham Town Council at a cost of approximately 77p per band D dwelling per annum.
12. In this Council meeting, Farnham Town Council set its budget requirement to deliver its services for the local community and in January 2024 will then agree the level of precept to deliver its services. The level of precept, which is divided by all the Band D properties to find the Band D level of council tax may be supported by the use of reserves or any changes in the income targets set by Council. Given the challenges around income uncertainty and the pressures on families facing hardship, members will no doubt wish to use every means available to minimise the impact of rising cost of its activities and other pressures.
13. The Strategy & Resources Working Group is proposing (attached at Annex 1) expenditure of £1,946,650 draft discretionary income of £399,550 (with more challenging sponsorship and events income targets along with investment income) and (assuming no precept increase) a total income 1,837,424. This represents a shortfall of income at this stage of £109,226 which will be reduced by the review of fees and charges. If funded by precept alone would represent 11 pence a week per band D property.
14. There are a number of options within the budget for Council to adjust spending (up or down) or income targets. The budget notes (at Annex 2) provide clarity on how the elements of the budget are put together. The main financial impacts arising from the Strategy workshop in November and

the discussion at Strategy & Resources was the addition of £25,000 extra in the grants budget, provision for the Film Festival, provision for a contribution towards the running costs of the Farnham Museum service and provision for impacts arising from government announcements and inflation. In coming to a final decision on the budget, Council is asked to consider whether there are any further reductions it wishes to make or any specific additional increases in income in any areas. This will then set the budget ahead of the review in fees and charges and the draft precept report being prepared in January.

**Recommendation**

**It is recommended that:**

- 1) the gross expenditure budget for 2024/25 be set at £1,946,650**