



FARNHAM TOWN COUNCIL

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Report Council

Date: January 2024

Precept 2025/6

Introduction

- 1** This report is a report of the Strategy & Finance Working Group.
- 2** A local council precepts on the billing/collection authority (Waverley) for an amount which it requires to deliver its agreed programme of activities for the forthcoming year. Unlike the major precepting authorities (Waverley BC, Surrey CC, Surrey Police Authority) which set a rate for the various bands described as a Band D equivalent figure, a parish sets a budget and precept. This amount is payable by the collection authority, regardless of how much is collected, as a result of the levy set by the precepting council (eg Farnham) to be able to deliver its services. It is good practice however, to do the calculation to understand what the Band D levy (or Council Tax amount) is going to be, in both cash and percentage increase terms, as this helps explain the budget impact to electors.
- 3** As part of the provisional Local Government Finance Settlement announced in December, the Government again announced additional funds available for Adult Social Care via a precept of 2%, on top of the 3% cap for principal authorities (or £5 if greater for shire district council Band D bills). A £15 increase is allowed for Police & Crime Commissioners.
- 4** The Government created legislation which allows a restriction on increases in Council tax. Town and Parish Councils do yet not face the risk of being 'capped' and are increasingly taking on or contributing to services being cut or stopped as a result of pressure on the principal authorities. In December 2024, the Secretary of State confirmed that the referendum 'capping' principles will not be extended to the Town and Parish Council tier of local government. The Government has not previously set referendum principles for town and parish councils allowing greater flexibility to address community needs.
- 5** In 2024-25, the Local Councils sector as a whole received just 1.9% of money raised by Council tax (£783m out of £41.2billion). In recent years, more services have been taken on by the Town and Parish sector from principal authorities as a result of structural change or pressures on finance. In 2024/25 the average Parish increase was £6.74 (8.5%) whilst Farnham was again below average at 6.7%, with the increase solely to invest in younger people services. The average council tax precept for Town and parish councils was £85.88 against the Farnham level in 2024/25 of £78.15. Overall there are 124 councils with a precept above £1m (including 11 above £2m and 4 above £3m), but the average for councils in a two tier area is £73,012 (compared with a unitary area of £87,916).

- 6 The table below shows how Farnham has consistently managed to minimise its precept increases over the past twelve years, without negatively impacting on its wide range of services, and is significantly below the average for the sector.

In 2013, Farnham's precept amount was £5.63 above the sector average whereas in 2024/25 it was £7.73 below the sector average despite having taken on extra land from Waverley Borough Council, significantly expanding the number of activities being run by the Council including a new focus on supporting younger people, and maintaining high standards of service which have been recognised by national awards.

Year	FTC precept	Average national parish precept	FTC increase	National average parish increase	Capped National average - Principal authorities
2013/14	£55.86	£50.23	3.3%	5.2%	0.8%
2014/15	£56.87	£52.37	1.8%	4.3%	0.8%
2015/16	£57.59	£54.12	1.27%	3.3%	1.1%
2016/17	£59.83	£57.40	3.89%	6.1%	3.1%
2017/18	£61.03	£61.03	2%	6.3%	4.0%
2018/19	£62.62	£64.04	2.6%	4.9%	5.1%
2019/20	£64.49	£67.18	2.99%	4.9%	4.7%
2020/21	£66.09	£69.89	2.48%	4.0%	3.9%
2021/22	£67.37	£71.86	1.94%	2.8%	4.4%
2022/23	£69.76	£74.81	3.55%	4.1%	3.5%
2023/24	£73.21	£79.35	4.94%	6.1%	5.1%
2024/25	£78.15	£85.88	6.7%	8.5%	5.1%
		twelve year average	2.97%	5.04%	3.2%

Farnham's Budget 2024/25

- 7 In 2024, Farnham's provisional Band D tax base was 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).
- 8 At the Council meeting in December, Members approved expenditure of £1,946,650, with draft discretionary income of £399,550 (including more challenging sponsorship and events income targets) and (assuming no precept increase) a total income of 1,837,424. This represented a revised net budget of £1,547,100 and a shortfall of income of £109,226. The January Strategy & Resources meeting also considered fees and charges and recommended some increases for services and activities that help reduce the shortfall by £11,800.
- 9 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.
- 10 The precept needs to be set in a context of continuing significant economic pressures particularly with energy costs and higher inflation. 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). Costs have risen significantly for many of the Council's activities. The evolving priorities of the new administration elected in May 2023 have seen the addition of £25,000 in the grants budget to meet the increasing needs of community organisations with a

reduction in grants from other authorities, 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). In addition, the year ahead will see a new playground built at Gostrey Meadow and the start on new toilets and storage in Gostrey Meadow to improve facilities for visitors to events.

- I1 In determining the level of precept Council should consider whether it wishes to:
 - 1) use any of its reserves to meet the shortfall;
 - 2) increase further the income targets for services, or
 - 3) set unallocated in-year savings targets.
- I2 Council could also consider other options such as reducing the precept level further by using more reserves; applying a freeze on the Farnham Town Council proportion of the Council tax; funding the agreed budget with an increase in the precept; or funding the budget with a combination of reserves, additional income and precept. However, some of these options may present a challenge in terms of future funding and the emerging priorities of the Council particularly in the context of the announcement for Local Government Re-organisation and the likely creation of new Unitary Authorities in Surrey.
- I3 It is worth noting that the amount paid by a Band D council taxpayer in Farnham in 2024/25 was £2,367.97. 74% of the total went to Surrey County Council, 14% to the Police & Crime Commissioner, 9% to Waverley Borough Council and 3% to the Town Council.
- I5 Strategy & Resources Working Group considered a number of recommendations it could make to Council on how the funding shortfall is met. However, with a number of unforeseen implications likely from the Local Government Reorganisation and the likely need to take on other services and property from the principal authorities in order to safeguard them for the local community, it was felt it would be imprudent to eat into the council reserves. It was also likely there would be the need to take on additional specialist advice or resource to prepare for reorganisation, and these costs had not been specifically built into the budget for the forthcoming year.
- I6 As a result, the Strategy & Resources Working Group recommend to Council a precept of £1,535,300. This equates to an increase of ten pence per week and a cost of £83.45 per Band D property per annum (£1.60 per week) in total for all the Town Council services.

Recommendation for Council:

It is recommended that the 2025/26 precept be set at £1,535,300 representing a Band D equivalent amount of £83.45.