



FARNHAM TOWN COUNCIL

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Report Council

Date: January 2026

Precept 2026/27

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 2025, 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 and £5 for fire authorities.
- 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 2025, 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. Farnham has the 21st highest number of Band D properties out of the 10,236 parishes in England. It is the largest of the shire districts by Band D properties; 65th in the amount precepted and 2341st in the level of Band D.
- 5** In 2025-26, the Local Councils sector as a whole received just 1.8% of money raised by Council tax (£793m out of £44.1 billion). 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 2025/26 the average Parish increase was £6.34 (7.4%) whilst Farnham was again below average at 6.8%. The average council tax precept for Town and

parish councils was £92.22 against the Farnham level in 2025/26 of £83.45. Overall there are 150 councils with a precept above £1m (including 29 (11 in 2024/25) above £2m, and 12 (4 in 2024/5) above £3m). The highest precepted level for a town council is now £6.5m but the average for councils in a two tier area is around £79,400 (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 2025/26 it was £8.77 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%
2025/26	£83.45	£92.22	6.8%	7.4%	5.0%
		13 year average	3.4%	5.2%	3.6%

Farnham's Budget 2026/27

- 7 In 2025, Farnham has a provisional Band D tax base of 18,586.9, up from 18,398.9 based on an assumed collection rate of 99%. 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 £1,551,077 up from £1,535,300 (an increase of £15,777).
- 8 At the Council meeting in December, Members approved expenditure of £2,205,030 with draft discretionary income of £501,100 (including more challenging sponsorship and events income targets) and (assuming no precept increase) a total income of £2,052,177. This represented a shortfall of income at that stage of £152,853 which if funded by precept alone would be the equivalent of £8.22 per band D property per annum (16 pence per week). Since that time additional unexpected financial pressures have emerged with the proposed cost of the 2027 elections advised by Waverley Borough Council representing a 500% increase over the last election. The 2026/27 budget had included several key areas of growth including an additional £30,000 in grants for community organisation; £10,000 extra for younger people activities, £15,000 extra to support the Farnham Museum running costs; increases of some £15,000 in the Council's Business rates and utility bills; staffing increases

as a result of changes in National insurance rises and provision for a 3% national payaward as well as costs associated with local government reorganisation and land transfers being taken on; increases as a result of new legislation such as waste disposal and Martyn's law; increases in bookkeeping costs which had been pegged for a number of years; additional arboricultural requirements resulting from weather changes and additional land taken on; and estimated costs resulting from local government reorganisation. The Working Group noted the budget estimates had been prudent this year and if costs were higher than budget would result in reserves being used as well. The 2027/28 budget following the creation of the new West Surrey authority should be informed by a clearer set of information.

- 9 When the Council considers its precept it needs to bear in mind that a 1% increase in precept would bring £15,551 of additional income for Farnham Town Council at a cost of approximately 84p per band D dwelling per annum.
- 10 The precept needs to be set in a context of continuing significant economic pressures and the uncertainty over Local Government Reorganisation which have been reflected in the budget.
- 11 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.
- 12 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 priorities of the Council particularly in the context of the creation of new Unitary Authorities in Surrey.
- 13 It is worth noting that the amount paid by a Band D council taxpayer in Farnham in 2025/26 was £2,481.23. 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.
- 15 The Strategy & Resources Work considered the range of options set out above on how the funding shortfall could be 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 considered imprudent to eat too far into council reserves.
- 16 The Strategy & Resources Working Group therefore agreed *nem con* to recommend to Council a precept of £1,703,930 which equates to an increase of 16p per week (£8.22 per annum) and a total cost of £91.67 per Band D property per annum (£1.76 per week) for all the Town Council services. Interestingly, this would still be below the 2025/26 national average before any increases that may be applied in 2026/27.

Recommendation for Council:

It is recommended that the precept level for 2026/27 be £1,703,930 representing a cost of £91.67 per annum for a Band D property (£1.76 per week).