

Haslemere Town Council (HTC) Working Party: Budget 2026-2027

Chair's Report

1. Overview

1.1: This report aims to summarise the conclusions of the HTC Working Party (WP) on the 2026-2027 budget arrived at in a meeting on 15 October 2025, as revised in subsequent email exchanges.

1.2: The WP's remit is to inform the full Council of the broad 'shape' of income and expenditure in the upcoming year. The aim is to help members understand options available to them with respect to expenditure and the impact of these on the precept (council tax). The WP has produced a draft budget to assist Council discussion.

2. Background

2.1: Following the decisions HTC took with respect to the 2025-26 budget, the town council's finances are in a satisfactory position. Projections for the year suggest that we will receive slightly more income than budgeted, whilst total expenses will largely be as expected. We are therefore likely to end the year with a modest surplus of income over expenditure and with un-earmarked reserves of around £125k within the range expected for a council of our size.

2.2: Comparatively, HTC remains low compared with other similar councils locally and, also, with national averages. The attached appendix provides more information.

2.3: The proposed transfer of assets from Waverley BC to HTC is likely to be the most significant variable impacting the council's finances in 2026-2027. These transfers will have comparatively large costs, both in terms of one off expenses associated with the transfers and, subsequently, in terms of ongoing maintenance. At the moment, these are difficult to predict for reasons that are explained more fully below. Accordingly, how to budget for these formed the main element of the working party's discussions.

3. Core Expenditure

3.1. Core expenditure is spending on items such as staff salaries, public toilet cleaning & grounds maintenance over which there is little discretion. It accounts for around two thirds of projected spending. Overall core expenditure is budgeted to increase by **around 5% (£20k)** in the next year, with the cost of increased staff hours (already approved by council) being partly counterbalanced by lower debt repayment charges following last year's decision to repay the larger of our two Public Works Loan Board loans. The working party saw no reason to challenge any of these expenses.

4. Non-Core Expenditure (excluding Projects)

4.1: There are three main areas of non-core or discretionary spending: one-off projects, small grants and revenue grants. There is typically more flexibility relating to these items and, hence, they provide an opportunity to adjust total town council spending and the precept. The previously mentioned proposed transfer of assets from Waverley BC has been regarded as a one-off project for budgeting purposes. Due to these transfers' significance, one-off projects are discussed under a separate heading.

4.2: Following previous reductions in small and green grant budgets, funding for these grants is in better balance with demand. No changes are therefore proposed for 2026-27.

4.3: As a result of the policy introduced last year, revenue grants have largely been agreed for the rest of the council term. This year, one organisation (Haslemere Food Bank) has not requested further support while two (Haslemere Youth Hub and the Citizen's Advice Bureau) have requested increased funding. The working party acknowledged that both organisations play an important role in the town's life but also noted that both have previously received large increases in funding. After discussion, it was agreed to recommend supporting the Youth Hub's request for an increase in part. It was considered that more information was required on the CAB's

future plans for service provision in Haslemere before a further increase in funding could be recommended and that, accordingly, funding should remain at the current level for the next year. The net effect is to leave total revenue grants slightly lower year-on-year.

5. Projects

5.1: As mentioned previously, the proposed asset transfers from Waverley BC have two cost elements, viz. (1) one off costs such as legal fees associated with the transfers and (2) the ongoing maintenance expense of any assets. Both amounts are potentially significant but subject to considerable uncertainty, although this element of uncertainty is arguably greater with respect to the maintenance element.

5.2: One-off costs are uncertain because we cannot be sure which assets Waverley BC will agree to transfer. Some requested asset proposals already look uncertain to proceed. At the same time, we will need to be in a position to pay the costs associated with any transfers that are approved. After discussion, the working party decided to take a cautious approach and recommend the budget is broadly sufficient to meet the estimated cost of all transfers that we have requested.

5.3: Projecting future maintenance costs is even more uncertain, as – in addition to not knowing which transfers will actually happen – we (1) cannot know when in the budget year any transfers will take place and (2) need to undertake accurate assessment of maintenance costs [we believe that we might be able to be more cost-effective than Waverley]. After discussion, the working party decided to budget estimated maintenance costs only for assets already approved for transfer. In taking this decision, the working party took into account (1) the likelihood that any subsequent transfer approvals are likely to happen later rather than sooner in 2026-27 (2) the availability of sufficient reserves to cover the costs of any transfers that did happen sooner than expected.

5.4: Clearly, the maintenance costs of any further asset transfers will have a major impact on future expenses beyond 2026-27. These will ultimately become part of core expenditure. At the same time, the likely impact on the precept will be partly counterbalanced by the fact that the one-off costs expensed in 2026-27 will not reoccur.

5.5: Given this is an evolving situation, the actual split between these two cost elements is likely to differ from the budget in practice. It is also possible that the proposed figures for 2026-27 can be further refined before the budget goes to full council for approval. This is more likely to involve a reduction in the proposed increase in the precept rather than an increase.

5.6: The projects budget also provides for a number of smaller projects, the most significant of which is a new electric vehicle to support grounds maintenance. The running costs of this vehicle will also form part of core expenditure in future years.

5.7: The total cost of special projects is estimated to increase by **around £64k**, nearly all of which is related to the Waverley BC asset transfers.

6. Revenues and Precept

6.1: The working party recommends that the entire increase in spending of c. £84k be funded from an increase in the precept. It is not considered appropriate to consider use of reserves to lower this increase in 2026-27 given the need to retain a contingency against early asset transfers referred to in 5.3 above.

6.2: The draft budget would result in an increased precept of 18.2% or £10.38 per 'Band D' household per year. The size of the percentage increase is inflated by the relatively low base of current council expenditure, with the new Band D precept of £67.55 remaining significantly below national and local comparators after the uplift. The cash increase will be around £1 per month for an average Band D household.