

# Public Document Pack



## EPSOM & EWELL BOROUGH COUNCIL

### TOWN HALL

### EPSOM

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03 February 2026

SIR OR MADAM

I hereby summon you to attend a meeting of the Council of the Borough of Epsom and Ewell which will be held at the Council Chamber, Epsom Town Hall, Epsom on **TUESDAY, 10TH FEBRUARY, 2026** at **7.30 pm**. The business to be transacted at the Meeting is set out on the Agenda overleaf. A link to the meeting is provided above.

Prayers will be said by the Mayor's Chaplain prior to the start of the meeting.

A handwritten signature in black ink, appearing to read 'Ring'.

Chief Executive

## **EMERGENCY EVACUATION PROCEDURE**

No emergency drill is planned to take place during the meeting. If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by council staff. It is vital that you follow their instructions.

- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building, but move to the assembly point at Dullshot Green and await further instructions; and
- Do not re-enter the building until told that it is safe to do so.

## **Public information**

**Please note that this meeting will be held at the Town Hall, Epsom and will be available to observe live on the internet.**

A link to the online address for this meeting is provided on the first page of this agenda and on the Council's website. A limited number of seats will also be available in the public gallery at the Town Hall. For further information please contact Democratic Services, email: [democraticservices@epsom-ewell.gov.uk](mailto:democraticservices@epsom-ewell.gov.uk), telephone: 01372 732000.

Information about the terms of reference and membership of this Committee are available on the [Council's website](#). The website also provides copies of agendas, reports and minutes.

Agendas, reports and minutes for this Committee are also available on the free Modern.Gov app for iPad, Android and Windows devices. For further information on how to access information regarding this Committee, please email us at [democraticservices@epsom-ewell.gov.uk](mailto:democraticservices@epsom-ewell.gov.uk).

## **Exclusion of the Press and the Public**

There are no matters scheduled to be discussed at this meeting that would appear to disclose confidential or exempt information under the provisions Schedule 12A of the Local Government Act 1972 (as amended). Should any such matters arise during the course of discussion of the below items or should the Mayor agree to discuss any other such matters on the grounds of urgency, the Council will wish to resolve to exclude the press and public by virtue of the private nature of the business to be transacted.

## **Questions and statements from the Public**

Questions and statements from the public are not permitted at meetings of the Council. [Annex 4.2](#) of the Epsom & Ewell Borough Council Operating Framework sets out which Committees are able to receive public questions and statements, and the procedure for doing so.

## **Filming and recording of meetings:**

The Council allows filming, recording and photography at its public meetings. By entering the Council Chamber and using the public gallery, you are consenting to being filmed and to the possible use of those images and sound recordings.

Members of the Press who wish to film, record or photograph a public meeting should contact the Council's Communications team prior to the meeting by email at: [communications@epsom-ewell.gov.uk](mailto:communications@epsom-ewell.gov.uk)

Filming or recording must be overt and persons filming should not move around the room whilst filming nor should they obstruct proceedings or the public from viewing the meeting. The use of flash photography, additional lighting or any non-handheld devices, including tripods, will not be allowed.

## **COUNCIL**

**Tuesday 10 February 2026**

**7.30 pm**

**Council Chamber - Epsom Town Hall,  
<https://www.youtube.com/@epsomandewellBC/playlists>**

For further information, please contact [democraticservices@epsom-ewell.gov.uk](mailto:democraticservices@epsom-ewell.gov.uk) or tel: 01372 732000

## **AGENDA**

**1. DECLARATIONS OF INTEREST**

To receive declarations of any Disclosable Pecuniary Interests or other registrable or non-registrable interests from Members in respect of any item to be considered at the meeting.

**2. MINUTES (Pages 5 - 14)**

To confirm the Minutes of the Meeting of the Council held on 9 December 2025.

**3. MAYORAL COMMUNICATIONS/BUSINESS**

To receive such communications or deal with such business as the Mayor may decide to lay before the Council.

**4. BUDGET REPORT 2026/27 (Pages 15 - 130)**

This report fulfils the statutory requirement to agree a budget for 2026/27, comprising both revenue and capital expenditure plans, and to set a council tax for the year. The Council Tax recommendation as supported by Financial Strategy Advisory Group is for an increase of £6.93 per annum (Band D property), an equivalent increase of 2.98%, taking Band D rate to £239.85.

**5. END POVERTY PLEDGE (Pages 131 - 136)**

This report considers recommendation from the Community and Wellbeing Committee for the Council to make the End Poverty Pledge (EPP).

**6. CONTRACT STANDING ORDERS 2025-26 UPDATE** (Pages 137 - 180)

The Contract Standing Orders ('CSOs') were last updated in December 2024, ahead of the implementation of the Procurement Act 2023. Since this time, officers have conducted the annual review of the CSOs and identified several areas where minor updates are needed and changes to reflect the procurement thresholds. The proposed amendments are attached at Appendix 1.

**7. UPDATE TO THE CONSTITUTION** (Pages 181 - 188)

The following report proposes for adoption updates to the Council's Scheme of Delegation and Live Register of Officer Delegations, as recommended by the Standards and Constitution Committee at its 15 January 2025 meeting.

**8. PAY POLICY STATEMENT 2026/27** (Pages 189 - 204)

This report introduces the draft Epsom & Ewell Borough Council Pay Policy Statement for 2026/27 and seeks approval of the Statement following the recommendation from Strategy and Resources committee. If approved the statement will be published on the Council's website.

**9. ATTENDANCE DISPENSATION** (Pages 205 - 208)

To consider a waiver of the six month rule for attendance at Council and Committee meetings under the Local Government Act 1972 for Councillor Jan Mason, having regard to the circumstances of her absence from meetings.

**10. AMENDMENT TO CALENDAR OF MEETINGS** (Pages 209 - 212)

This report presents amendments to the Municipal calendar of ordinary meetings.

**11. APPOINTMENT OF DEPUTY REPRESENTATIVE TO THE EAST SURREY JOINT COMMITTEE** (Pages 213 - 216)

This report requests the Council's approval for the appointment of Councillor Clive Woodbridge as the deputy representative for the East Surrey Joint Committee.

**12. REVIEW OF PROPORTIONALITY AND APPOINTMENT OF COMMITTEE MEMBERSHIP** (Pages 217 - 222)

Following the recent change to political groups on the Council, the Full Council is requested to note the allocation of seats on Committees and Advisory Panels and approve the appointments to Committees and Advisory Panels.

**13. MOTIONS** (Pages 223 - 232)

This report sets out notices of motions ruled in order.



## EPSOM AND EWELL

### Minutes of the Meeting of the FULL COUNCIL of the BOROUGH OF EPSOM AND EWELL held at the Council Chamber, Epsom Town Hall on 9 December 2025

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#### PRESENT -

The Mayor (Councillor Robert Leach); The Deputy Mayor (Councillor Lucie McIntyre); Councillors Arthur Abdulin, Chris Ames, John Beckett, Christine Cleveland, Alex Coley, Neil Dallen, Hannah Dalton, Julian Freeman, Liz Frost, Bernice Froud, Tony Froud, Rob Geleit, Christine Howells, Alison Kelly, Rachel King, James Lawrence, Steven McCormick, Julie Morris, Bernie Muir, Phil Neale, Peter O'Donovan, Kieran Persand, Humphrey Reynolds, Kim Spickett, Chris Watson, Alan Williamson and Clive Woodbridge

Absent: Councillor Steve Bridger, Councillor Kate Chinn, Councillor Shanice Goldman, Councillor Graham Jones, Councillor Jan Mason and Councillor Darren Talbot

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The Meeting was preceded by prayers led by Reverend Joshva Raja.

#### 20 DECLARATIONS OF INTEREST

No declarations of interest were made by Councillors regarding items on the agenda.

#### 21 MINUTES

The Minutes of the Meeting of the Council held on 22 July 2025 were agreed as a true record and the Mayor was authorised to sign them.

#### 22 MAYORAL COMMUNICATIONS/BUSINESS

The Mayor thanked Reverend Joshva Raja for acting as Chaplin at the meeting and at the Act of Remembrance the previous month. With sadness the Mayor informed the Council that his Chaplin, Margaret Marsh was on leave of absence following the recent passing of her husband. The Mayor expressed that he was aware that there were 3 Councillors present who had also suffered bereavements recently and expressed the Council's love and sympathy to all.

The Mayor made a number of announcements relating to noteworthy recent and upcoming events and invited Councillor Alex Coley to provide the Council with a statement on behalf of the former Mayor, Councillor Steve Bridger who was unable to attend the meeting. The statement updated the Council on the amount of money raised for the 3 charities selected during Councillor Bridger's Mayoral year.

**23 LEADER AND CHAIRS' STATEMENTS**

The Council received written statements from the Chair of the Environment Committee and Chair of the Licensing and Planning Policy Committee.

2 questions were asked relating to the statements and responded to by the relevant Committee Chair.

**24 CALENDAR OF MEETINGS 2026-2027**

Council received a report presenting the Municipal Calendar of ordinary meetings from May 2026 to April 2027.

Councillor Neil Dallen **MOVED** and Councillor Hannah Dalton **SECONDED** the motion.

Following consideration, it was unanimously resolved to:

**(1) Approve the Municipal Calendar of ordinary meetings for 2026-2027.**

**25 APPOINTMENT OF ALTERNATIVE TRANSPORT COUNCILLOR CHAMPION**

Council received a report requesting its approval for the appointment of Councillor Alan Williamson as the Alternative Transport Champion for the remainder of the 2025-26 Municipal Year, in accordance with Annex 2.1 of the Operating Framework.

Councillor John Beckett **MOVED** and Councillor Rachel King **SECONDED** the motion.

Councillor Chris Ames **MOVED** and Councillor Alex Coley **SECONDED** a nomination of Councillor Rob Geleit to the appointment. Following receipt of this nomination, the Mayor informed the Council that a ballot would be held.

The results of the ballot were as follows: Councillor Alan Williamson, 17 votes, Councillor Rob Geleit, 11 votes.

Accordingly, it was resolved to:

**(1) Approve the appointment of Councillor Alan Williamson as the Alternative Transport Champion for the remainder of the 2025-26 Municipal Year.**

**26 COMMITTEE DECISIONS TAKEN IN ACCORDANCE WITH URGENCY PROCEDURE**

Council received a report providing it with notification of committee decisions taken in accordance with the urgency procedure contained in Annex 4.6 of the Operating Framework.

Councillor Neil Dallen **MOVED** and Councillor Hannah Dalton **SECONDED** the motion.

Following consideration, it was resolved with 22 votes for, 6 abstentions and the Mayor not voting to:

- (1) Note the decision of the Strategy and Resources Committee on 25 September 2025.**
- (2) Note the decision of the Environment Committee on 14 October 2025.**
- (3) Note the decision of the Licensing and Planning Policy Committee on 25 November 2025.**

**27 ANNUAL GOVERNANCE STATEMENT 2024-2025**

Council received a report presenting the Annual Governance Statement 2024-25

Councillor Steven McCormick **MOVED** the recommendations in the report..

An amendment to the recommendations was **MOVED** by Councillor James Lawrence and **SECONDED** by Councillor Chris Ames. The proposed amendment was as follows:

*“To add the following recommendation:*

- Note that point G. of Core CIPFA governance principle be considered “Some development or areas for improvement”*

The amendment was not accepted by the proposer of the original motion and accordingly was debated by the Council. Upon being put to the vote the amendment was **LOST** with 9 votes for, 19 votes against and the Mayor not voting.

An amendment to the recommendations was **MOVED** by Councillor Chris Ames and **SECONDED** by Councillor Alex Coley. The proposed amendment was as follows:

*“Add text:*

- Note that the Statement is significantly different from the document approved by the Audit and Scrutiny Committee in July.*

- Note that, although the Audit and Scrutiny Committee resolved at its July meeting to Approve the Statement before it, "noting the questions and comments raised by Audit and Scrutiny Members", the document at Appendix 1 does not reflect questions and comments made by committee members."

The amendment was not accepted by the proposer of the original motion and accordingly was debated by the Council. Upon being put to the vote the amendment was **LOST** with 9 votes for, 19 votes against and the Mayor not voting.

Upon being put, the recommendations of the substantive motion were **CARRIED** as follows:

The Council agreed with 19 votes for, 9 votes against and the Mayor not voting to:

- (1) **Note the Annual Governance Statement 2024-2025 as set out at Appendix 1 to the report.**

## 28 DEVOLUTION AND LOCAL GOVERNMENT REORGANISATION IN SURREY - UPDATE

Council received a report outlining the latest developments and updates on Devolution and Local Government Reorganisation (LGR) following the decision from the Ministry of Housing, Communities and Local Government (MHCLG) on 28 October 2025 to implement the 2 unitary proposal for Surrey. The report included a recommendation nominating Councillor Hannah Dalton to be appointed representative for Epsom & Ewell Borough Council on any relevant LGR Joint Committee.

Councillor John Beckett **MOVED** and Councillor Rachel King **SECONDED** the motion.

Councillor James Lawrence **MOVED** and Councillor Chris Ames **SECONDED** a nomination of Councillor Alex Coley to the appointment proposed in recommendation 5 of the report. Following receipt of this nomination, the Mayor informed the Council that a ballot would be held.

The results of the ballot were as follows: Councillor Hannah Dalton, 17 votes, Councillor Alex Coley, 11 votes.

Following consideration, it was resolved with 23 votes for, 4 abstentions and the Mayor not voting to:

- (1) **Note the updates for LGR in Surrey, particularly the decision and relevant information from MHCLG;**
- (2) **Agree to the establishment of the East Surrey Joint Committee on a voluntary basis, effective immediately, that shall be constituted and be established under the provisions of section 101(5) (arrangements**

for discharge of functions by local authorities) of the Local Government 1972 Act and pursuant to the requirements of the draft Surrey (Structural Changes) Order 2026.

- (3) Note that upon enactment of the Surrey (Structural Changes) Order 2026, the voluntary East Surrey Joint Committee shall become the Joint Committee required to be established under the provisions of that legislation and that this will be constituted and established under the provisions as set out above in Recommendation 2.
- (4) Agree and adopt the Terms of Reference and Terms of Procedure set out within Appendix 1 to the report for all forms of an East Surrey Joint Committee.
- (5) Delegate to the Chief Executive, Directors and Head of Legal any necessary authority to support the establishment, operation and decision making required by and in support of any relevant LGR Joint Committees (to include any informal working groups).

It was resolved in accordance with the ballot detailed in the Minutes above to:

- (6) Approve Cllr Dalton as the appointed representative for Epsom & Ewell Borough Council on any relevant LGR Joint Committee;

#### 29 UPDATE TO THE CONSTITUTION

Council received a report proposing an update to the Council's Scheme of Delegation relevant to its Revenues and Benefits and Public Protection departments.

Councillor John Beckett **MOVED** and Councillor Rachel King **SECONDED** the motion.

Following consideration, it was resolved with 23 votes for, 4 abstentions and the Mayor not voting to:

- (1) Approve and adopt the updates to the Council's Constitution, as set out within Appendix 1 to the report

#### 30 COMMUNITY GOVERNANCE REVIEW - CREATION OF CIVIL PARISHES AND ASSOCIATED PARISH COUNCILS IN EPSOM & EWELL

Council received a report presenting the findings of the Community Governance Review's Phase 1 consultation regarding the creation of Civil Parishes and associated Parish Councils in the Borough of Epsom and Ewell. It also provided information related to the potential financial implications, including estimated precepts and the implications of the possible transfer of key community assets.

The report requested the Council to make a decision as to whether to proceed to the next stage of its Community Governance Review (CGR), or whether the CGR process is stopped following the completion of the Phase 1 consultation.

If the Council decided to proceed to the next stage, the report invited Members to consider what the recommendations should be that are consulted upon, based upon the outcome of the Phase 1 consultation and the further information contained within the report.

Councillor John Beckett **MOVED** and Councillor Rachel King **SECONDED** the motion.

An amendment to recommendation 2 was **MOVED** by Councillor Steven McCormick and **SECONDED** by Councillor Bernice Froud. The proposed amendment was as follows:

*“Replace wording of Recommendation 2 (vii) with text as follows:*

*(2) (vii) Authorise the Chief Executive and Head of Legal and Democratic Services, in consultation with the Leader of the Council and Chair of Standards and Constitution Committee, to approve the Phase2 Consultation Questions and Terms of Reference once final typographical changes have been completed and to take all and any necessary action to progress the Community Governance Review(which for the avoidance of doubt, does not empower those named officers to make the final decision on whether to make a Reorganisation Order)”*

The amendment was accepted by the proposer of the original motion and it became part of the substantive motion under FCR 17.8 of Appendix 4 of the Council's Constitution

Following debate the recommendations of the substantive motion were put to the vote. A recorded vote was requested by 8 members of the Council and in accordance with FCR4.6 was held for this item.

The recommendations of the report were CARRIED, as detailed below:

It was resolved with 17 votes in favour, 6 against and 6 abstentions to:

**(1) Agree that the Community Governance Review should proceed to a Phase 2 consultation.**

It was resolved with 17 votes in favour, 7 against and 5 abstentions to:

**(2) Agree the recommendations to be subject to a further public consultation, as follows:**

**(i) Arrangements - The creation of two civil parishes for which there will be two parish councils (one for each parish), which would be responsible for the legal minimum (e.g. allotments) and could be responsible for more services in the future (where this is agreed with the new unitary East Surrey Council at some future date)**

**(ii) Names and style of the two parishes –**

- a. The Community of Epsom, and
- b. The Community of Ewell

(iii) **Warding (and names of wards) – The external boundaries of the two parishes to be created shall be co-terminus with existing ward boundaries; existing borough wards will be adopted as will their existing names –**

- a. **Epsom Community – College, Court, Horton, Stamford, Town, Woodcote and Langley Vale**
- b. **Ewell Community – Auriol, Cuddington, Ewell Court, Ewell Village, Nonsuch, Ruxley, Stoneleigh, West Ewell**

(iv) **Proposed number of councillors – Two councillors per ward per newly created parish resulting in:**

- a. **Twelve councillors to be elected to Epsom Community Council (there are six wards) and**
- b. **Sixteen councillors to be elected to Ewell Community Council (there are eight wards).**

(v) **Agree to the establishment of a potential precept payable for the Council Tax Financial Year 2027-28, to support the general parish administration and running of services.**

(vi) **Agree and adopt the updated Terms of Reference, as set out in Appendix 8**

(vii) **Authorise the Chief Executive and Head of Legal and Democratic Services, in consultation with the Leader of the Council and Chair of Standards and Constitution Committee, to approve the Phase 2 Consultation Questions and Questionnaire of Reference once final typographical changes have been completed and to take all and any necessary action to progress the Community Governance Review**

<b>Community Governance Review (Recommendation 1)</b>	
Councillor Robert Leach	Abstain
Councillor Lucie McIntyre	For
Councillor Arthur Abdulin	For
Councillor Chris Ames	Against
Councillor John Beckett	For
Councillor Christine Cleveland	For
Councillor Alex Coley	Against
Councillor Neil Dallen MBE	For
Councillor Hannah Dalton	For
Councillor Julian Freeman	Against
Councillor Liz Frost	For

Councillor Bernice Froud	For
Councillor Tony Froud	Abstain
Councillor Rob Geleit	Against
Councillor Christine Howells	Abstain
Councillor Alison Kelly	Abstain
Councillor Rachel King	For
Councillor James Lawrence	Against
Councillor Steven McCormick	For
Councillor Julie Morris	Abstain
Councillor Bernie Muir	Against
Councillor Phil Neale	For
Councillor Peter O'Donovan	For
Councillor Kieran Persand	Abstain
Councillor Humphrey Reynolds	For
Councillor Kim Spickett	For
Councillor Chris Watson	For
Councillor Alan Williamson	For
Councillor Clive Woodbridge	For
<b>Carried</b>	

<b>Community Governance Review (Recommendation 2)</b>	
Councillor Robert Leach	Abstain
Councillor Lucie McIntyre	For
Councillor Arthur Abdulin	For
Councillor Chris Ames	Against
Councillor John Beckett	For
Councillor Christine Cleveland	For
Councillor Alex Coley	Against
Councillor Neil Dallen MBE	For
Councillor Hannah Dalton	For
Councillor Julian Freeman	Against
Councillor Liz Frost	For
Councillor Bernice Froud	For
Councillor Tony Froud	Abstain
Councillor Rob Geleit	Against
Councillor Christine Howells	Abstain
Councillor Alison Kelly	Abstain
Councillor Rachel King	For
Councillor James Lawrence	Against
Councillor Steven McCormick	For
Councillor Julie Morris	Abstain
Councillor Bernie Muir	Against
Councillor Phil Neale	For
Councillor Peter O'Donovan	For
Councillor Kieran Persand	Against
Councillor Humphrey Reynolds	For
Councillor Kim Spickett	For
Councillor Chris Watson	For
Councillor Alan Williamson	For
Councillor Clive Woodbridge	For
<b>Carried</b>	

## 31 STAFF PAY AWARD

Council received a report recommends to Council a pay award for Staff and introduction of Real Living Wage as considered and recommended by Strategy and Resources Committee.

Councillor Neil Dallen **MOVED** the recommendations in the report.

Following consideration, it was unanimously resolved to:

- (1) Agree a pay award for staff for 2026/27 of 3%; and**
- (2) make funding available through the budget process to support the implementation of the Real Living Wage from April 2026.**

## 32 APPOINTMENT OF CHAIR OF CRIME AND DISORDER COMMITTEE AND MEMBER OF THE SURREY POLICE AND CRIME PANEL

The Mayor informed the Council that he had permitted the addition of this additional urgent item to the agenda in accordance with FCR 7.7 of Appendix 4 of the Constitution as it was necessary to inform Members of the matter at the earliest opportunity available.

The Council was requested to agree the appointment of the Chair of the Crime and Disorder Committee and representative on the Surrey Police and Crime Panel following the recent change of political group membership of the current Chair and representative.

Councillor John Beckett **MOVED** and Councillor Rachel King **SECONDED** the recommendations of the report.

Following consideration, it was resolved with 24 votes for, 4 against and the Mayor not voting to:

- (1) Agree to appoint Councillor Alan Williamson as the Chair of the Crime and Disorder Committee.**
- (2) Agree to appoint Councillor Alan Williamson as the Council's Representative on the Surrey Police and Crime Panel.**

*The meeting began at 7.30 pm and ended at 9.40 pm*

COUNCILLOR ROBERT LEACH  
MAYOR

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## BUDGET REPORT 2026/27

<b>Head of Service:</b>	Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
<b>Report Author:</b>	Cagdas Canbolat
<b>Wards affected:</b>	(All Wards);
<b>Appendices (attached):</b>	See list of appendices at end of report

### Summary

This report fulfils the statutory requirement to agree a budget for 2026/27, comprising both revenue and capital expenditure plans, and to set a council tax for the year.

The Council Tax recommendation as supported by Financial Strategy Advisory Group is for an increase of £6.93 per annum (Band D property), an equivalent increase of 2.98%, taking Band D rate to £239.85.

### Recommendation(s)

#### The Council is asked to agree recommendations 1.1 – 1.15

- 1 **That the following estimates recommended by the policy committees be approved:**
  - 1.1 **The Revenue estimates for 2026/27 (as included in Section 8 and Appendix 2).**
  - 1.2 **The Capital programme for 2026/27 and the provisional programme for 2027/28 to 2030/31, as summarised in the capital strategy statement (as included in Section 12 and Appendix 9).**
  - 1.3 **That it be noted that, under delegated powers, the Chief Finance Officer calculated the amount of the Council Tax Base as 34,083.20 (Band 'D' equivalent properties) for the year 2026/27, in accordance with the Local Government Finance Act 1992, as amended (the "Act"). (as attached at Appendix 4).**
  - 1.4 **That the fees and charges recommended by the policy committees be approved for 2026/27 as attached in appendix 14.**

- 1.5 That the Council Tax Requirement for the Council's own purposes for 2026/27 is £8,174,856 as attached in Appendix 4
- 1.6 That the following amounts be calculated for the year 2026/27 in accordance with sections 31 to 36 of the Act:
  - 1.6.1 £61,895,893 being the aggregate of the amounts which the Council estimates for the items set out in section 31A(2) of the Act.
  - 1.6.2 £53,721,037 being the aggregate of the amounts which the Council estimates for the items set out in section 31A(3) of the Act.
  - 1.6.3 £8,174,856 being the amount by which the aggregate at 1.5.1 above exceeds the aggregate at 1.5.3 above, calculated by the Council, in accordance with section 31A(4) of the Act, as its council tax requirement for the year.
  - 1.6.4 £239.85 being the amount at 1.5.3 above divided by the amount at 1.3 above, calculated by the Council, in accordance with section 31(B) of the Act, as the basic amount of its council tax for the year.
- 1.7 To note that Surrey County Council and Surrey Police Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.

Authority	A	B	C	D	E	F	G	H
Surrey County Council	1,292.28	1,507.66	1,723.04	1,938.42	2,369.18	2,799.94	3,230.70	3,876.84
Police Authority (TBC)	235.05	274.22	313.40	352.57	430.92	509.27	587.62	352.57
EEBC	159.90	186.55	213.20	239.85	293.15	346.45	399.75	239.85
Total	1,687.23	1,968.43	2,249.64	2,530.84	3,093.25	3,655.66	4,218.07	4,469.26

- 1.8 That the Council, in accordance with Section 30 to 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables above as the amounts of council tax for 2026/27 for each of the categories of dwellings.
- 1.9 That members note the delay in receiving the final precept information from Surrey Police, expected at the end of February, and delegate authority to finalise the Budget Book and to make any amendments to the Council Tax demands as might prove necessary as the result of changes to the estimated demands issued by preceptors on the Council's Collection Fund to the Director of Corporate Services (Section 151 officer), once this information has been received.
- 1.10 That the Council agrees the Treasury Management and Investment Strategy and prudential indicators and authorised limits for 2026/27 as set out in Appendix 10 including:

- 1.10.1 Affordability prudential indicators;**
- 1.10.2 The actual and estimated Capital Financing Requirement;**
- 1.10.3 The estimated levels of borrowing and investment;**
- 1.10.4 The authorised and operational limits for external debt;**
- 1.10.5 The liability benchmark;**
- 1.10.6 The treasury management prudential indicators.**
- 1.11 That the Council receives the budget risk assessment at Appendix 11 and notes the conclusion of the Chief Finance Officer in Appendix 12 that these budget proposals are robust and sustainable as concluded in this report.**
- 1.12 That the Council receives the Chief Finance Officer Statement on the Reserves as attached at Appendix 12.**
- 1.13 Council approves the annual indexation of Councillors Basic and Special Responsibility Allowances in line with the 'cost of living' percentage increase in staff salaries for the 2026-27 financial year.**
- 1.14 Approve the recommended changes to how Council Tax is levied on Empty properties, as set out in Appendix 13, with effect from 1 April 2026.**
- 1.15 Approve the recommended changes to how Council Tax is levied on Second Homes in the Borough, as set out in Appendix 13, with effect from 1 April 2027.**

## 2 Executive Summary

- 2.1 In July 2025, the Council published a forecast budget gap of £5.063m over three years, based on a number of assumptions, with deficits of £1.928m in Year 1, £1.443m in Year 2, and £1.692m in Year 3.
- 2.2 A key assumption underpinning this position was an expectation that the Council would be significantly disadvantaged by the Fair Funding Review (FFR), in line with the anticipated impact on district councils nationally. These figures were, therefore, prudent forecasts reflecting the best information available at the time.
- 2.3 However, during the summer of 2025, changes to the provisional government funding formula, particularly the recognition of actual expenditure on temporary accommodation, indicated that the Council might benefit rather than lose funding, although this could not be confirmed until the formal settlement was issued.
- 2.4 Subsequent analysis showed that this change would increase expected funding for 2026/27 and when the government announced funding allocations on 17 December, this proved correct. The Council received a favourable uplift in Revenue Support Grant, which improved the FFR assumption for 2026/27 by £1.410m.
- 2.5 In addition, the Council benefitted significantly from the Extended Producer Responsibility (EPR) Grant: although the MTFS had reduced the expected amount to £0.337m based on sector assumptions, the Council ultimately received £1.080m, a positive movement of £0.743m.
- 2.6 Alongside these favourable changes, a review of expenditure budgets identified £700k that could be released from 2026/27 onwards, largely from capital and maintenance budgets no longer required, generating further savings.
- 2.7 While there were also several pressures to incorporate, including additional £0.250m for temporary accommodation demand growth, £0.125m from reduced garden waste income and other pressures totalling £1.155m in Year 1 and £1.755m across the period, the improved funding position more than offset these adverse movements.
- 2.8 Collectively, the impact of these changes reduced the original three-year budget gap from £5.063m to £0.579m, resulting in a balanced position in Year 1, a £0.206m gap in Year 2, and a £0.373m gap in Year 3.

## 3 Background

- 3.1 The Council is required to set a balanced budget for the following year, 2026/27, having regard to the cost of service provision, estimates of income and agreeing the level of council tax for the coming year.

- 3.2 The service estimate reports for 2026/27 have been prepared for each of the four policy committees and circulated to all Councillors, via Members' News, in the draft Budget Book 2026/27.
- 3.3 In July 2025, the council reported approx. £1.928 million gap for 2026/27 and approx. £5.063 million over 3 years of the MTFS period. Please see table 9.4 for how this has been addressed.
- 3.4 Services were asked to identify further efficiencies for 2026/27 where possible and seek new opportunities to reduce pressure on council budgets.
- 3.5 The Council has now completed its review of service income and expenditure. The policy committees have considered their service estimates and they have recommended budgets, charges and capital investment for the next financial year.
- 3.6 The revenue figures in this report reflect the latest outcome of the above discussion and the provisional local government finance settlement for 2026/27 which has been favourable to the council.
- 3.7 Following identification of savings and favourable government funding announcement the council has set a balanced budget for 2026/27.
- 3.8 The general fund summary position as contained in the 2026/27 Budget Book reflects the draft services estimates and the source of funding.
- 3.9 It's worth noting that pay rise budget allocation for 2026/27, based on a pay rise of 3.0%, equates to £619,000, and that Members' allowance will be uplifted in line with the same rate as staff pay awards at 3%.
- 3.10 The capital programme was considered and supported by Financial Strategy Advisory Group in November 2025, subject to schemes being supported by policy committees in the January 2026 committee cycle.
- 3.11 There will be implementation costs due to LGR which will be incurred during the Council's remaining lifespan.

#### 4 Local Government Financial Settlement

- 4.1 The provisional local government finance settlement for 2026-27 to 2028-29 has been published by central government. A multi-year settlement has been welcomed.
- 4.2 Funding distribution was last updated in 2013-14 and we now have a full baseline reset with changes to all the Relative Needs Formulas (RNFs), and the simplification of many grants.
- 4.3 Surrey has the lowest increase in Core Spending Power amongst the county councils (+0.97%). The next lowest increase for shire counties is East Sussex (+11.0%).
- 4.4 However, districts with high temporary accommodation RNFs will receive increases in Core Spending Power (Harlow +38%, Crawley +33%, Worthing +32% & Epsom & Ewell +20%).
- 4.5 Hence, the council has had a favourable Fair Funding Review outcome compared to many district councils across the country.
- 4.6 However, the increase in Core Spending Power (CSP) in the 3-year settlement is very reliant on councils applying the maximum increase in Band D and delivering the assumed taxbase growth.
- 4.7 Council tax is becoming an increasingly important share of local government's funding settlement, and the growth of resources within it. The biggest change in core funding is as follows:

Funding	2025/26	2026/27	Change
	£'000	£'000	£'000
Council Tax	(7,884)	(8,175)	(291)
Business Rates	(2,109)	(2,554)	(445)
Government funding including Revenue Support Grant	(409)	(1,688)	(1,279)
Collection Fund Prior Years	133	549	416
<b>Total</b>	<b>(10,269)</b>	<b>(11,868)</b>	<b>(1,599)</b>

- 4.8 In the event that government makes any changes to the provisional settlement, it will be reported to the Full Council and changes will be managed through the Collection Fund Equalisation Reserve.

## 5 Current Budgets, 2025/26

- 5.1 As at quarter 3, the Council is expected to be 5% above budget at year-end, with a £520,000 deficit for the 2025/26 budgets. The projected deficit is mainly due to the higher demand for housing/ homelessness services. This adverse variance will be addressed through in-year budgets and reserves.
- 5.2 The £520,000 projected budget deficit across services for 2025/26 would require a contribution from reserves. The General Fund reserve currently stands at £1.555m, only £55,000 above the £1.5m minimum balance approved by Council in July 2025. Therefore, it is suggested that this deficit is met from the Corporate Projects reserve, decreasing the uncommitted balance from £2,495,000 to £1,975,000, see table 12.7.
- 5.3 Due to rising demand, Community & Wellbeing Committee agreed to recommend service estimates for 2026/27 to Full Council at its meeting in January which include a net increase of budget for nightly paid accommodation costs of £750,000 to address the rising cost in this area.

## 6 Council Tax

- 6.1 It was announced as part of government's provisional settlement for 2026/27 that District Councils will be allowed to increase their council tax by either £5 per annum (per Band D equivalent property) or up to 2.99% (whichever is highest) before needing to hold a referendum.
- 6.2 The Medium-Term Financial Strategy at the council always assumed the maximum possible increases and the figures above. The draft Budget Book assumes an annual council tax increase of 2.98% (for rounding reasons), which equates to an additional £6.93 per annum or 13.3 pence per week for a Band D equivalent property.
- 6.3 To the average Band D council taxpayer (those not receiving discounts or support), the annual charge for borough services would increase from £232.92 to £239.85.
- 6.4 With CPI inflation at 3.8% (as of September 2025), 3.6% (as of October 2025) and 3.2% (as of November 2025) this still represents a below inflationary increase for residents.
- 6.5 The Council may decide not to increase council tax rate by 2.98%. In such circumstances additional savings will be required to balance the budget, both for 2026/27 and for future years (base budget reduction).
- 6.6 If the council decides to freeze council tax it will need to identify £291,226 worth of savings which will be lost indefinitely and difficult to regain while referendum limits exist.

6.7 It is therefore recommended that the council tax is increased to the maximum in order not to lose on future income. This also aligns with government expectations of local funding, as reported in its Core Spending Power estimates, and if the increase is not applied there will be no compensating support from central government.

6.8 Provisional precepts have been issued by Surrey County Council and Surrey Police Authority upon Epsom and Ewell Borough Council, as the billing authority and the Precept Amounts are reported below.

Authority	Council Tax Base	Band D (£)	Precept	%
Surrey County Council	34,083.20	1,938.42	66,067,557	76.6%
Police Authority (TBC)	34,083.20	352.57	12,016,714	13.9%
EEBC	34,083.20	239.85	8,174,856	9.5%
<b>Total</b>	<b>34,083.20</b>	<b>2,530.84</b>	<b>86,259,126</b>	<b>100.00%</b>

## 7 Business Rates Retention

7.1 Government sets a level of business rates that should be collectable by a local authority each year and then, using a national formula, determines how much can be retained by the Council (the funding baseline).

7.2 The baselines within the Business Rates Retention System (BRRS) have been updated to take account of the new Fair Funding Allocations (FFA) and the reset Business Rates Baselines (BRB).

7.3 Business Rates Income is one of the main ways in which local government is financed. The council keeps approximately 40% (before tariff payment) of the amount payable and the rest is passed back to central government and Surrey County Council.

7.4 The retained 40%, together with revenue from Council Tax, locally generated income and grants provided by the Government, is used to pay for the services provided by Epsom & Ewell Borough Council.

7.5 The draft Budget Book estimated a retained complete business rates income for 2026/27 of £2.554 million.

7.6 Any changes following the submission of NNDR1 form to government will be managed via the Collection Fund Equalisation Reserve.

7.7 This reserve essentially helps the Council to mitigate timing differences across financial years, as well as any reductions in income relative to budget.

7.8 It's worth noting that there is no business rates pool in 2026/27 for any of the Surrey districts following the government's business rates reset.

7.9 The funding position on retained business rates income for 2026/27 and the prior year remains provisional, pending submission of statutory collection fund returns to MHCLG at the end of January.

7.10 Any changes in the overall level of funding will be included in the Final Budget Book and offset by a contribution to or from the Collection Fund Equalisation Reserve.

## 8 Collection Fund Surplus / Deficit

8.1 In accordance with the Local Authorities (Funds) (England) Regulations 1992, the borough council as the billing authority is required to estimate in January each financial year the surplus or deficit on its collection fund for that year in respect of council tax and business rates. Any estimate surplus or deficit is apportioned between the Councils.

8.2 In simple terms, this means that, for both Council Tax and Business Rates, the Council is required forecast the year end position for 2025/26 and reflect the surplus / deficit in the 2026/27 budget. The Council is reporting a net deficit of £549,000 which will be managed by increase in business rates income and collection fund equalisation reserve. See Appendices 5 & 7.

8.3 The Council holds the Collection Fund Equalisation Reserve to mitigate the impact of changes in Council Tax and Business Rates income. This reserve essentially helps the Council to mitigate timing differences across financial years, as well as any reductions in income relative to budget

## 9 Expenditure & Funding Budget Overview

9.1 The service estimates are contained in the draft Budget Book 2026/27 and summarised below showing an increase in total net budget from £10.269 million to £11.868 million, an increase of £1.599 million.

Expenditure	2025/26	2026/27	Change
	£'000	£'000	£'000
Strategy & Resources	1,330	1,134	(196)
Environment	3,803	4,227	424
Community & Wellbeing	5,798	7,161	1,363
Licensing & Planning Policy	1,279	1,287	8
Accounting adjustment	(1,941)	(1,941)	0
<b>Total</b>	<b>10,269</b>	<b>11,868</b>	<b>1,599</b>

9.2 The draft Budget Book currently reports a balanced budget position for next year. The table below reports the budget for each area and source of funding.

BUDGET SUMMARY	2024/25	2025/26	2025/26	2026/27
	Actual	Original Estimate	Probable Out-turn	Estimate
	£'000	£'000	£'000	£'000
STRATEGY & RESOURCES COMMITTEE	(1,892)	1,330	206	1,134
ENVIRONMENT COMMITTEE	4,995	3,803	3,985	4,227
COMMUNITY & WELLBEING COMMITTEE	6,718	5,798	7,282	7,161
LICENSING & PLANNING POLICY COMMITTEE	1,267	1,279	1,248	1,287
CAPITAL CHARGES	(1,941)	(1,941)	(1,941)	(1,941)
<b>NET BUDGET REQUIREMENT</b>	<b>9,147</b>	<b>10,269</b>	<b>10,780</b>	<b>11,868</b>
<b>FINANCED BY:</b>				
COUNCIL TAX COLLECTION FUND PRECEPT	7,636	7,884	7,884	8,175
REVENUE SUPPORT GRANT, SERVICES GRANT & CSP MINIMUM	207	409	409	1,688
GUARANTEED FUNDING	1,749	1,804	1,804	2,554
RETAINED BUSINESS RATES	292	305	305	0
COMPENSATION FOR UNDERINDEXING THE BUSINESS RATES MULTIPLIER*	58	38	38	(38)
SURPLUS/(DEFICIT) ON PRIOR YEAR COUNCIL TAX	(1,037)	(171)	(171)	(511)
<b>EXTERNAL FUNDING FOR THE YEAR</b>	<b>8,905</b>	<b>10,269</b>	<b>10,269</b>	<b>11,868</b>

## 10 Medium Term Financial Strategy

10.1 In line with CIPFA guidance, the Council is required to prepare a Medium Term Financial Strategy (MTFS) covering a 3–5 year period. Although the Council will be absorbed into the East Surrey Unitary Authority and will not continue in its current form beyond 2026/27, producing a 3 year MTFS remains important. It provides the new unitary authority with a clear and accurate understanding of the Council's financial position and future commitments as they stand.

10.2 The financial environment continues to be challenging. The Council is experiencing rising costs in temporary accommodation, as is the rest of the sector and this situation is not unique to EEBC. Plus there are other costs like agency staffing and contractual inflation adding to the pressure while income generation and savings targets remain difficult to achieve.

10.3 The Council must plan for the financial implications of local government reorganisation. Despite these pressures, the Council has identified clear actions and opportunities to manage the risks, enabling us to present a balanced budget for 2026/27.

10.4 In July 2025 we reported a gap of £5.063m over the 3 years. Since that date we have identified savings and received favourable government funding which has helped to reduce the gap to £0.579m over the same period, based on the latest assumptions, see tables on the pages below.

	2026/27	2027/28	2028/29	Total
<b>Published Gap - July 2025</b>	<b>1,928</b>	<b>1,443</b>	<b>1,692</b>	<b>5,063</b>
<b>Change in Assumptions: Pressure</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>Total</b>
Corporate Items	370	50	50	470
TA - Demand Growth	250	250	250	750
Garden Waste Income	125	-	-	125
Parking Income	100	-	-	100
Waste Savings Unachievable	100	-	-	100
Waste Agency Cost	80	-	-	80
Cemetery Income	70	-	-	70
Trade Waste Income	60	-	-	60
<b>Total</b>	<b>1,155</b>	<b>300</b>	<b>300</b>	<b>1,755</b>
<b>Change in Assumptions: Favourable</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>Total</b>
FFR- Additional Funding	-1,410	-787	-769	-2,966
EPR- Additional Funding	-743	-	-	-743
Remove Capital Contribution	-500	-	-	-500
Remove Maintenance Contribution	-200	-	-	-200
Efficiency Savings	-230	-750	-850	-1,830
<b>Total</b>	<b>-3,083</b>	<b>-1,537</b>	<b>-1,619</b>	<b>-6,239</b>
<b>New Gap</b>	<b>-</b>	<b>206</b>	<b>373</b>	<b>579</b>

<b>REVENUE BUDGET FORECAST</b>				
<b>Status: Financial Planning Updated for 2026/27 Budget</b>		<b>MTFS</b>		
<b>FOUR YEAR BUDGET PROFILES</b>		<b>2025/26</b> <b>Forecast</b> <b>£000</b>	<b>2026/27</b> <b>Forecast</b> <b>£000</b>	<b>2027/28</b> <b>Forecast</b> <b>£000</b>
<b>NET SPEND B/F FROM PREVIOUS YEAR</b>		<b>8,905</b>	<b>10,269</b>	<b>11,868</b>
add back: Use of New Homes Bonus in Previous Year		225	0	0
add back: Interest on Balances as credited to the revenue account in previous year		1,125	1,000	875
add back: Use of Reserves/Provisions in Previous Year		2,202	129	170
<b>Net Expenditure on Services before changes (Base Budget excluding use of interest on balances and use of working balance)</b>		<b>12,457</b>	<b>11,398</b>	<b>12,913</b>
				<b>14,187</b>
<b>SUMMARY OF FORECASTS</b>				
<b>Net Expenditure on Services before changes (Base Budget excluding use of interest on balances and use of working balance)</b>		<b>12,457</b>	<b>11,398</b>	<b>12,913</b>
Price Increases (inflation)		+699	833	+850
Increases in costs / Reductions in income		-717	1,763	+300
Changes to External Funding		+150	512	+500
Increased cost of NI - not offset by grant funding		+149	0	+0
EPR grant funding		-671	-407	+0
Cost Reduction Plan/Efficiency Savings		-187	-930	-112
Contributions from Reserves/Provisions		-129	-170	+0
Fees and Charges		-483	-256	-264
Interest credited to General Fund to Finance Services		-1,000	-875	-750
	<b>Forecast Net Cost of Services</b>	<b>10,269</b>	<b>11,868</b>	<b>13,437</b>
				<b>14,293</b>
<b>Projected Outturn variance</b>				
	<b>Revised Net cost of Services</b>	<b>10,269</b>	<b>11,868</b>	<b>13,437</b>
				<b>14,293</b>
<b>SETTLEMENT ASSESSMENT FUNDING FORECAST</b>				
Government grants including Revenue Support Grant		+410	+1,688	+2,157
Retained Business Rates including multiplier under-indexation grant		+2,109	+2,554	+2,612
	<b>Formula Grant / Business Rate Retention</b>	<b>2,519</b>	<b>4,242</b>	<b>4,769</b>
				<b>5,162</b>
Base Income from Council Tax		7,636	7,889	8,175
Increase in council tax base		+20	+48	+41
		<b>7,656</b>	<b>7,937</b>	<b>8,216</b>
				<b>8,504</b>
Forecast for increase in Council Tax income (3% per annum)		+228	+238	+246
	<b>Council Tax Income Forecast</b>	<b>7,884</b>	<b>8,175</b>	<b>8,462</b>
				<b>8,759</b>
Surplus / (Deficit) on Retained Business Rates		-171	-511	0
Council Tax Surplus / (Deficit)		38	-38	0
	<b>Assumed Collection Fund Income (Formula Grant + Council Tax)</b>	<b>10,269</b>	<b>11,868</b>	<b>13,231</b>
				<b>13,921</b>
<b>Actual/Forecast Budget Shortfall</b>		0	0	206
				373

## 11 Funding From Commercial Properties

- 11.1 Epsom & Ewell Property Investment Company Ltd (EEPIC), the Council's wholly owned subsidiary, holds two commercial properties outside the Borough. The properties were acquired in 2017 to generate additional income for the Council, before the introduction of new statutory guidance in 2018, which restricted the ability to acquire further properties outside the Borough using borrowing.
- 11.2 The Council's 2025/26 budget includes £1.35m expected dividend income from Epsom and Ewell Property Investment Company, generated from its two commercial properties. This is on track to be fully received this financial year and will continue into 2026/27.
- 11.3 The council relies on dividend from its commercial properties to balance the budget. In the event of loss of dividend, the council holds prudent level of Property Income Equalisation Reserve, £5.7m, to counter the loss.

## 12 Revenue Reserves

- 12.1 In July 2025, Full Council agreed to maintain a minimum balance in the general fund working balance reserve of £1.5m, after revoking a previous decision in May 2025 to reduce it from £2.5m to £1m.
- 12.2 It is recommended that the Council continue to hold a minimum General Fund reserve balance of £1.5 million, roughly 12.5% of its net Revenue Budget for 2026/27 for emergencies.
- 12.3 After using £242,000 to fund the 2024/25 deficit and transferring £1.2m to create a Strategic Priorities reserve, the working balance currently stands at £1.555m.
- 12.4 In November 2025 Strategy & Resources committee considered a Review of Reserves report and agreed to transfer £500,000 from the interest equalisation reserve to the Planned Maintenance reserve; and also c. £1 million from each of the property income equalisation and collection fund reserve to the corporate projects reserve. These transfers are reflected in the figures and table 12.7.
- 12.5 Other revenue reserves are projected to stand at £12.88m at 31 March 2026, however, the majority of this balance is to manage specific risks and contingencies, including the loss of commercial property income and counter any changes in business rates income in future years.
- 12.6 The following table shows a breakdown of the council's revenue reserves, with only the General Fund working balance and corporate projects reserve available for general use:

12.7 The levels of revenue reserves are set out in Appendix 8. The Council is required to consider the level of its reserves in setting its budget. The Chief Finance Officer's statement of the adequacy of the financial reserves is attached at Appendix 12.

<b>General Fund Revenue Reserves</b>	<b>Balance at 31 March 2025</b>	<b>Commitments &amp; Forecast Transfers</b>	<b>Forecast Balance at 31 March 2026</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
General Fund Working Balance	2,755	(1,200)	1,555
Corporate Projects Reserve	3,838	(1,863)	1,975
<b>Subtotal - Reserves available for general use</b>	<b>6,593</b>	<b>(3,063)</b>	<b>3,530</b>
Contingencies unavailable for general use	14,005	(1,645)	12,360
Ringfenced funds/grants for specific use	1,893	(1,372)	521
<b>Subtotal - Reserves available for general use</b>	<b>15,898</b>	<b>(3,017)</b>	<b>12,881</b>
<b>Total</b>	<b>22,491</b>	<b>(6,080)</b>	<b>16,411</b>

12.8 Next year's budget does not assume any use of the General Fund Working balance to fund services.

### 13 Capital Programme & Capital Reserves

13.1 The Draft Capital Programme for 2026/27 recommended by Financial Strategy Advisory Group in November 2025 proposed various schemes totalling £3,415,000.

13.2 These proposals, which were presented to relevant policy committees in January, included £974,000 for the Disabled Facilities Grant (DFG) funding programme.

13.3 The remaining programme of capital schemes worth £2,441,000 was agreed to be funded via capital receipts and other funding resources. The details can be found in the draft 2026/27 budget book.

13.4 Previously Financial Plan included a contribution from revenue budget of £500,000 to fund the capital programme, which will now cease in 2026/27 following a reserve review which has identified separate funding to invest in the capital programme

13.5 The Council continues to maintain a minimum level of capital reserves of £1 million which will be reviewed as part of LGR.

13.6 A provisional 5 year forward programme was reported to policy committees in January 2026. Supported schemes have been included in the draft capital programme.

13.7 The updated capital strategy statement is attached at Appendix 9.

**Summary Indicative 5-Year Capital Programme**

Committee	Approved Budget 2026/27 £'000	Indicative Forecast 2027/28 £'000	Indicative Forecast 2028/29 £'000	Indicative Forecast 2029/30 £'000	Indicative Forecast 2030/31 £'000	Total 2026/27-2030/31 £'000
Strategy and Resources	0	53	60	60	0	173
Environment	341	353	98	453		1,245
Community & Wellbeing	3,074	1,119	1,329	1,092	974	7,588
Licensing & Planning Policy	0	0	0	0	0	0
<b>Total</b>	<b>3,415</b>	<b>1,525</b>	<b>1,487</b>	<b>1,605</b>	<b>974</b>	<b>9,006</b>

**Financing of Indicative Capital Programme**

	Approved Budget 2026/27 £'000	Indicative Forecast 2027/28 £'000	Indicative Forecast 2028/29 £'000	Indicative Forecast 2029/30 £'000	Indicative Forecast 2030/31 £'000	Total 2026/27-2030/31 £'000
Capital Receipts / Other corporate resources	2,441	551	513	631	0	4,136
Disabled Facilities Grants	974	974	974	974	974	4,870
<b>Total</b>	<b>3,415</b>	<b>1,525</b>	<b>1,487</b>	<b>1,605</b>	<b>974</b>	<b>9,006</b>

Budgets for 2027/28 to 2030/31 are indicative forecasts, based on the Council's Asset Management Plan. These budgets will be subject to future capital proposals being produced and approval each year through the Council's capital programme setting process.

#### **14 Robustness of the Estimates**

- 14.1 The Local Government Act 2003 requires that when a local authority is agreeing its budget and precept, the Chief Finance Officer must report on the robustness of the estimates made for the purpose of the calculations.
- 14.2 The Council produced its draft 2024/25 financial statements in good time, with an expected unqualified audit opinion in February 2026 following discussions with the external auditors.
- 14.3 The revenue and capital budget monitoring arrangements are effective, and Members receive quarterly monitoring reports.
- 14.4 Financial Strategy Advisory Group receives reports on financial and risk management and has been well placed to provide effective advice on financial planning leading to the preparation of the detailed service estimates.
- 14.5 Policy committees have received detailed estimates of revenue and capital expenditures for 2025/26 and have also received assessments on the main financial risks.
- 14.6 The Chief Finance Officer considers that the budget proposals for 2026/27 are robust and sustainable, based on the Council's current plans and further detail explained at Appendix 12.
- 14.7 There is a £230,000 savings required in 2026/27 which is on course to be delivered. However, if it does not get delivered there are corporate contingency budgets to cover the pressure.
- 14.8 The budget has been prepared in line with the CIPFA Financial Management Code, which sets national standards for how councils should plan and manage their finances.
- 14.9 As with every budget, there are some risks associated with the 2026/27 proposals. These are highlighted in the main body of the report. While the Council works to minimise these risks, they cannot be removed entirely.

## 15 Risk Assessment

- 15.1 A financial risk assessment was completed for each of the policy committee revenue budgets. The main financial risks have been included in a corporate budget risk assessment at Appendix 11.
- 15.2 Increased demand for housing and homelessness prevention services, lower income generation and potential loss of a commercial tenant (and associated rental income), including properties owned by EEPIC. All of these factors have been identified within spending plans and, in the case of the rental income, the Council has reserves set aside to mitigate the risk of lower income.
- 15.3 Appendix 11 also identifies the means of managing the risks identified. In relation to the size of the working balance and the capital reserves, which act as a contingency against such risks.

### Legal or other duties

#### 15.4 Equality Impact Assessment

- 15.4.1 None for the purposes of this report.

#### 15.5 Crime & Disorder

- 15.5.1 None for the purposes of this report.

#### 15.6 Safeguarding

- 15.6.1 None for the purposes of this report.

#### 15.7 Dependencies

- 15.7.1 None for the purposes of this report.

#### 15.8 Other

- 15.8.1 None for the purposes of this report.

## 16 Financial Implications

16.1 **Section 151 Officer's comments:** As detailed in the main body of the report.

## 17 Legal Implications

17.1 The Council is under a statutory obligation to produce a balanced budget and to comply with its policy on equalities.

17.2 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs while s.25 Local Government Act 2003 requires the Council to have due regard to a statement on the adequacy of reserves and the robustness of the budget, produced by the Chief Financial Officer, when making its budget decisions.

17.3 The Council is required to set a balanced budget and the Chief Financial Officer must report under s114 of the Local Government Finance Act 1988 if it appears to them that the expenditure of the authority incurred (or proposed to be incurred) in a financial year is likely to exceed the resources available to meet that expenditure.

17.4 The Chief Financial Officer has a statutory duty under s.25 Local Government Act 2003 to make a statement on the adequacy of reserves and the robustness of the budget. The Act requires the Council to have regard to this statement in making its decisions at its budget and council tax setting meetings. This statement is set out at Appendix 12 of this report, for consideration.

17.5 Section 106 of the Local Government Finance Act 1992 restricts any member of the council from voting on the budget or council tax requirement if they owe any amount of council tax to any local authority which has been outstanding for more than two months. If this applies to a member and they attend a meeting at which the council tax requirement is to be set, they must declare this fact and they cannot vote. It is an offence to vote or to fail to make this declaration.

17.6 **Legal Officer's comments:** Decisions taken about the budget will impact the services which can be delivered. In the event of any impact, there will need to be an equalities impact assessment in relevant cases.

## 18 Policies, Plans & Partnerships

18.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- Effective Council

18.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

- 18.3 **Climate & Environmental Impact of recommendations:** None for the purposes of this report.
- 18.4 **Sustainability Policy & Community Safety Implications:** None for the purposes of this report.
- 18.5 **Partnerships:** None for the purposes of this report.
- 18.6 **Local Government Reorganisation Implications:** The Local Government Reorganisation (LGR) will see the new shadow authority run alongside Epsom & Ewell and other Surrey authorities during 2026/27, therefore it does not have a direct impact on the revenue budget for the new financial year.
- 18.7 Epsom & Ewell will be required to make a contribution of £454,000 towards the costs of LGR but as a one-off cost, this is not included within the 2026/27 revenue budget and is expected to be funded through the Strategic Priorities reserve.

## 19 Background papers

- 19.1 The documents referred to in compiling this report are as follows:

### Previous reports:

- [Budget Report to Full Council – February 2025.](#)
- [Revenue Budget Monitoring – Quarter 1 to Audit & Scrutiny Committee – September 2025.](#)
- [Revenue Budget Monitoring – Quarter 2 to Audit & Scrutiny Committee – November 2025.](#)

### Other papers:

- [EEBC Strategic Priorities 2025-2027 report to Full Council - May 2025.](#)
- [2026/27 Strategic Financial Planning report to Strategy & Resources - July 2025.](#)
- [Recommendation from Strategy and Resources Committee, 15 July 2025 report to Full Council - July 2025.](#)
- [Review of Reserves to Strategy & Resources Committee, 11 November 2025.](#)

## 20 List of Appendices

<b>Appendix 1</b>	<b>Medium-Term Financial Plan 2026-2029</b>
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**REVENUE BUDGET FOUR YEAR FORECAST**

Status: Financial Planning Updated for 2026/27 Budget		MTFS			
FOUR YEAR BUDGET PROFILES		2025/26	2026/27	2027/28	2028/29
		Forecast	Forecast	Forecast	Forecast
		£000	£000	£000	£000
<b>NET SPEND B/F FROM PREVIOUS YEAR</b>		<b>8,905</b>	<b>10,269</b>	<b>11,868</b>	<b>13,437</b>
add back: Use of New Homes Bonus in Previous Year		225	0	0	0
add back: Interest on Balances as credited to the revenue account in previous year		1,125	1,000	875	750
add back: Use of Reserves/Provisions in Previous Year		2,202	129	170	0
<b>Net Expenditure on Services before changes (Base Budget excluding use of interest on balances and use of working balance)</b>		<b>12,457</b>	<b>11,398</b>	<b>12,913</b>	<b>14,187</b>
<b>Allowance for Pay and Price Inflation</b>					
General Inflation - price base		+210	+214	+218	+223
General Inflation - pay base		+489	+619	+632	+644
<b>Prices Increases net of Increased Fees &amp; Charges</b>		<b>+699</b>	<b>+833</b>	<b>+850</b>	<b>+867</b>
<b>Increases in costs / Reductions in income</b>					
Pension Fund Valuation 2022		-61			
Net change in national insurance contributions		+149			
Increase in debt repayments		+27	+27	+28	+29
Provision for increased IT revenue costs		-55	+10		
Provision for increased cost of living		+100	+150		
Increase corporate contingency			+327	+50	+50
Increased cost of homelessness			+750	+250	+250
Changes to EEPIC Dividend		-727	-27	-28	-29
Waste saving reversed			+100		
Additional waste agency costs			+80		
Reduction of income budgets			+355		
<b>Increases in costs / Reductions in income</b>		<b>-567</b>	<b>+1,772</b>	<b>+300</b>	<b>+300</b>
<b>Changes to External Funding</b>					
2023/24 & 2024/25 Surrey Business Rates Pool		+150			
				+500	+500
Transfer of grant funding from services to general funding			+503		
Extended Employer Responsibility Funding		-671	-407		
<b>Changes to External Funding</b>		<b>-521</b>	<b>+96</b>	<b>+500</b>	<b>+500</b>
<b>Cost Reduction Plan/Efficiency savings</b>					
Efficiency/Cost Reduction Plan		-123	-930	-112	-539
Utility efficiency savings		-64			
<b>Cost Reduction Plan/Efficiency savings</b>		<b>-187</b>	<b>-930</b>	<b>-112</b>	<b>-539</b>
<b>Contributions from Reserves/Provisions</b>					
Funding from Collection Fund Equalisation Reserve		-129	-170		
Contribution from Property Income Equalisation Reserve					
Funding from Corporate Projects Reserve					
		<b>-129</b>	<b>-170</b>	<b>+0</b>	<b>+0</b>
<b>Fees and Charges</b>					
Increased yield on discretionary Fees and Charges		-423	-256	-264	-272
Additional income from other sources		-60			
		<b>-483</b>	<b>-256</b>	<b>-264</b>	<b>-272</b>
<b>Interest on Balances (excludes interest credited to strategic reserves)</b>					
Cash Investments (average)		25,000	25,000	25,000	25,000
Assumed return		4.00%	3.50%	3.00%	3.00%
		Total Interest Forecast	-1,000	-875	-750
		<b>Interest credited to General Fund to Finance Services</b>	<b>-1,000</b>	<b>-875</b>	<b>-750</b>

FOUR YEAR BUDGET PROFILES	MTFS				
	2025/26	2026/27	2027/28	2028/29	
	Forecast	Forecast	Forecast	Forecast	
	£000	£000	£000	£000	
<b>SUMMARY OF FORECASTS</b>					
Net Expenditure on Services before changes (Base Budget excluding use of interest on balances and use of working balance)	12,457	11,398	12,913	14,187	
Price Increases (inflation)	+699	833	+850	+867	
Increases in costs / Reductions in income	-717	1,772	+300	+300	
Changes to External Funding	+150	503	+500	+500	
Increased cost of NI - not offset by grant funding	+149	0	+0	+0	
EPR grant funding	-671	-407	+0	+0	
Cost Reduction Plan/Efficiency savings	-187	-930	-112	-539	
Contributions from Reserves/Provisions	-129	-170	+0	+0	
Fees and Charges	-483	-256	-264	-272	
Interest credited to General Fund to Finance Services	-1,000	-875	-750	-750	
<b>Forecast Net Cost of Services</b>	<b>10,269</b>	<b>11,868</b>	<b>13,437</b>	<b>14,293</b>	
<b>Projected Outturn variance</b>					
	<b>Revised Net cost of Services</b>	<b>10,269</b>	<b>11,868</b>	<b>13,437</b>	<b>14,293</b>
<b>SETTLEMENT ASSESSMENT FUNDING FORECAST</b>					
Government grants including Revenue Support Grant	+410	+1,688	+2,157	+2,497	
Retained Business Rates including multiplier under-indexation grant	2,109	2,554	2,612	2,665	
<b>Formula Grant / Business Rate Retention</b>	<b>2,519</b>	<b>4,242</b>	<b>4,769</b>	<b>5,162</b>	
Base Income from Council Tax	7,636	7,889	8,175	8,462	
Increase in council tax base	+20	+48	+41	+42	
	<b>7,656</b>	<b>7,937</b>	<b>8,216</b>	<b>8,504</b>	
Forecast for increase in Council Tax income (3% per annum)	+228	+238	+246	+255	
	<b>Council Tax Income Forecast</b>	<b>7,884</b>	<b>8,175</b>	<b>8,462</b>	<b>8,759</b>
Surplus / (Deficit) on Retained Business Rates	-171	-511	0	0	
Council Tax Surplus / (Deficit)	38	-38	0	0	
<b>Assumed Collection Fund Income (Formula Grant + Council Tax)</b>	<b>10,269</b>	<b>11,868</b>	<b>13,231</b>	<b>13,921</b>	
<b>Actual/Forecast Budget Shortfall</b>	<b>0</b>	<b>0</b>	<b>206</b>	<b>373</b>	

**BUDGETS RECOMMENDED BY THE POLICY COMMITTEES**

<b>BUDGET SUMMARY BY COMMITTEE</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>Outturn</b>	<b>Budget</b>	<b>Forecast Outturn</b>	<b>Estimate</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>GROSS EXPENDITURE</b>				
STRATEGY AND RESOURCES	24,268,068	24,257,133	23,857,133	24,701,010
ENVIRONMENT	12,153,337	12,434,317	12,434,317	12,786,130
COMMUNITY AND WELLBEING	12,179,233	10,058,979	11,233,979	11,509,793
LICENSING & PLANNING POLICY	3,157,207	2,690,000	2,690,000	2,708,027
<b>TOTAL GROSS EXPENDITURE</b>	<b>51,757,845</b>	<b>49,440,429</b>	<b>50,215,429</b>	<b>51,704,960</b>
<b>GROSS INCOME</b>				
STRATEGY AND RESOURCES	(24,572,787)	(23,563,239)	(23,663,239)	(23,441,812)
ENVIRONMENT	(7,505,619)	(8,667,067)	(8,837,067)	(8,569,291)
COMMUNITY AND WELLBEING	(5,480,356)	(4,346,781)	(4,331,781)	(4,349,374)
LICENSING & PLANNING POLICY	(2,888,942)	(1,274,496)	(1,274,496)	(1,319,604)
Less CAPITAL CHARGES (Internal charges)	(1,941,065)	(1,941,065)	(1,941,065)	(1,941,065)
<b>TOTAL GROSS INCOME</b>	<b>(42,388,769)</b>	<b>(39,792,648)</b>	<b>(40,047,648)</b>	<b>(39,621,146)</b>
<b>CONTRIBUTION TO / (FROM) STRATEGIC RESERVES</b>	<b>(222,102)</b>	<b>621,462</b>	<b>621,462</b>	<b>(45,814)</b>
<b>NET EXPENDITURE</b>	<b>9,146,975</b>	<b>10,269,243</b>	<b>10,789,243</b>	<b>12,038,000</b>
CONTRIBUTION TO / (FROM) GENERAL OR EARMARKED RESERVE FOR YEAR	(242,004)	0	(520,000)	0
<b>NET BUDGET REQUIREMENT</b>	<b>8,904,971</b>	<b>10,269,243</b>	<b>10,269,243</b>	<b>12,038,000</b>

<b>COMMITTEE TOTALS</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>Outturn</b>	<b>Budget</b>	<b>Forecast Outturn</b>	<b>Estimate</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
STRATEGY AND RESOURCES	(1,892,430)	1,330,445	830,445	1,304,187
ENVIRONMENT	4,995,459	3,802,641	3,632,641	4,226,466
COMMUNITY AND WELLBEING	6,717,961	5,797,848	6,987,848	7,161,119
LICENSING & PLANNING POLICY	1,267,049	1,279,374	1,279,374	1,287,293
CAPITAL CHARGES (Internal charges)	(1,941,065)	(1,941,065)	(1,941,065)	(1,941,065)
CONTRIBUTION TO / (FROM) GENERAL OR EARMARKED RESERVE FOR YEAR	(242,004)	0	(520,000)	0
<b>TOTAL</b>	<b>8,904,971</b>	<b>10,269,243</b>	<b>10,269,243</b>	<b>12,038,000</b>

<b>FUNDED BY</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>Outturn</b>	<b>Budget</b>	<b>Forecast Outturn</b>	<b>Estimate</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
COUNCIL TAX PRECEPT	7,636,049	7,883,627	7,883,627	8,174,856
LOWER TIER SERVICES GRANT / SERVICES GRANT	9,035	0	0	0
COMPENSATION FOR UNDERINDEXATION OF THE BUSINESS RATES MULTIPLIER	292,000	305,126	305,126	0
REVENUE SUPPORT GRANT	56,461	72,274	72,274	1,687,000
CSP MINIMUM FUNDING GRANT	142,172	0	0	0
FUNDING FLOOR GRANT	0	337,790	337,790	0
NNDR	95,612	664,529	664,529	2,097,426
SMALL BUSINESS RATE RELIEF GRANT	1,652,534	1,139,369	1,139,369	0
COLLECTION FUND SURPLUS/(DEFICIT) - COUNCIL TAX	57,717	37,731	37,731	(37,684)
COLLECTION FUND SURPLUS/(DEFICIT) - BUSINESS RATES	(1,036,609)	(171,202)	(171,202)	116,402
<b>TOTAL</b>	<b>8,904,971</b>	<b>10,269,243</b>	<b>10,269,243</b>	<b>12,038,000</b>

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**MAIN SERVICE BUDGET CHANGES 2025/26 TO 2026/27**

	<u>Budget</u>	<u>Budget</u>
	<u>Income /</u> <u>Savings</u> <u>£'000</u>	<u>Costs</u> <u>£'000</u>
<b><u>STRATEGY &amp; RESOURCES</u></b>		
Increase in member & mayoral allowances	0	23
Premises efficiency savings in 26/27	(230)	0
Removal of budgeted contribution to property maintenance reserve	(200)	0
Increased rental income from rent reviews	(79)	0
Removal of budgeted revenue contribution to capital	(500)	0
Increase to inflationary and corporate contingencies	0	547
Change in estimated housing benefit payments and recovery	0	85
Change in contribution from business rates equalisation reserve	(41)	0
Funding from Surrey Police for CCTV usage	(23)	0
Reduced provision for pay award for 2025/26	(96)	0
Removal of government grant to support increased NI costs	0	125
Electricity efficiency savings	(25)	0
Projected change in interest income, net of fund manager fees	0	125
<b><u>ENVIRONMENT</u></b>		
Change in fees and charges	0	144
Increased Extended Employer Responsibility funding	(407)	0
Removal of unachievable efficiency saving	0	100
Increased agency costs	0	80
Removal of Surrey Environmental Partnership transactions	0	70
Electricity efficiency savings	(26)	0
Increased transport costs	0	40
<b><u>COMMUNITY &amp; WELLBEING</u></b>		
Homelessness Prevention Grant moved into main funding	0	347
Increased temporary accommodation costs	0	1,398
Increased rental/housing benefit income from temporary accommodation	(514)	0
Additional income from fees and charges increases	(9)	0
Reduced electricity costs	(64)	0
Additional income from Leisure Centre contract	(69)	0
Increased cost of performances – Playhouse	0	98
Increased ticket sales - Playhouse	(117)	0
Uplift to recharge of costs to Bourne Hall library	(63)	0
Increased precepts	0	12
Reduced contributions to reserves	(80)	0
<b><u>LICENSING &amp; PLANNING POLICY</u></b>		
Increase in fees and charges	(45)	0
Reduction in contributions from Place Development Reserves	0	35
Increase in publicity and industry publications	0	15
Plan X software costs	0	20
<b><u>All Committees</u></b>		
Increase in salaries & other overheads including changes to vacancy provision	0	898
All other service budget changes	0	25
	<b>(2,588)</b>	<b>4,187</b>
<b>Policy Committee Budget Increase/(Decrease)</b>		<b>1,599</b>
<b>Net Policy Committee Budget for 2025/26</b>		<b>10,269</b>
Net movements (as per table above)		1,599
<b>Net Policy Committee Budget for 2026/27</b>		<b>11,868</b>

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**COUNCIL TAX PROPOSAL: CALCULATION FOR 2026/27 BUDGET REPORT (Includes  
SCC and provisional SPCC council tax proposals)**

	<b>EPSOM AND EWELL BOROUGH COUNCIL</b>	<u>2025/26</u> 2.98% £	<u>2026/27</u> 0.00% £	<u>2026/27</u> 2.98% £
	<b>Gross Service Expenditure</b>	49,367,500	51,699,000	51,699,000
	<b>Business Rate Tariff</b>	9,454,364	10,196,893	10,196,893
	<b>Business Rate Estimated Levy</b>	243,689	0	0
	<b>Gross Expenditure</b>	<b>59,065,553</b>	<b>61,895,893</b>	<b>61,895,893</b>
	<b>Gross Income &amp; Reserve Transfers</b>	39,098,257	39,661,070	39,661,070
	<b>Business Rate Income - (Tariff Element/Levy)</b>	9,698,053	10,196,893	10,196,893
	<b>Budget Requirement</b>	<b>10,269,243</b>	<b>11,801,803</b>	<b>12,038,000</b>
	 <b>Business Rate Retained Income</b>	664,529	2,097,426	2,097,426
	<b>Small Business Rate Relief Grant</b>	1,139,369	0	0
	<b>Compensation for Underindexing the Multiplier</b>	305,126	0	0
	<b>Revenue Support Grant</b>	72,274	1,687,000	1,687,000
	<b>Services Grant</b>	0	0	0
	<b>CSP Minimum Guaranteed Funding</b>	0	0	0
	<b>Funding Floor</b>	337,790	0	0
	<b>Collection Fund Surplus/(Deficit) - Council Tax</b>	37,731	-37,684	-37,684
	 <b>Collection Fund Surplus/(Deficit) - Business Rates</b>	-171,202	116,402	116,402
	<b>External Funding</b>	<b>2,385,616</b>	<b>3,863,144</b>	<b>3,863,144</b>
	 <b>Council Tax Requirement</b>	7,883,627	<b>7,938,659</b>	<b>8,174,856</b>
	<b>Council Tax Base (Band D Equiv. Properties)</b>	33,846.93	<b>34,083.20</b>	<b>34,083.20</b>
	 <b>Basic Amount of Council Tax</b>	<b>£232.92</b>	<b>£232.92</b>	<b>£239.85</b>
	<b>Epsom &amp; Ewell Borough Council</b>			
<i>1/9ths</i>	<b>Valuation Band</b>			
6	<b>A</b>	<b>£155.28</b>	<b>£155.28</b>	<b>£159.90</b>
7	<b>B</b>	<b>£181.16</b>	<b>£181.16</b>	<b>£186.55</b>
8	<b>C</b>	<b>£207.04</b>	<b>£207.04</b>	<b>£213.20</b>
9	<b>D</b>	<b>£232.92</b>	<b>£232.92</b>	<b>£239.85</b>
11	<b>E</b>	<b>£284.68</b>	<b>£284.68</b>	<b>£293.15</b>
13	<b>F</b>	<b>£336.44</b>	<b>£336.44</b>	<b>£346.45</b>
15	<b>G</b>	<b>£388.20</b>	<b>£388.20</b>	<b>£399.75</b>
18	<b>H</b>	<b>£465.84</b>	<b>£465.84</b>	<b>£479.70</b>
	<b>Surrey County Council Basic Amount (PROVISIONAL)</b>			
	<b>£1,938.42</b>			
<i>1/9ths</i>	<b>Valuation Band</b>			
6	<b>A</b>	<b>£1,230.90</b>	<b>£1,292.28</b>	<b>£1,292.28</b>
7	<b>B</b>	<b>£1,436.05</b>	<b>£1,507.66</b>	<b>£1,507.66</b>
8	<b>C</b>	<b>£1,641.20</b>	<b>£1,723.04</b>	<b>£1,723.04</b>
9	<b>D</b>	<b>£1,846.35</b>	<b>£1,938.42</b>	<b>£1,938.42</b>
11	<b>E</b>	<b>£2,256.65</b>	<b>£2,369.18</b>	<b>£2,369.18</b>
13	<b>F</b>	<b>£2,666.95</b>	<b>£2,799.94</b>	<b>£2,799.94</b>
15	<b>G</b>	<b>£3,077.25</b>	<b>£3,230.70</b>	<b>£3,230.70</b>
18	<b>H</b>	<b>£3,692.70</b>	<b>£3,876.84</b>	<b>£3,876.84</b>
	<b>Surrey Police &amp; Crime Commissioner: Basic Amount (PROVISIONAL)</b>			
	<b>£352.57</b>			
<i>1/9ths</i>	<b>Valuation Band</b>			
6	<b>A</b>	<b>£225.05</b>	<b>£235.05</b>	<b>£235.05</b>
7	<b>B</b>	<b>£262.55</b>	<b>£274.22</b>	<b>£274.22</b>
8	<b>C</b>	<b>£300.06</b>	<b>£313.40</b>	<b>£313.40</b>
9	<b>D</b>	<b>£337.57</b>	<b>£352.57</b>	<b>£352.57</b>
11	<b>E</b>	<b>£412.58</b>	<b>£430.92</b>	<b>£430.92</b>
13	<b>F</b>	<b>£487.60</b>	<b>£509.27</b>	<b>£509.27</b>
15	<b>G</b>	<b>£562.62</b>	<b>£587.62</b>	<b>£587.62</b>
18	<b>H</b>	<b>£675.14</b>	<b>£705.14</b>	<b>£705.14</b>

**COUNCIL TAX PROPOSAL: CALCULATION FOR 2026/27 BUDGET REPORT (Includes  
SCC and provisional SPCC council tax proposals)**

	<b>EPSOM AND EWELL BOROUGH COUNCIL</b>	<u>2025/26</u> 2.98%	<u>2026/27</u> 0.00%	<u>2026/27</u> 2.98%
	<b>Council Tax Total</b>			
	<u>Valuation Band</u>			
	A	£1,611.23	£1,682.61	£1,687.23
	B	£1,879.76	£1,963.04	£1,968.43
	C	£2,148.30	£2,243.48	£2,249.64
	D	£2,416.84	£2,523.91	£2,530.84
	E	£2,953.91	£3,084.78	£3,093.25
	F	£3,490.99	£3,645.65	£3,655.66
	G	£4,028.07	£4,206.52	£4,218.07
	H	£4,833.68	£5,047.82	£5,061.68
	<b>EPSOM &amp; EWELL BOROUGH COUNCIL ELEMENT OF THE COUNCIL TAX - CHANGES</b>			
	Council Tax at Band D =	£232.92	£ 232.92	£ 239.85
	Increase in Council Tax (%)		0.00%	2.98%
	Increase in Council Tax (per annum)		£0.00	£6.93
	Increase in Council Tax (per month)		£0.00	£0.58
	Increase in Council Tax (per week)		£0.00	£0.13
	Income Generated from Council Tax Increase		£0	£236,197
	Use of Working Balance		£236,127	-£70
	Equiv. Council Tax support from use of wkg bal.		£6.93	£0.00
	Note:			
	Budget Requirement	10,269,243	£11,801,803	£12,038,000
	Increase in Budget Requirement		14.9%	17.2%

9% EEBC	£8,174,856
77% SCC	£66,067,557
14% SPA	£12,016,714
	£86,259,126
	£86,259,126

**Council Tax Collection Fund Income and  
Expenditure Account Estimate for the Year  
Ended 31 March 2026**

	2025/26
	£
Income :-	
Council Tax Income	82,250,738
Bad Debt	(638,440)
	<b>81,612,298</b>
Expenditure :-	
Surrey County Council Precept	62,493,223
Surrey Police Precept	11,425,698
Epsom & Ewell Borough Council Precept	7,883,629
Prior Year Surplus	385,090
	<b>82,187,640</b>
Surplus/(Deficit) for the year	(575,342)
Balance Brought Forward 1 April	184,000
Balance Carried Forward 31 March	<b>(391,342)</b>

Deficit allocation 2026/27 Budget:	£
76% Surrey County Council	(298,967)
14% Surrey Police & Crime Commissioner	(54,660)
10% Epsom & Ewell Borough Council	(37,715)
100% Total	<b>(391,342)</b>

Share	Council Tax 2025/26	
76% Surrey County Council	1,846.35	
14% Surrey Police & Crime Commissioner	337.57	
10% Epsom & Ewell Borough Council	232.92	
100% Total	<b>2,417</b>	

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## SURREY DISTRICTS - COUNCIL TAX 2024/25 to 2025/26

	2024/25 <b>Band D</b>			Date of Council meeting 2025	2025/26 <b>Band D</b>			2025/26 <b>% change</b>		Status
	Ave Excl Parishes	Ave Incl Parishes	Difference		Ave Excl Parishes	Ave Incl Parishes	Difference	Excl Parishes	Incl Parishes	
Elmbridge	£ 250.63	£ 266.48	£ 15.85	27-Feb	£ 258.14	£ 274.31	£ 16.17	<b>3.00%</b>	2.94%	Approved
Epsom & Ewell	£ 226.17	£ 226.17	£ 0.00	11-Feb	£ 232.92	£ 232.92	£ 0.00	<b>2.98%</b>	2.98%	Approved
Guildford	£ 198.16	£ 237.08	£ 38.92	05-Feb	£ 204.09	£ 244.99	£ 40.90	<b>2.99%</b>	3.34%	Approved
Mole Valley	£ 205.15	£ 247.51	£ 42.36	04-Feb	£ 211.28	£ 259.84	£ 48.56	<b>2.99%</b>	4.98%	Approved
Reigate & Banstead	£ 257.18	£ 289.28	£ 32.10	13-Feb	£ 264.87	£ 297.93	£ 33.06	<b>2.99%</b>	2.99%	Approved
Runnymede	£ 190.45	£ 190.45	£ 0.00	13-Feb	£ 196.14	£ 196.14	£ 0.00	<b>2.99%</b>	2.99%	Approved
Spelthorne	£ 222.41	£ 222.41	£ 0.00	27-Feb	£ 228.86	£ 228.86	£ 0.00	<b>2.90%</b>	2.90%	Approved
Surrey Heath	£ 247.85	£ 273.94	£ 26.09	19-Feb	£ 255.28	£ 283.94	£ 28.66	<b>3.00%</b>	3.65%	Approved
Tandridge	£ 244.99	£ 276.47	£ 31.48	13-Feb	£ 252.32	£ 287.70	£ 35.38	<b>2.99%</b>	4.06%	Approved
Waverley	£ 207.66	£ 288.93	£ 81.27	25-Feb	£ 213.86	£ 299.93	£ 86.07	<b>2.99%</b>	3.81%	Approved
Woking	£ 289.43	£ 289.43	£ 0.00	03-Mar	£ 298.11	£ 298.11	£ 0.00	<b>3.00%</b>	2.99%	Approved
Surrey County Council	£ 1,758.60	£ 1,758.60	£ 0.00	04-Feb	£ 1,846.35	£ 1,846.35	£ 0.00	<b>4.99%</b>	4.99%	Approved
Surrey Police	£ 323.57	£ 323.57	£ 0.00	03-Feb	£ 337.57	£ 337.57	£ 0.00	<b>4.33%</b>	4.33%	Approved

District only average	230.92	255.29	24.37
Total CT average	2,313.09	2,337.46	24.37

237.81	264.06	26.25		2.98%	3.44%
2,421.73	2,447.98	26.25		4.70%	4.73%

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<b>Retained Business Rates Collection Fund Income and Expenditure Account Estimate for the Year Ended 31 March 2026</b>		
		2025/26
		£
Income :-		
Business Rates Income (Estimate)	25,440,221	
Bad Debt (Estimate)	(254,402)	
Appeals Provision	-	
Prior Year Deficit Contributions (25/26 NNDR1)	707,326	
	<b>25,893,145</b>	
Expenditure :-		
Central Government (25/26 NNDR1)	12,953,227	
Surrey County Council (25/26 NNDR1)	2,590,645	
Epsom & Ewell Borough Council (25/26 NNDR1)	10,362,581	
Cost of Collection Allowance (25/26 NNDR1)	79,089	
	<b>25,985,542</b>	
Surplus/(Deficit) in year	<b>(92,397)</b>	
Actual Balance BF Deficit 1 April 2025 (24/25 NNDR3)	<b>(1,186,226)</b>	
Surplus Balance CF 31 March 2026 (ESTIMATE)	<b>(1,278,623)</b>	

Deficit allocation for 2026/27 Budget:	£
Central Government	(639,312)
Surrey County Council	(127,862)
Epsom & Ewell Borough Council	(511,449)
	<b>(1,278,623)</b>

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GENERAL FUND REVENUE RESERVES

General Fund Revenue Reserves	Balance at 31 March 2025	Commitments & Forecast Transfers	Forecast Balance at 31 March 2026
	£'000	£'000	£'000
General Fund Working Balance	2,755	(1,200)	1,555
Corporate Projects Reserve	3,838	(1,863)	1,975
<b>Sub-Total - Reserves available for general use</b>	<b>6,593</b>	<b>(3,063)</b>	<b>3,530</b>
Repairs and Renewals	686	0	686
Insurance	420	0	420
Planned Maintenance	376	(145)	231
VAT Reserve	206	0	206
Collection Fund Equalisation Reserve	3,250	(1,688)	1,562
Commuted Sums	1,439	0	1,439
Interest Equalisation Reserve	934	(500)	434
Property Income Equalisation Reserve	6,694	(980)	5,714
Priorities Reserves	0	1,667	1,667
<b>Sub-Total - Contingencies unavailable for general use</b>	<b>14,006</b>	<b>(1,646)</b>	<b>12,360</b>
Residential Property Acquisition Fund	0	0	0
Community Safety	104	(18)	87
Sports & Leisure Development Projects Fund	121	(10)	111
Place Development Grants	590	(590)	0
Personalisation, Prevention & Partnership	93	(24)	69
Housing/Homelessness Support Grants	708	(699)	9
HIA Hardship Fund	124	0	124
Basic Payments Scheme	124	(32)	92
Other smaller grants	28	0	28
<b>Sub-Total - Ringfenced funds/grants for specific use</b>	<b>1,893</b>	<b>(1,372)</b>	<b>521</b>
<b>Total Revenue Reserves</b>	<b>22,491</b>	<b>(6,081)</b>	<b>16,411</b>

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EPSOM AND EWELL BOROUGH COUNCIL

**CAPITAL STRATEGY STATEMENT**  
**February 2026**

Capital Investment 2026/27 to 2030/31

## 1. Introduction

The Council's Capital Strategy provides a framework for asset planning and for decisions on capital investment – expenditure on larger projects or schemes which generally leads to improved long-term assets.

Each year the strategy confirms the capital programme setting guidance including criteria for assessing proposals to manage the level of investment in accordance with the Council's Medium Term Financial Strategy. The core capital programme is reviewed annually with options reassessed with specific reference to priorities in the Corporate Plan and the Asset Management Plan.

The development of the Capital Strategy and the Asset Management Plan assists the Council in major investment decisions. The latest Asset Management Plan was approved by Strategy & Resources Committee in July 2020.

As in previous years, due to limited capital reserves and the continued challenging funding environment, the core capital programme 2026/27 has been limited to only priority projects which meet one of the criteria set out in section 7.

## 2. Development of the Capital Strategy

Member and officer capital groups have been established to oversee the core capital programme and monitor capital schemes. Financial Strategy Advisory Group (FSAG) is the member group, supported and attended by the Head of Finance as appropriate. The officer group with responsibility for overseeing the core capital programme is the Strategic Leadership Team and comprises the Chief Executive, the Director of Corporate Services and the Director of Environment, Housing and Regeneration.

Service and financial planning timetables are submitted to Strategy & Resources annually. The Capital Strategy is presented to the Council for approval each year. The current strategy covers a five-year rolling period, which is proportionate to the size and resources available to the authority.

## 3. Commercial Activity & Investment Strategy

### Commercial Property

Given the Local Government Reorganisation, no further commercial purchases are anticipated. It is therefore proposed that the requirement for the Commercial fund be withdrawn.

## 4. Core Capital Programme 2026/27

Based on the available capital resources and subject to external funding, including grants and developer contributions, and securing revenue savings, Council has been asked to approve the following programme for 2026/27 in February 2026.

Project	2026/27 £'000	Main Funding Source
Disabled Facility Grants (subject to external funding)	974	External grant
Upper Pond Bank Replacement - Phase 2 (£150k funding allocated 2025/26)	150	Corporate capital resources
Ashley Centre Car Park -Level 1 New waterproof membrane (£184k funding allocated 2025/26)	191	Corporate capital resources
Epsom Playhouse – Replacement boiler/controls and replacement of auditorium air conditioning/controls	510	Corporate capital resources
Bourne Hall – Replace lift controls	120	Corporate capital resources
Bourne Hall - Replacement of Heating and ventilation system	1,000	Corporate capital resources
Bourne Hall – Replacement of high-level roof covering and insulation	470	Corporate capital resources
<b>Total</b>	<b>3,415</b>	

In addition schemes may be added where:-

- there is a carry forward from 2025/26 with specific funding already allocated
- new schemes supported by a business case (self-financing), or
- they can be funded by additional external funding sources e.g. Section 106 agreements or specific grants.
- Approval is obtained from Strategy & Resources Committee.

## 5. Provisional Capital Programme 2027/28 – 2030/31

The Financial Strategy Advisory Group also considers a provisional programme of schemes covering the subsequent four financial years. The programme is mainly compiled from information from the Asset Management Plan for buildings and other known capital expenditure requirements.

The 2027/28 to 2030/31 provisional programme currently comprises the following schemes:

Indicative Forecasts	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	Total 2027/28- 2030/31 £'000
<b>Strategy and Resources Committee</b>					
Longmead Depot	53	0	60	0	113

Town Hall	0	60	0	0	60
<b>Total</b>	<b>53</b>	<b>60</b>	<b>60</b>	<b>0</b>	<b>173</b>
	<b>Environment Committee</b>				
Ashley Centre Multi Storey Car Park	240	60	0	0	300
Auriol Pavilion	0	0	300	0	300
Harrier Centre, King Georges field	0	0	115	0	115
Hook Road Multi Storey Car Park	113	38	38	0	189
<b>Total</b>	<b>353</b>	<b>98</b>	<b>453</b>	<b>0</b>	<b>904</b>
<b>Indicative Forecasts</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>	<b>2030/31</b>	<b>Total 2027/28- 2030/31 £'000</b>
	<b>Community &amp; Wellbeing Committee</b>				
Disabled Facilities Grant (DFG)	974	974	974	974	3,896
Bourne Hall	145	250	118	0	513
Ewell Court House	0	105	0	0	105
<b>Total</b>	<b>1,119</b>	<b>1,329</b>	<b>1,092</b>	<b>974</b>	<b>4,514</b>
	<b>Licensing &amp; Planning Committee</b>				
No anticipated expenditure	0	0	0	0	0
<b>Total Indicative Forecasts</b>	<b>1,525</b>	<b>1,487</b>	<b>1,605</b>	<b>974</b>	<b>5,591</b>

The Council had planned to move its civic offices to a new Town Hall site. This project was cancelled in 2025/26 due to the uncertainty due to the Local Government Reorganisation.

Forecasts for 2027/28 to 2030/31 are indicative and will be subject to future capital proposals being produced and approval each year through the Council's capital programme setting process. It is not an exhaustive list as future schemes may be identified through other workstreams such as the Climate Change Action Plan and Annual Plan cycle. Similarly, some schemes may be removed from the programme if strategic asset reviews recommend an alternative approach or Council priorities change. Each year, the forthcoming annual programme will be reviewed by Financial Strategy Advisory Group (FSAG) through the annual capital budget setting process with bids assessed against the agreed criteria, and the programme updated accordingly.

Forecasts for 2027/28 to 2030/31 are based on the estimated cost of works as reported in the Asset Management Plan 2020-2030. It is acknowledged that due to inflation, costs will have increased since this Asset Management Plan was agreed at S&R in July 2020. The subsequent increase in prices will be reflected when budgets for those relevant financial years come to be set through the Council's agreed budget setting process.

## 6. Use of Capital Reserves

The Council's financial position is reviewed annually following the closure of accounts and prior to service and financial planning for the following year. This includes a review of the projected capital receipts reserve position and other sources of funding for capital schemes.

The Council's Medium Term Financial Strategy targets a minimum balance of capital reserves of £1 million to be retained as a contingency for unplanned capital commitments over the next four years.

Due to the low level of receipts from the disposal of property assets since 2009, the FSAG has limited investment from reserves to high priority and spend-to-save schemes. The forecast of capital receipts at 31 March 2026 is £1.97million. This assumes full delivery of the 2025/26 capital programme and no new capital receipts in addition to the £95k received in quarter 1.

## 7. Capital Financing and Resources

Potential capital resources have been identified from

- estimated capital reserves at the end of March 2026;
- approved sales of property assets, subject to market recovery;
- revenue funding, as relevant reserves;
- use of Community Infrastructure Levy (CIL) and S106;
- external funding, including grants such as Disabled Facilities Grant.

As capital reserves decrease, the Council may need to achieve additional receipts from sale of assets or other external funding, or identify contributions from revenue, if the capital programme is to be sustainable over the long-term. The Council will continue to review its property through the Asset Management Plan.

In 2026/27, the draft budget of £3.4 million includes £974,000 Disabled Facilities Grant and £2.4 million from corporate capital resources which funds the 2026/27 capital programme.

## Agenda Item 4 Appendix 9

The anticipated level of funding available for the capital programme is shown in the following table.

	CIL & S106 £m	Capital Grants £m	Capital Receipts £m	Revenue £m	Total £m
<b>2025/26</b>					
<b>Resources at 31/3/2025</b>	<b>5.64</b>	<b>0.57</b>	<b>3.46</b>	<b>0.69</b>	<b>10.35</b>
Anticipated Receipts in 2025/26	0.80	0.97	0.10	0.50	2.37
Capital Programme for 2025/26	(0.92)	(1.54)	(1.58)	(0.55)	(4.59)
<b>Estimated resources at 31/3/2026</b>	<b>5.52</b>	<b>0.00</b>	<b>1.98</b>	<b>0.64</b>	<b>8.13</b>
<b>2026/27</b>					
Anticipated Receipts in 2026/27	0.80	0.97	0.00	0.00	1.77
Proposed New Schemes for 2026/27	(0.00)	(0.97)	(2.86)	(0.00)	(3.83)
<b>Estimated resources at 31/3/2027</b>	<b>6.32</b>	<b>0.00</b>	<b>(0.88)</b>	<b>0.64</b>	<b>6.08</b>
<b>2027/28</b>					
Anticipated Receipts in 2027/28	0.80	0.97	0.00	0.00	1.77
Proposed New Schemes for 2027/28	(0.00)	(0.97)	(0.31)	(0.00)	(1.29)
<b>Estimated resources at 31/3/2028</b>	<b>7.12</b>	<b>0.00</b>	<b>(1.19)</b>	<b>0.64</b>	<b>6.57</b>
<b>2028/29</b>					
Anticipated Receipts in 2028/29	0.80	0.97	0.00	0.00	1.77
Proposed New Schemes for 2028/29	(0.00)	(0.97)	(0.51)	(0.00)	(1.49)
<b>Estimated resources at 31/3/2029</b>	<b>7.92</b>	<b>0.00</b>	<b>(1.71)</b>	<b>0.64</b>	<b>6.85</b>
<b>2029/30</b>					
Anticipated Receipts in 2029/30	0.80	0.97	0.00	0.00	1.77
Proposed New Schemes for 2029/30	(0.00)	(0.97)	(0.63)	(0.00)	(1.61)
<b>Estimated resources at 31/3/2030</b>	<b>8.72</b>	<b>0.00</b>	<b>(2.34)</b>	<b>0.64</b>	<b>7.02</b>
<b>2030/31</b>					
Anticipated Receipts in 2030/31	0.80	0.97	0.00	0.00	1.77
Proposed New Schemes for 2030/31	(0.00)	(0.97)	(0.00)	(0.00)	(0.97)
<b>Estimated resources at 31/3/2031</b>	<b>9.52</b>	<b>0.00</b>	<b>(2.34)</b>	<b>0.64</b>	<b>7.82</b>

Notes:

1. Community Infrastructure Levy receipts are 80% of the total collected through the levy. From 2026/27, it is assumed that new receipts collected will be offset by new commitments, following agreement of the CIL spending protocol.
2. Capital grants refer to the Disabled Facilities Grant.
3. Revenue includes budgeted revenue contributions to fund capital schemes; and use of revenue reserves such as the repairs and renewals reserve. From 2026/27, it is assumed the capital programme will no longer be funded by any revenue contributions.

The Council seeks to maximise partnership funding in the delivery of its key priorities and will commit capital reserves to: -

- finance prioritised capital investment where funding is not available from other sources
- attract partnership funding and/or to achieve partnership objectives
- finance investment that is 'self-funding', for example investment that improves performance and reduces running costs or investment in the maintenance of service assets

The Council will seek to maximise effective investment from all potential funding sources. External sources of financing may include LEP funding, Section 106 agreements, CIL, government grants for Disabled Facilities, partnership funding from other Local Authorities or Public and Voluntary organisations.

### 8. Criteria for Assessing Capital Programme Priorities

The following criteria have been used for appraising future capital investment options and reviewing the on-going capital programme. As a minimum all investment proposals must meet one of the following baseline criteria: -

- investment where there is a guarantee of the scheme being fully externally funded and is classed as a high priority
- investment required to meet Health and Safety or other new legislative requirements
- investment required to continue to deliver the services of the Council (e.g. minimum level of building maintenance)
- investment in 'Spend to Save' schemes that will generate cost savings or additional income generation, providing:
  - there is payback of the capital invested within 5 years (or up to 10 years if the climate change criteria below is met);
  - there is a low risk of not achieving return on investment
  - there is a clear definition of the cost/benefits of the scheme
- investment where the scheme is consistent with the Council's Climate Change Action Plan, subject to affordability, supported by a robust business case and value for money can be demonstrated through a maximum payback period of 10 years.

In addition, proposals should be subject to a de-minimis limit of £50,000 to be considered for inclusion in the capital programme. Schemes under £50,000 expected to be progressed through revenue maintenance budgets.

Prior to schemes being assessed for approval by Full Council, a detailed project appraisal must be completed and recommended by the appropriate policy committee. A standard capital appraisal form has been developed which requires details of the scheme (cost estimates, revenue impact, project management resources and expected timescales). It also requires an explanation of how the scheme fits within the baseline criteria. In recommending investment proposals policy committees must ensure they can fund any additional operational costs from within their revenue budget targets.

Where schemes are prioritised for inclusion in the capital programme prior to a detailed evaluation of revenue costs, commitments will not be made until estimates of operational costs have been evaluated and financing in the revenue budget identified. The Council will continue to follow a whole life costing approach to project appraisal.

Capital schemes funded wholly or in part from external sources e.g. Government Grants, Section 106 monies, CIL or other contributions are also subject to the same requirements in respect of meeting the baseline criteria and the completion of project appraisals recommended by the policy committee.

Schemes can be included within the proposed capital programme subject to a detailed business case being submitted to the relevant service committee. These schemes can only progress once approval is granted for the project by the policy committee.

By assessing schemes against the above criteria, the Council ensures that capital schemes support the corporate priorities, as set out in the Four Year Plan. Separate criteria exist to evaluate proposed individual property acquisitions that are funded from the Property Acquisition Funds.

Following Council's adoption of the Climate Change Action Plan in January 2020 and in accordance with the new MTFS, the capital investment criteria were reviewed during 2020/21 and the fifth criteria listed above added, with the aim of further facilitating actions which positively impact the environment.

## 9. Timetable for Approval of Capital Programme

The timetable will be reviewed for 2026/27, but the typical process for approval of the capital programme following annual review is as follows:-

- Update on level of resources / reserves at end of previous year reported to FSAG and Strategy and Resources Committee in June and July.
- Officers, in consultation with Heads of Service, Directors and Policy Chairs, submit new or updated draft summary capital proposals to FSAG for review in September.
- FSAG meets in September to agree approach and use the Capital Strategy criteria to decide which of the summary proposals should be progressed into full proposals for review in November.
- Officers submit full capital proposals to the Strategic Leadership Team for consideration in October.
- FSAG reviews all proposals in November and prepares recommendations on funding to Policy Committees in January.
- Detailed scheme proposals and project appraisals, including identification of how any revenue funding requirements could be met for each scheme, recommended by policy committees in January.
- Capital programme for the following year and the remaining years of the capital programme agreed by Council in February.

For any approved capital scheme where additional capital or revenue costs are identified prior to commencement of the scheme, then subject to the thresholds contained in the Council's Financial regulations, the scheme may need to be referred back to the relevant policy committee and, if additional funding is required, to Strategy and Resources Committee as soon as possible during the year.

Investment proposals may be submitted for approval at other times of the year where timescales mean they cannot wait for the main annual capital cycle. In these cases, a report will need to be considered by Strategy & Resources committee, and schemes will be considered against the same criteria as used for the annual capital programme.

## **10. Borrowing Strategy**

In February 2017 the Council agreed to the acquisition of up to £80m of commercial property that provide the Council with a long-term rental income. The acquisitions were to be funded by borrowing, and to date a total of £30.3m has been spent on acquisitions with the last purchase being in February 2020. Given the Local Government Reorganisation, no further commercial purchases are anticipated.

Currently the Council has not borrowed to fund its main capital programme. The Medium Term Financial Strategy requires that the Council maintains a minimum level of £1 million of capital reserves. Should the need to borrow to finance part of the main capital programme arise (which may depend on the levels of new receipts generated, revenue contributions, income generated from CIL and S106 and external grants), the Council will ensure any borrowing is proportionate and sustainable. Any borrowing would be undertaken accordance with the Treasury Management Strategy.

## **11. Approach to Procurement**

The Council has developed its Procurement Strategy. As part of this strategy a number of principles and guidelines have been developed to assist all managers including capital scheme budget holders in the purchase of goods and services. The main areas covered include review of procurement options, risk/benefit analysis, risk management, potential for partnership, cost and quality options and assessing the need for specialist skills.

## **12. Managing and Monitoring the Capital Programme**

Detailed monitoring and performance review of the capital programme is the responsibility of the Strategic Leadership Team and the Audit & Scrutiny Committee on a quarterly review basis and by FSAG during the annual review. The officer group sets performance and delivery targets for the year, reviews monitoring information and recommends action where appropriate for reporting to Chief Officers, Members and policy committees.

Financial monitoring reports are submitted to Audit & Scrutiny Committee and circulated to Members on a quarterly basis. This includes expenditure monitoring, uncommitted balances held on s106 and CIL funds and capital receipts balances. Budget monitoring reports show the projected outturn and profiled spend for each scheme, highlighting significant variations and slippage and identifying recommended action. Any recommended changes to the programme are submitted to committees during the year as appropriate.

## **13. Risk Management**

Detailed information on the delivery of individual schemes, including assessment of financial and delivery risks and profile of works and expenditure during the year, is agreed with budget holders. This will form the basis against which schemes are monitored during the year. For those schemes considered as most significant, a detailed timetable and milestones will be agreed by the relevant committee at the beginning of the financial year.

For major schemes the Council will consider external consultants to assist in project management.

The Council may conduct post implementation reviews on certain capital projects, specifically where the scheme has a high cost or value or there has been a significant variation in cost or time to implement.

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## **Treasury Management and Investment Strategy**

Minimum Revenue Provision Policy Statement  
and Annual Investment Strategy

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2026/27

### **Summary of Changes to Treasury Management Strategy for 2026/27**

A large proportion of the Treasury Management and Investment Strategy remains the same as last year but this section highlights any significant changes made on the previous year's strategy.

The Prudential Indicators in Section 2 of the strategy have been updated to reflect the latest figures approved by Council.

The future capital programme no longer includes an assumption of additional investment property purchases, funded by borrowing, under the Commercial Property Fund. This is as a result of Local Government Reorganisation which sees Epsom & Ewell Borough Council being replaced by a new unitary authority, East Surrey.

The Annual Investment Strategy has been updated to reference the latest MUFG Corporate Markets creditworthiness service, which employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies – Fitch, Moody's and Standard & Poor's – to be used by officers when assessing potential investments.

Section 5.6 provides an economic update from our independent financial advisors, Link Group.

Section 7 provides a list of approved countries for investment, based on the recommendation of our treasury management advisers.

## 1.1 Background

The Council is required to operate a balanced revenue budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low-risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning, to ensure that it can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet risk or cost objectives.

The contribution the treasury management function makes to the Council is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund Balance.

CIPFA defines treasury management as:

*“The management of the local authority’s borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities, (arising usually from capital expenditure), and are separate from the day-to-day treasury management activities.

## 1.2 Reporting Requirements

### 1.2.1 Capital Strategy

The CIPFA 2021 Prudential and Treasury Management Codes require all local authorities to prepare a Capital Strategy report which will provide the following: -

- a high-level long-term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

The aim of the strategy is to ensure that all the Authority's elected members fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

The capital strategy is reported separately from this Treasury Management Strategy Statement.

### 1.2.2 Treasury Management Reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. **Prudential and treasury indicators and treasury strategy** (this report)  
- The first, and most important report is forward looking and covers: -
  - the capital plans, (including prudential indicators)
  - a minimum revenue provision (MRP) policy, (how residual capital expenditure is charged to revenue over time)
  - the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
  - an Annual Investment Strategy, (the parameters on how investments are to be managed)
- b. **A mid-year treasury management report** (presented to Financial Strategy Advisory Group) – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision. In addition, the Committee will receive quarterly update reports.
- c. **An annual treasury report** (presented to Audit and Scrutiny Committee)  
– This is a backward-looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

#### Scrutiny

It is the responsibility of Full Council to approve the Treasury Management Strategy, following consideration of the strategy by the Financial Strategy Advisory Group.

The Council has delegated responsibility for monitoring treasury management performance (the mid-year and annual performance reports above) and policies to Audit & Scrutiny Committee.

**Quarterly reports** – In addition to the three major reports detailed above, quarterly reporting (end of June/end of December) is also required. However, these additional reports do not have to be reported to Full Council but do require to be adequately scrutinised. This role is undertaken by the Audit and Scrutiny Committee, who will receive this information within the quarterly monitoring reports. (The reports, specifically, should comprise updated Treasury/Prudential Indicators.)

### 1.3 Treasury Management Strategy for 2026/27

The strategy for 2026/27 covers two main areas:

#### Capital issues

- the capital expenditure plans and the associated prudential indicators
- the minimum revenue provision (MRP) policy

### Treasury management issues

- the current treasury position
- treasury indicators which limit the treasury risk and activities of the Authority
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy; and
- the policy on use of external service providers

These elements cover the requirements of the Local Government Act 2003, MHCLG Investment Guidance, MHCLG MRP Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code.

### 1.4 Training

The CIPFA Treasury Management Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny.

Furthermore, pages 47 and 48 of the Code state that they expect “all organisations to have a formal and comprehensive knowledge and skills or training policy for the effective acquisition and retention of treasury management knowledge and skills for those responsible for management, delivery, governance and decision making.

The scale and nature of this will depend on the size and complexity of the organisation’s treasury management needs. Organisations should consider how to assess whether treasury management staff and board/ council members have the required knowledge and skills to undertake their roles and whether they have been able to maintain those skills and keep them up to date.

As a minimum, authorities should carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Prepare tailored learning plans for treasury management officers and board/council members.
- Require treasury management officers and board/council members to undertake self-assessment against the required competencies (as set out in the schedule that may be adopted by the organisation).
- Have regular communication with officers and board/council members, encouraging them to highlight training needs on an ongoing basis.”

In further support of the revised training requirements, CIPFA’s Better Governance Forum and Treasury Management Network have produced a ‘self-assessment by members responsible for the scrutiny of treasury management’, which is available from the CIPFA website to download.

In order to meet this requirement, during the last year, all members including Audit & Scrutiny have had the opportunity to receive a training presentation from the Council's external treasury management advisors, MUFG Corporate Markets and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed.

### **1.5 Treasury Management Consultants**

The Council uses MUFG Corporate Markets as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon the services of our external service providers. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

It also recognises that there is value in employing external providers of treasury management services to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review.

## 2. THE CAPITAL PRUDENTIAL INDICATORS 2026/27 – 2028/29

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans are prudent, affordable and sustainable.

### 2.1 Capital Expenditure and Financing

This prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. Members are asked to approve the capital expenditure forecasts: -

Capital expenditure	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Strategy & Resources	681	541	0	53	60
Environment	1,019	676	341	353	98
Community & Wellbeing	3,427	3,370	3,074	1,119	1,329
Licensing & Planning Policy	0	0	0	0	0
<b>Total services</b>	<b>5,127</b>	<b>4,587</b>	<b>3,415</b>	<b>1,525</b>	<b>1,487</b>
Residential property fund*	834	0	0	0	0
Commercial property fund**	0	0	0	0	0
Strategic CIL schemes	0	0	3,126	0	0
Neighbourhood CIL schemes	50	0	569	0	0
<b>Total</b>	<b>6,011</b>	<b>4,587</b>	<b>7,110</b>	<b>1,525</b>	<b>1,487</b>

\* The original £3m balance of the Residential Property Fund has now been fully allocated.

\*\* Council agreed in February 2017 to extend the limit of the Commercial Property Acquisition Fund to £80m, to be financed from Prudential Borrowing. On 28 October 2025, the Government announced that the current county, district, and borough councils in Surrey will be replaced by two new unitary authorities. Consequently, the Council does not anticipate making any further property purchases under the Commercial Property Acquisition Fund programme.

The table below summarises the above capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding borrowing need.

Capital expenditure	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Core capital programme	5,127	4,587	3,415	1,525	1,487
Residential property fund	834	0	0	0	0
Commercial property fund	0	0	0	0	0
Strategic CIL schemes	0	0	3,126	0	0
Neighbourhood CIL schemes	50	0	569	0	0
<b>Total Expenditure</b>	<b>6,011</b>	<b>4,587</b>	<b>7,110</b>	<b>1,525</b>	<b>1,487</b>
<b>Financed by:</b>					
Capital receipts	476	1,581	2,441	551	513
Capital grants (DFG)	2,361	1,271	974	974	974
S106 and CIL	936	918	3,695	0	0
Revenue	1,292	545	0	0	0
External grants	101	272	0	0	0
<b>Total Financing</b>	<b>5,166</b>	<b>4,587</b>	<b>7,110</b>	<b>1,525</b>	<b>1,487</b>
<b>Net financing need for the year</b>	<b>845</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Other long-term liabilities - the above financing need excludes other long-term liabilities, such as leasing arrangements that already include borrowing instruments.

## 2.2 The Council's Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's indebtedness and so its underlying borrowing need. Any capital expenditure above, which has not immediately been paid for through a revenue or capital resource, will increase the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes any other long-term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a borrowing facility by the lease provider and so the Council is not required to separately borrow for these schemes. The Council currently has £1.6m of such schemes within the CFR for 2024/25.

The Council is asked to approve the CFR projections below:

Capital Financing Requirement	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Opening CFR	86,205	85,309	83,416	81,524	80,133
Unfinanced capex - commercial properties	0	0	0	0	0
Finance Leases	845	0	0	0	0
Less MRP	(1,741)	(1,893)	(1,892)	(1,391)	(1,240)
<b>Closing CFR</b>	<b>85,309</b>	<b>83,416</b>	<b>81,524</b>	<b>80,133</b>	<b>78,893</b>
<b>Movement in CFR</b>	<b>(1,346)</b>	<b>(1,373)</b>	<b>54,738</b>	<b>(1,877)</b>	<b>(1,530)</b>

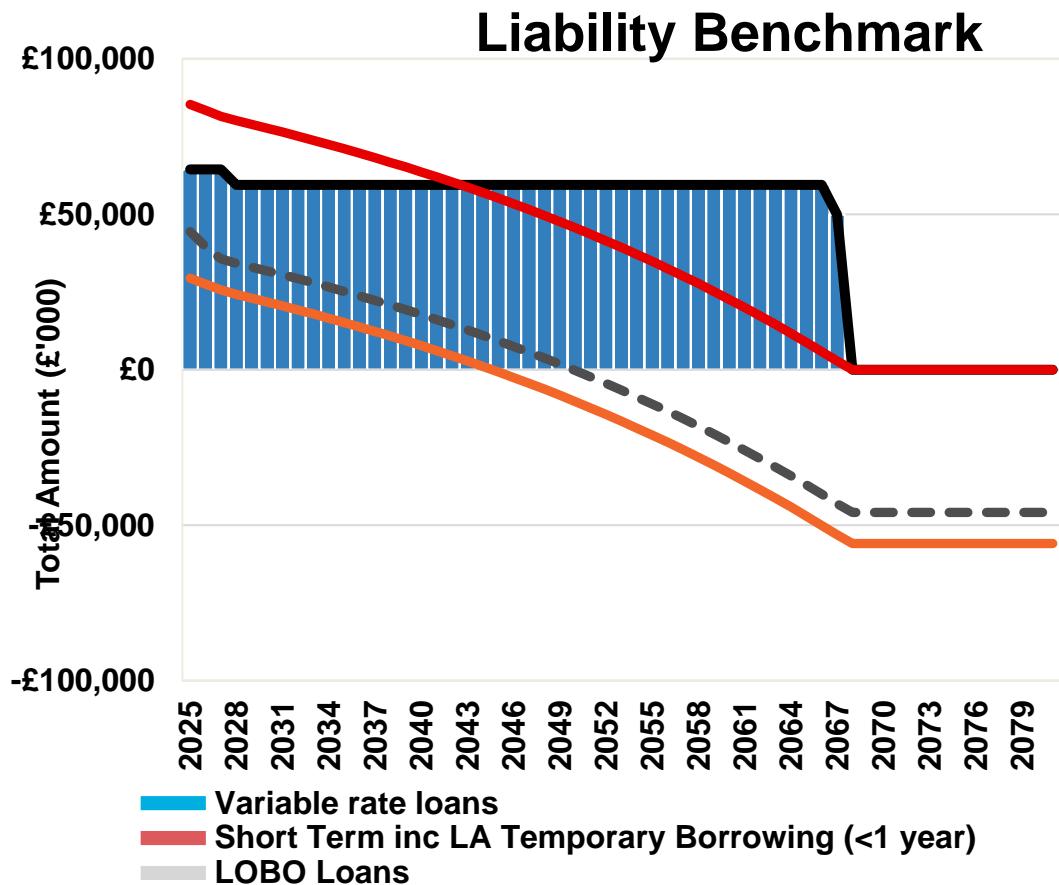
### 2.3 Liability Benchmark

The Council is required to estimate and measure the Liability Benchmark (LB) for the forthcoming financial year and the following two financial years, as a minimum.

There are four components to the LB: -

1. **Existing loan debt outstanding:** the Council's existing loans that are still outstanding in future years.
2. **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. **Net loans requirement:** this will show the Council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.
4. **Liability benchmark** (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

This Council's forecast liability benchmark is shown for the next 55 years in the following chart:



#### 2.4 Core Funds and Expected Investment Balances

The application of resources (capital receipts, reserves etc.) to either finance capital expenditure or other budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.). Detailed below are estimates of the year-end balances for each resource and anticipated day-to-day cash flow balances.

Year End Resources	2024/25	2025/26	2026/27	2027/28	2028/29
£'000	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
Fund balances / reserves	2,755	1,555	1,555	1,555	1,555
Capital receipts	3,461	1,975	-146	-697	-1,210
Earmarked revenue reserves	19,736	15,789	12,631	10,105	8,084
CIL	9,804	10,701	7,983	7,483	6,983
S106 funds	1,703	803	402	0	0
<b>Total core funds</b>	<b>37,459</b>	<b>30,823</b>	<b>22,425</b>	<b>18,446</b>	<b>15,412</b>
Working capital*	15,000	12,000	10,000	10,000	10,000
(Under)/over borrowing	(19,858)	(18,435)	(17,016)	(20,625)	(19,385)
<b>Expected investments</b>	<b>32,601</b>	<b>24,388</b>	<b>15,408</b>	<b>7,821</b>	<b>6,027</b>

\*Working capital balances shown are estimated year-end; these may be higher mid-year.

## 2.5 Minimum Revenue Provision (MRP) Policy Statement

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision – MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision – VRP). MHCLG regulations have been issued which require the full Council to approve an **MRP Statement** in advance of each year. A variety of options are provided to councils, so long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

For all unsupported borrowing the MRP policy will be:

- Asset life method (annuity)

Regulation 27(3) allows a local authority to charge MRP in the financial year following the one in which capital expenditure finance by debt was incurred.

Capital expenditure financed by borrowing in 2025/26 will not be subject to an MRP charge until 2026/27, or in the financial year following the one which the asset first becomes available for use.

The Council will apply the asset life method for any expenditure capitalised under a Capitalisation Direction.

### **MRP Overpayments**

Under the MRP guidance, charges made in excess of the statutory MRP can be made and are known as voluntary revenue provision (VRP).

VRP can be reclaimed in later years if deemed necessary or prudent. In order for these amounts to be reclaimed for use in the budget, this policy must disclose the cumulative overpayment made each year.

Cumulative VRP overpayments made to 31.03.25 are £0m.

### 3. BORROWING

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity and the Council's Capital Strategy. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions, and the Annual Investment Strategy.

#### 3.1 Current Portfolio Position

The overall treasury management portfolio as at 31 March 2025 and the position as at 31 December 2025 are shown below for both borrowing and investments.

Treasury Portfolio	Actual at 31 March 2025		At 31 December 2025	
	£000	%	£000	%
<b>Treasury Investments</b>				
Banks & Building Societies	10,000	51%	0	0%
Money Market Funds	4,800	24%	22,100	69%
Local authorities	5,000	25%	10,000	31%
<b>Total Managed In House</b>	<b>19,800</b>	<b>100%</b>	<b>32,100</b>	<b>100%</b>
Aberdeen Asset Management Fund	0	0%	0	0%
<b>Total Managed Externally</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>
<b>Total Treasury Investments</b>	<b>19,800</b>	<b>100%</b>	<b>32,100</b>	<b>100%</b>
<b>Treasury External Borrowing</b>				
PWLB	64,427	100%	64,427	100%
<b>Total External Borrowing</b>	<b>64,427</b>	<b>100%</b>	<b>64,427</b>	<b>100%</b>
<b>Net treasury investments / (borrowing)</b>	<b>-44,627</b>	-	<b>-32,327</b>	-

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting any over or under borrowing:

£m	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
<b>External Debt</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Debt at 1 April	86,205	85,309	83,416	81,524	80,133
Expected change in Debt	0	0	0	0	0
Other long-term liabilities (OLTL)	845	0	0	0	0
Less MRP	(1,741)	(1,893)	(1,892)	(1,391)	(1,240)
Less use of internal funds	(19,858)	(18,435)	(17,016)	(20,625)	(19,385)
Actual gross debt at 31 March	<b>65,451</b>	<b>64,981</b>	<b>64,508</b>	<b>59,508</b>	<b>59,508</b>
The Capital Financing Requirement	<b>85,309</b>	<b>83,416</b>	<b>81,524</b>	<b>80,133</b>	<b>78,893</b>
(Under) / over borrowing	<b>(19,858)</b>	<b>(18,435)</b>	<b>(17,016)</b>	<b>(20,625)</b>	<b>(19,385)</b>

Within the range of prudential indicators there are several key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2026/27 and the following two financial years. This allows some flexibility for limited early borrowing for future years but ensures that borrowing is not undertaken for revenue or speculative purposes.

The Chief Finance Officer reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future. This view takes account of current commitments, existing plans and the proposals in this budget report.

### 3.2 Treasury Indicators: Limits to Borrowing Activity

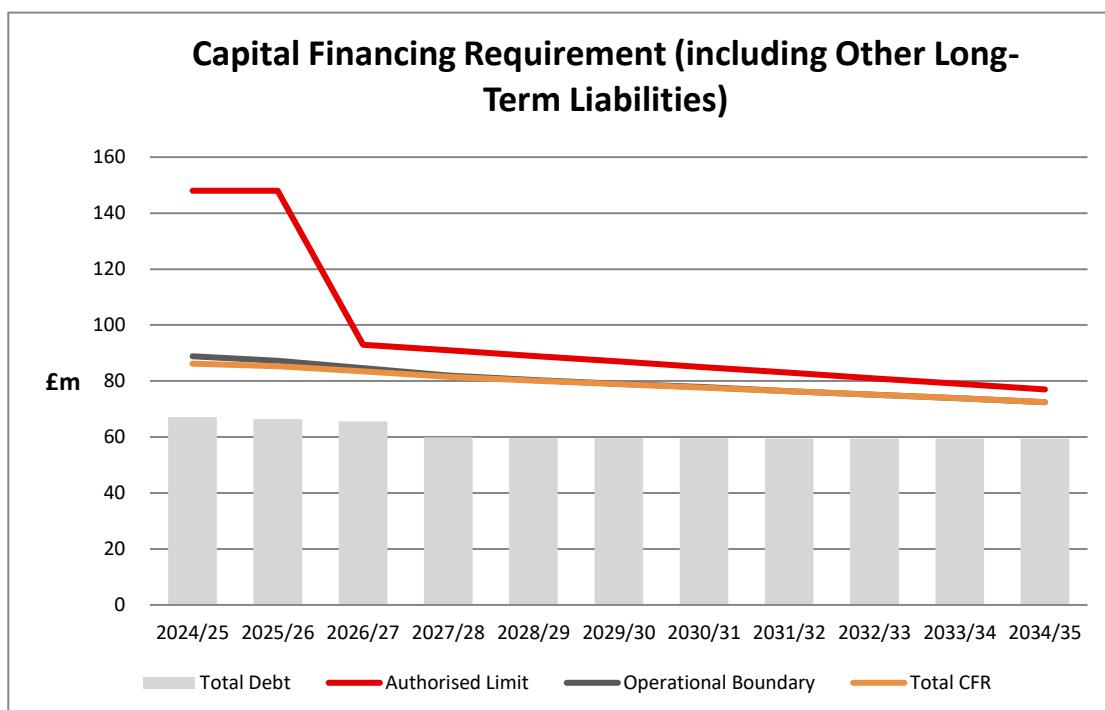
**The Operational Boundary.** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

Operational Boundary £m	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Debt relating to commercial property fund	86,205	85,309	76,416	74,524
Other long-term liabilities	2,640	1,980	1,195	439
<b>Total</b>	<b>88,845</b>	<b>87,289</b>	<b>77,611</b>	<b>74,963</b>

**The Authorised Limit for external debt.** This is a key prudential indicator and represents a control on the maximum level of borrowing. This represents a legal limit beyond which external debt is prohibited, and this limit needs to be set or revised by the Full Council. It reflects the level of external debt which, while not desired, could be afforded in the short-term, but is not sustainable in the longer-term.

- This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all local authority plans, or those of a specific authority, although this power has not yet been exercised.
- The Council is asked to approve the following Authorised Limit:

Authorised Limit £m	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate
Debt	145,000	145,000	90,000	90,000
Other long-term liabilities	3,000	3,000	3,000	3,000
<b>Total</b>	<b>148,000</b>	<b>148,000</b>	<b>93,000</b>	<b>93,000</b>



### 3.3 Prospects for Interest Rates

The Council has appointed MUFG Corporate Markets as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. MUFG Corporate Markets provided the following forecasts on 22 December 2025. These are forecasts for Bank Rate, average earnings and PWLB certainty rates, gilt yields plus 80 bps.

MUFG Corporate Markets Interest Rate View 22.12.25													
	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
BANK RATE	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
3 month ave earnings	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
6 month ave earnings	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
12 month ave earnings	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
5 yr PWLB	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
10 yr PWLB	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.60	4.60	4.60	4.60	4.70
25 yr PWLB	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
50 yr PWLB	5.60	5.50	5.40	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00	5.00

Additional notes by MUFG Corporate Markets on this forecast table: -

- Our last interest rate forecast update was undertaken on 11 August. Since then, a combination of tepid growth (0.2% q/q GDP for Q2 and 0.1% q/q GDP for Q3), falling inflation (currently CPI is 3.2%), and a November Budget that will place more pressure on the majority of households' income, has provided an opportunity for the Bank of England's Monetary Policy Committee to further reduce Bank Rate from 4% to 3.75% on 18 December.
- Surprisingly, to most market commentators, the recent steep fall in CPI inflation in one month from 3.6% to 3.2% did not persuade most "dissenters" from the November vote (Lombardelli, Greene, Mann and Pill) to switch to the rate-cutting side of the Committee. Instead, it was left to Bank Governor, Andrew Bailey, to use his deciding vote to force a rate cut through by the slimmest of margins, 5-4.
- Given the wafer-thin majority for a rate cut it was not unexpected to hear that although rates would continue on a "gradual downward path", suggesting a further rate cut or cuts in the offing, MPC members want to assess incoming evidence on labour market activity and wage growth. Indeed, with annual wage growth still over 4.5%, the MPC reiterated that the case for further rate cuts would be "a closer call", and Governor Bailey observed there is "limited space as Bank Rate approaches a neutral level".
- Accordingly, the MUFG Corporate Markets forecast has been revised to price in a rate cut in Q2 2026 to 3.5%, likely to take place in the wake of a significant fall in the CPI inflation reading from 3% in March to 2% in April (as forecast by Capital Economics), followed by a short lull through the summer whilst more data is garnered, and then a further rate cut to 3.25% in Q4.
- As in August, nonetheless, threats to that central scenario abound. What if wage increases remain stubbornly high? There are, after all, several sectors of the domestic economy, including social care provision and the building/construction industries, where staff shortages remain severe. Moreover, by May 2026, following the local elections, we will have a better handle on whether or not the Starmer/Reeves team is going to see out the current Parliament or whether they face a Leadership challenge from within their own party. If so, how will gilt markets react to these variables...and will there be additional geo-political factors to also bake in, particularly the Fed's monetary policy decisions in 2026 and the ongoing battle to lower rates whilst inflation remains close to 3%.

- Accordingly, our updated central forecast is made with several hefty caveats. We are confident, as we have been for some time, that our forecast for Bank Rate and the 5-year PWLB Certainty Rate is robust, and we have marginally brought forward the timing of the next rate cut(s). But for the 10-, 25- and 50-years part of the curve, the level of gilt issuance, and the timing of its placement, will be integral to achieving a benign trading environment. That is not a “given”, and additionally, the inflation outlook and political factors domestically and, crucially, in the US, are also likely to hold sway. Matters should be clearer by June in the UK, but the US mid-term elections are scheduled for November.
- Our revised PWLB rate forecasts are based on the Certainty Rate (the standard rate minus 20 bps) which has been accessible to most authorities since 1 November 2012. Please note, the lower Housing Revenue Account (HRA) PWLB rate started on 15 June 2023 for those authorities with an HRA (standard rate minus 60 bps) and is set to prevail until at least the end of March 2026. Hopefully, there will be a further extension to this discounted rate announced in January.
- Money market yield forecasts are based on expected average earnings by local authorities for 3 to 12 months.

### **Gilt yields and PWLB rates**

The overall longer-run trend is for gilt yields and PWLB rates to fall back over the timeline of our forecasts, but the risks to our forecasts are generally to the upsides. Our target borrowing rates are set **two years forward** (as we expect rates to fall back) and the current PWLB (certainty) borrowing rates are set out below: -

<b>PWLB borrowing</b>	<b>Current borrowing rates as at 22.12.25 p.m.</b> %	<b>Target borrowing rate now (end of Q4 2027)</b> %	<b>Target borrowing rate previous (end of Q4 2027)</b> %
<b>5 years</b>	4.81	4.10	4.20
<b>10 years</b>	5.39	4.70	4.70
<b>25 years</b>	6.01	5.30	5.30
<b>50 years</b>	5.78	5.10	5.10

**Borrowing advice:** Our long-term (beyond 10 years) forecast for the neutral level of Bank Rate remains at 3.5%. As all PWLB certainty rates are still above this level, borrowing strategies will need to be reviewed in that context. Overall, better value can be obtained at the shorter end of the curve (<5 years PWLB maturity/<10 years PWLB EIP) and short-dated fixed LA to LA monies should also be considered. Temporary borrowing rates will, generally, fall in line with Bank Rate cuts.

Our suggested **budgeted earnings rates for investments up to about three months' duration in each financial year** are set out below.

Average earnings in each year	Now	Previously
	%	%
<b>2025/26 (residual)</b>	3.80	3.90
<b>2026/27</b>	3.40	3.60
<b>2027/28</b>	3.30	3.30
<b>2028/29</b>	3.30	3.50
<b>2029/30</b>	3.50	3.50
<b>Years 6-10</b>	3.50	3.50
<b>Years 10+</b>	3.50	3.50

We will continue to monitor economic and market developments as they unfold. Typically, we formally review our forecasts following the quarterly release of the Bank of England's Monetary Policy Report but will consider our position on an ad-hoc basis as required.

Our interest rate forecast for Bank Rate is in steps of 25 bps, whereas PWLB forecasts have been rounded to the nearest 10 bps and are central forecasts within bands of + / - 25 bps. Naturally, we continue to monitor events and will update our forecasts as and when appropriate.

### 3.4 Borrowing Strategy

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement) has not been fully funded with loan debt and the Council's cash balances have been used instead as a temporary measure. This strategy is prudent as medium and longer dated borrowing rates are expected to fall from their current levels, albeit only once prevailing inflation concerns are addressed by restrictive near-term monetary policy. That is, Bank Rate remains relatively elevated in 2026 even if further rate cuts arise.

Against this background and the risks within the economic forecast, caution will be adopted with the 2026/27 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in borrowing rates, then borrowing will be postponed.*
- *if it was felt that there was a significant risk of a much sharper RISE in borrowing rates than that currently forecast, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.*

Any decisions will be reported to the appropriate decision-making body at the next available opportunity.

### **3.5 Policy on Borrowing in Advance of Need**

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated, and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### **3.6 Rescheduling**

Rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment, or rebalancing of the portfolio to provide more certainty is considered appropriate.

If rescheduling is to be undertaken, it will be reported to Full Council, at the earliest meeting following its action.

### **3.7 New Financial Institutions as a Source of Borrowing and / or Types of Borrowing**

Currently the PWLB Certainty Rate is set at gilts + 80 basis points. However, consideration may still need to be given to sourcing funding from the following sources for the following reasons:

- Local authorities (primarily shorter dated maturities out to 3 years or so – generally still cheaper than the Certainty Rate).
- Financial institutions (primarily insurance companies and pension funds but also some banks, and sometimes out of forward dates where the objective is to avoid a “cost of carry” or to achieve refinancing certainty over the next few years).

Our advisors will keep us informed as to the relative merits of each of these alternative funding sources.

**3.8 Approved Sources of Long and Short-term Borrowing**

<b>On Balance Sheet</b>	<b>Fixed</b>	<b>Variable</b>
PWLB	●	●
Local Authorities	●	●
Banks	●	●
Pension Funds	●	●
Insurance Companies	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock Issues	●	●
Local Temporary	●	●
Local/Community Municipal Bonds	●	●
Local Authority Bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Leases	●	●

## 4 ANNUAL INVESTMENT STRATEGY

### 4.1 Investment Policy – Management of Risk

The Ministry of Housing, Communities and Local Government (MHCLG) and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets and service investments, are covered in the Capital Strategy.

The Council's investment policy has regard to the following: -

- MHCLG's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021

The Council's investment priorities will be security first, portfolio liquidity second and then yield (return). The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with regard to the Council's risk appetite.

In the current economic climate, it is considered appropriate to maintain a degree of liquidity to cover cash flow needs but to also consider "laddering" investments for periods up to 12 months with high credit rated financial institutions, whilst investment rates remain elevated, as well as wider range fund options.

The above guidance from MHCLG and CIPFA places a high priority on the management of risk. This Council has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -

1. Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short-term and long-term ratings.
2. **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as "**credit default swaps**" and overlay that information on top of the credit ratings.
3. **Other information sources** used will include the financial press, share price and other such information pertaining to the financial sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
4. This Council has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in Appendix 5.4 under the categories of 'specified' and 'non-specified' investments.

**Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year or have less than a year left to run to maturity, if originally they were classified as being non-specified investments solely due to the maturity period exceeding one year.

**Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.

5. **Non-specified and loan investment limits.** The Council has determined that it will set a limit to the maximum exposure of the total treasury management investment portfolio to non-specified treasury management investments of 50%.
6. **Lending limits**, (amounts and maturity), for each counterparty will be set through applying the matrix table in paragraph 4.2.
7. **Transaction limits** are set for each type of investment in 4.2.
8. This Council will set a limit for its investments which are invested for **longer than 365 days**, (see paragraph 4.4).
9. Investments will only be placed with counterparties from countries with a specified minimum **sovereign rating**, (see paragraph 4.3).
10. This Council has engaged **external consultants**, (see paragraph 1.5), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this Council in the context of the expected level of cash balances and need for liquidity throughout the year.
11. All investments will be denominated in **sterling**.
12. As a result of the change in accounting standards under IFRS 9, this Council will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the MHCLG, concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years ending 31.3.23. Subsequently, a further extension to the over-ride to **31.3.29** was agreed by Government but only for those pooled investments made before 1<sup>st</sup> April 2024.

However, this Council will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

**Changes in risk management policy from last year.**  
The above criteria are unchanged from last year.

#### 4.2 Creditworthiness Policy

This Council applies the creditworthiness service provided by MUFG Corporate Markets. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moody's and Standard & Poor's. The credit ratings of counterparties are supplemented with the following overlays: -

1. "watches" and "outlooks" from credit rating agencies;
2. CDS spreads that may give early warning of changes in credit ratings;
3. sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, and any assigned Watches and Outlooks, in a weighted scoring system which is then combined with an overlay of CDS spreads. The end-product of this is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will, therefore, use counterparties within the following durational bands

- Yellow 5 years \*
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The MUFG Corporate Markets creditworthiness service uses a wider array of information other than just primary ratings. Furthermore, by using a risk weighted scoring system, it does not give undue preponderance to just one agency's ratings.

Typically, the minimum credit ratings criteria the Council uses will be a short-term rating (Fitch or equivalents) of F1 and a long-term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored monthly. The Council is alerted to changes to ratings of all three agencies through its use of the MUFG Corporate Markets creditworthiness service.

- if a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.
- in addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap spreads against the iTraxx European Senior Financials benchmark and other market data on a daily basis via its Passport website, provided exclusively to it by MUFG Corporate Markets. Extreme market movements may result in the downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition, this Council will also use market data and market information, as well as information on any external support for banks to help its decision-making process.

Y	Pi1	Pi2	P	B	O	R	G	N/C
1	1.25	1.5	2	3	4	5	6	7
Up to 5yrs	Up to 5yrs	Up to 5yrs	Up to 2yrs	Up to 1yr	Up to 1yr	Up to 6mths	Up to 100days	No Colour
				Colour (and long-term rating where applicable)	Money limit	Transaction limit		Time limit
Banks	Yellow	£5m	£ 5m	5yrs				
Banks	Purple	£ 5m	£ 5m	2 yrs				
Banks	Orange	£ 5m	£5m	1 yr				
Banks – part nationalised	Blue	£ 5m	£ 5m	1 yr				
Banks	Red	£ 5m	£ 5m	6 mths				
Banks	Green	£ 5m	£ 5m	100 days				
Banks	No Colour	Not to be used	Not to be used					
Limit 3 category – Council's banker (where "No Colour")	Natwest	£ 5m	£5m	1 day				
Other institutions limit	-	£ 5m	£5m	1yr				
DMADF	UK sovereign rating	unlimited	£5m	6 months				
Local authorities	n/a	£5m	£5m	2 yrs				
Housing associations	Colour bands	£5m	£5m	As per colour band				
	Fund rating	Money Limit		Time Limit				
Money Market Funds CNAV	AAA	£5m	£5m	liquid				
Money Market Funds LVNAV	AAA	£5m	£5m	liquid				
Money Market Funds VNAV	AAA	£5m	£5m	liquid				
Ultra-Short Dated Bond Funds with a credit score of 1.25	Dark Pink / AAA	£5m	£5m	liquid				
Ultra-Short Dated Bond Funds with a credit score of 1.50	Light Pink / AAA	£5m	£5m	liquid				

#### Creditworthiness.

Significant levels of downgrades to Short and Long-Term credit ratings have not materialised since the crisis in March 2020. In the main, where they did change, any alterations were limited to Outlooks. Nonetheless, when setting minimum sovereign debt ratings, this Council will not set a minimum rating for the UK.

### CDS prices

Although bank CDS prices, (these are market indicators of credit risk), spiked upwards during the days of the Truss/Kwarteng government in the autumn of 2022, they have returned to more average levels since then. However, sentiment can easily shift, so it will remain important to undertake continual monitoring of all aspects of risk and return in the current circumstances. MUFG Corporate Markets monitor CDS prices as part of their creditworthiness service to local authorities and the Council has access to this information via its MUFG Corporate Markets-provided Passport portal.

### 4.3 Limits

Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors.

- a. **Non-specified treasury management investment limit.** The Council has determined that it will limit the maximum total exposure of treasury management investments to non-specified treasury management investments as being 50% of the total treasury management investment portfolio.
- b. **Country limit.** The Council has determined that it will only use approved counterparties from the UK and from countries with a **minimum sovereign credit rating of AA-** from Fitch or equivalent. The list of countries that qualify using this credit criteria as at the date of this report are shown in section 7. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

**Other limits.** In addition: -

- no more than 50% will be placed with any non-UK country at any time;
- limits in place above will apply to a group of companies;
- sector limits will be monitored regularly for appropriateness.

### 4.4 Investment Strategy

**In-house funds.** Investments will be made with reference to the core balance and cashflow requirements and the outlook for short-term interest rates (i.e., rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. The current shape of the yield curve suggests that rates can be expected to fall throughout 2026, but only if the CPI measure of inflation maintains a downwards trend towards the Bank of England's 2% target. Rates may be cut quicker than expected if the economy stagnates.

Accordingly, while most cash balances are required in order to manage the ups and downs of cashflow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer-term investments will be carefully assessed.

#### **Investment returns expectations.**

The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to fall to a low of 3.25% in 2026.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months during each financial year were updated on 22 December 2025 and are as follows: -

Average earnings in each year	Now %	Previously %
<b>2025/26 (residual)</b>	3.80	3.90
<b>2026/27</b>	3.40	3.60
<b>2027/28</b>	3.30	3.30
<b>2028/29</b>	3.30	3.50
<b>2029/30</b>	3.50	3.50
<b>Years 6-10</b>	3.50	3.50
<b>Years 10+</b>	3.50	3.50

Caution must be exercised in respect of all interest rate forecasts.

For its cash flow generated balances, the Council will seek to utilise its business reserve instant access and notice accounts, Money Market Funds and short-dated deposits, in order to benefit from the compounding of interest.

**Investment treasury indicator and limit** - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment and are based on the availability of funds after each year-end.

The Council is asked to approve the following treasury indicator and limit: -

<b>Upper limit for principal sums invested for longer than 365 days</b>			
<b>£m</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
Principal sums invested for longer than 365 days	£10m	£10m	£10m
Current investments as at 31.12.25 in excess of 1 year maturing in each year	£0m	£0m	£0m

#### 4.5 Investment Performance / Risk Benchmarking

The Council will use an investment benchmark to assess the investment performance of its investment portfolio of overnight, 7 day SONIA (Sterling Overnight Index Average) rate.

#### 4.6 End of Year Investment Report

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

#### 4.7 External Fund Managers

Currently (31/12/25) the Council has no funds deposited with its external fund manager, Aberdeen Asset Management. However, when the external fund manager is utilised, they will comply with the Annual Investment Strategy. The agreement between the Council and the fund manager additionally stipulates guidelines on duration and other limits to contain and control risk.

## 5 THE CAPITAL PRUDENTIAL AND TREASURY INDICATORS 2026/27 – 2028/29

The Authority's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

### 5.1 Capital Expenditure

Capital expenditure	2024/25	2025/26	2026/27	2027/28	2028/29
£000	Actual	Estimate	Estimate	Estimate	Estimate
Strategy & Resources	681	541	0	53	60
Environment	1,019	676	341	353	98
Community & Wellbeing	3,427	3,370	3,074	1,119	1,329
Licensing & Planning Policy	0	0	0	0	0
<b>Total services</b>	<b>5,127</b>	<b>4,587</b>	<b>3,415</b>	<b>1,525</b>	<b>1,487</b>
Strategic CIL schemes	0	0	3,126	0	0
Neighbourhood CIL schemes	50	0	569	0	0
Residential property fund	834	0	0	0	0
Commercial property fund	0	0	0	0	0
<b>Total</b>	<b>6,011</b>	<b>4,587</b>	<b>7,110</b>	<b>1,525</b>	<b>1,487</b>

### 5.2 Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators: -

#### Ratio of Financing Costs to Net Revenue Stream

This indicator identifies the trend in the cost of capital, (borrowing and other long-term obligation costs), against the net revenue stream.

%	2024/25 Estimate	2025/26 Estimate	2026/27 Estimate	2027/28 Estimate	2028/29 Estimate
<b>Ratio</b>	2%	9%	8%	4%	2%

The estimates of financing costs include current commitments and the proposals in this budget report.

### 5.3 Maturity Structure of Borrowing

Maturity structure of borrowing. These gross limits are set to reduce the Council's exposure to large, fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits: -

<b>Maturity structure of fixed interest rate borrowing 2026/27</b>		
	<b>Lower</b>	<b>Upper</b>
Under 12 months	0%	20%
12 months to 2 years	0%	20%
2 years to 5 years	0%	20%
5 years to 10 years	0%	20%
10 years to 20 years	0%	20%
20 years to 30 years	0%	20%
30 years to 40 years	0%	20%
40 years to 50 years	0%	100%

<b>Maturity structure of variable interest rate borrowing 2026/27</b>		
	<b>Lower</b>	<b>Upper</b>
Under 12 months	0%	0%
12 months to 2 years	0%	0%
2 years to 5 years	0%	0%
5 years to 10 years	0%	0%
10 years to 20 years	0%	0%
20 years to 30 years	0%	0%
30 years to 40 years	0%	0%
40 years to 50 years	0%	0%

#### 5.4 Control of Interest Rate Exposure

Please see paragraphs 3.3, 3.4 and 4.4.

#### 5.5 INTEREST RATE FORECASTS 2026-2029

MUFG Corporate Markets Interest Rate View 22.12.25													
	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29
<b>BANK RATE</b>	3.75	3.50	3.50	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
<b>3 month ave earnings</b>	3.80	3.50	3.50	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30	3.30
<b>6 month ave earnings</b>	3.80	3.50	3.50	3.40	3.30	3.30	3.30	3.40	3.40	3.40	3.40	3.40	3.40
<b>12 month ave earnings</b>	3.90	3.60	3.60	3.50	3.40	3.50	3.50	3.50	3.50	3.50	3.60	3.60	3.60
<b>5 yr PWLB</b>	4.60	4.50	4.30	4.20	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10	4.10
<b>10 yr PWLB</b>	5.20	5.00	4.90	4.80	4.80	4.70	4.70	4.70	4.70	4.60	4.60	4.60	4.70
<b>25 yr PWLB</b>	5.80	5.70	5.60	5.50	5.50	5.40	5.30	5.30	5.30	5.20	5.20	5.20	5.20
<b>50 yr PWLB</b>	5.60	5.50	5.40	5.30	5.30	5.20	5.10	5.10	5.10	5.00	5.10	5.00	5.00

PWLB forecasts are based on PWLB certainty rates.

## 5.6 ECONOMIC BACKGROUND

- The first half of 2025/26 saw:
  - A 0.3% pick up in GDP for the period April to June 2025. More recently, the economy flatlined in July, with higher taxes for businesses restraining growth, but picked up to 0.1% m/m in August before falling back by 0.1% m/m in September.
  - The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% to 4.6% in September.
  - CPI inflation has ebbed and flowed but finished September at 3.8%, whilst core inflation eased to 3.5%.
  - The Bank of England cut interest rates from 4.50% to 4.25% in May, and then to 4% in August (and subsequently to 3.75% in December).
  - The 10-year gilt yield fluctuated between 4.4% and 4.8%, ending the half year at 4.70% (before falling back to 4.43% in early November).
- From a GDP perspective, the financial year got off to a bumpy start with the 0.3% m/m fall in real GDP in April as front-running of US tariffs in Q1 (when GDP grew 0.7% on the quarter) weighed on activity. Despite the underlying reasons for the drop, it was still the first fall since October 2024 and the largest fall since October 2023. However, the economy surprised to the upside in May and June so that quarterly growth ended up 0.3% q/q (subsequently revised down to 0.2% q/q). Nonetheless, the 0.0% m/m change in real GDP in July, followed by a 0.1% m/m increase in August and a 0.1% decrease in September will have caused some concern. GDP growth for 2025 - 2028 is currently forecast by the Office for Budget Responsibility to be in the region of 1.5%.
- Sticking with future economic sentiment, the composite Purchasing Manager Index (PMI) for the UK increased to 52.2 in October. The manufacturing PMI output balance improved to just below 50 but it is the services sector (52.2) that continues to drive the economy forward. Nonetheless, the PMIs suggest tepid growth is the best that can be expected in the second half of 2025 and the start of 2026. Indeed, on 13 November we heard that GDP for July to September was only 0.1% q/q.
- Turning to retail sales volumes, and the 1.5% year-on-year rise in September, accelerating from a 0.7% increase in August, marked the highest gain since April. On a monthly basis, retail sales volumes rose 0.5%, defying forecasts of a 0.2% fall, following an upwardly revised 0.6% gain in August. Household spending remains surprisingly resilient, but headwinds are gathering.
- Prior to the November Budget, the public finances position looked weak. The £20.2 billion borrowed in September was slightly above the £20.1 billion forecast by the OBR. For the year to date, the £99.8 billion borrowed is the second highest for the April to September period since records began in 1993, surpassed only by borrowing during the COVID-19 pandemic. The main drivers of the increased borrowing were higher debt interest costs, rising government running costs, and increased inflation-linked benefit payments, which outweighed the rise in tax and National Insurance contributions.
- Following the 26 November Budget, the Office for Budget Responsibility (OBR) calculated the net tightening in fiscal policy as £11.7bn (0.3% of GDP) in 2029/30, smaller than the consensus forecast of £25bn. It did downgrade productivity growth by 0.3%, from 1.3% to 1.0%, but a lot of that influence was offset by upgrades to its near-term wage and inflation forecasts. Accordingly, the OBR judged the Chancellor was going to achieve her objectives with £4.2bn to spare. The Chancellor then chose to expand that headroom to £21.7bn, up from £9.9bn previously.

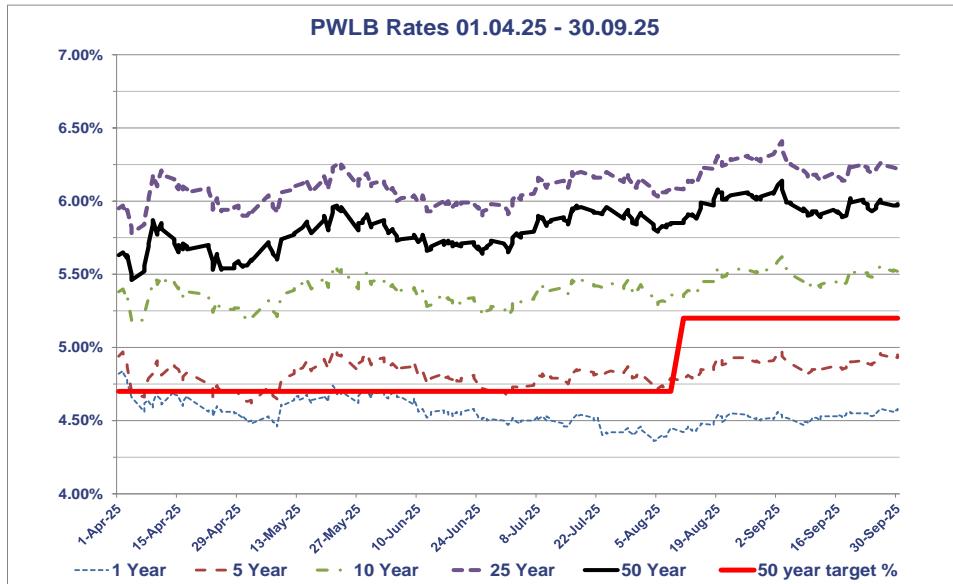
- Moreover, the Chancellor also chose to raise spending by a net £11.3bn in 2029/30. To pay for that and the increase in her headroom, she raised taxes by £26.1bn in 2029/30. The biggest revenue-raisers were the freeze in income tax thresholds from 2028/29 (+£7.8bn) and the rise in NICs on salary-sacrifice pension contributions (+£4.8bn). The increase in council tax for properties worth more than £2.0m will generate £0.4bn.
- The weakening in the jobs market looked clear in the spring. May's 109,000 m/m fall in the PAYE measure of employment was the largest decline (barring the pandemic) since the data began and the seventh in as many months. The monthly change was revised lower in five of the previous seven months too, with April's 33,000 fall revised down to a 55,000 drop. More recently, however, the monthly change was revised higher in seven of the previous nine months by a total of 22,000. So instead of falling by 165,000 in total since October, payroll employment is now thought to have declined by a smaller 153,000. Even so, payroll employment has still fallen in nearly all the months since the Chancellor announced the rises in National Insurance Contributions (NICs) for employers and the minimum wage in the October 2024 Budget. The number of job vacancies in the three months to November 2025 stood at 729,000 (the peak was 1.3 million in spring 2022). All this suggests the labour market continues to loosen, albeit at a slow pace.
- A looser labour market is driving softer wage pressures. The 3m/yy rate of average earnings growth excluding bonuses has fallen from 5.5% in April to 4.6% in September (still at that level in November). The rate for the private sector has slipped just below 4% as the year end approaches.
- CPI inflation remained at 3.8% in September but dropped to 3.2% by November. Core inflation also fell to 3.2% by November while services inflation fell to 4.4%. Nonetheless, a further loosening in the labour market and weaker wage growth may be a requisite to UK inflation coming in below 2.0% by 2027.
- An ever-present issue throughout recent months has been the pressure being exerted on medium and longer dated gilt yields. The yield on the 10-year gilt moved sideways in the second quarter of 2025, rising from 4.4% in early April to 4.8% in mid-April following wider global bond market volatility stemming from the "Liberation Day" tariff announcement, and then easing back as trade tensions began to de-escalate. By the end of April, the 10-year gilt yield had returned to 4.4%. In May, concerns about stickier inflation and shifting expectations about the path for interest rates led to another rise, with the 10-year gilt yield fluctuating between 4.6% and 4.75% for most of May. Thereafter, as trade tensions continued to ease and markets increasingly began to price in looser monetary policy, the 10-year yield edged lower, and ended June at 4.50%.
- More recently, the yield on the 10-year gilt rose from 4.46% to 4.60% in early July as rolled-back spending cuts and uncertainty over Chancellor Reeves' future raised fiscal concerns. Although the spike proved short lived, it highlighted the UK's fragile fiscal position. In an era of high debt, high interest rates and low GDP growth, the markets are now more sensitive to fiscal risks than before the pandemic. During August, long-dated gilts underwent a particularly pronounced sell-off, climbing 22 basis points and reaching a 27-year high of 5.6% by the end of the month. While yields have since eased back, the market sell-off was driven by investor concerns over growing supply-demand imbalances, stemming from unease over the lack of fiscal consolidation and reduced demand from traditional long-dated bond purchasers like pension funds. For 10-year gilts, by late September, sticky inflation, resilient activity data and a hawkish Bank of England kept yields elevated over 4.70% although by late December had fallen back again to a little over 4.50%.

- The FTSE 100 fell sharply following the “Liberation Day” tariff announcement, dropping by more than 10% in the first week of April - from 8,634 on 1 April to 7,702 on 7 April. However, the de-escalation of the trade war coupled with strong corporate earnings led to a rapid rebound starting in late April. As a result, the FTSE 100 ended June at 8,761, around 2% higher than its value at the end of March and more than 7% above its level at the start of 2025. Since then, the FTSE 100 has enjoyed a further 4% rise in July, its strongest monthly gain since January and outperforming the S&P 500. Strong corporate earnings and progress in trade talks (US-EU, UK-India) lifted share prices and the index hit a record 9,321 in mid-August, driven by hopes of peace in Ukraine and dovish signals from Fed Chair Powell. September proved more volatile and the FTSE 100 closed September at 9,350, 7% higher than at the end of Q1 and 14% higher since the start of 2025. Future performance will likely be impacted by the extent to which investors' global risk appetite remains intact, Fed rate cuts, resilience in the US economy, and AI optimism. A weaker pound will also boost the index as it inflates overseas earnings. In early November, the FTSE100 climbed to a record high just above 9,900. By late December, the index had clung on to most of those gains standing at 9,870 on 23 December.

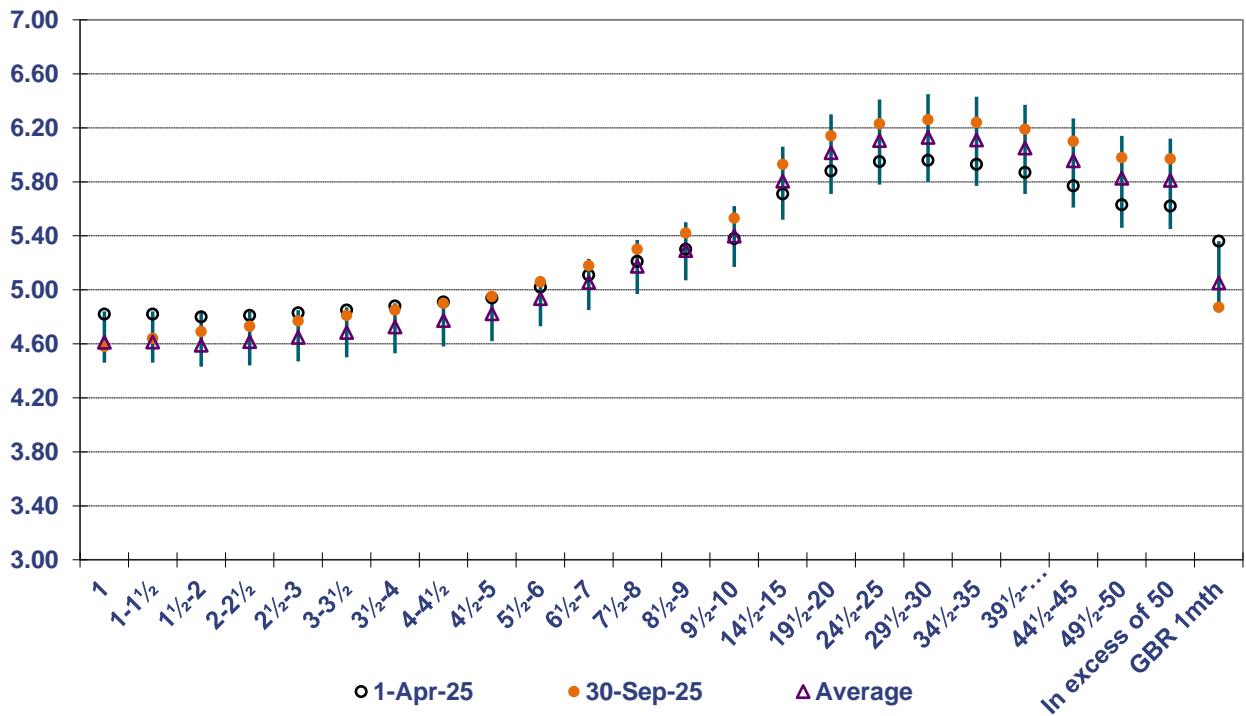
**MPC meetings: 8 May, 19 June, 7 August, 18 September, 6 November, 18 December 2025**

- There were six Monetary Policy Committee (MPC) meetings held between April and December. In May, the Committee cut Bank Rate from 4.50% to 4.25%, while in June policy was left unchanged. In June's vote, three MPC members (Dhingra, Ramsden and Taylor) voted for an immediate cut to 4.00%, citing loosening labour market conditions. The other six members were more cautious, as they highlighted the need to monitor for "signs of weak demand", "supply-side constraints" and higher "inflation expectations", mainly from rising food prices. By repeating the well-used phrase "gradual and careful", the MPC continued to suggest that rates would be reduced further.
- In August, a further rate cut was implemented. However, a 5-4 split vote for a rate cut to 4% laid bare the different views within the Monetary Policy Committee, with the accompanying commentary noting the decision was "finely balanced" and reiterating that future rate cuts would be undertaken "gradually and carefully". Ultimately, Governor Bailey was the casting vote for a rate cut but with the CPI measure of inflation expected to reach at least 4% later this year, the MPC was wary of making any further rate cuts until inflation begins its slow downwards trajectory back towards 2%.
- With wages still rising by just below 5%, it was no surprise that the September meeting saw the MPC vote 7-2 for keeping rates at 4% (Dhingra and Taylor voted for a further 25bps reduction). Moreover, the Bank also took the opportunity to announce that they would only shrink its balance sheet by £70bn over the next 12 months, rather than £100bn. The repetition of the phrase that "a gradual and careful" approach to rate cuts is appropriate suggested the Bank still thought interest rates will fall further.
- At the 6 November meeting, Governor Bailey was once again the deciding vote, keeping Bank Rate at 4% but hinting strongly that a further rate cut was imminent if data supported such a move. By 18 December, with November CPI inflation having fallen to 3.2%, and with Q2 GDP revised down from 0.3% q/q to only 0.2% q/q, and Q3 GDP stalling at 0.1%, the MPC voted by 5-4 to cut rates further to 3.75%. However, Governor Bailey made it clear that any further reductions would require strong supporting data, and the pace of any further decreases would be slow compared to recent months. The markets expect Bank Rate to next be cut in April.

**PWLB RATES 01.04.25 - 30.09.25**



**PWLB Certainty Rate Variations 01.04.25 to 30.09.25**



**HIGH/LOW/AVERAGE PWLB RATES FOR 01.04.25 – 30.09.25**

	1 Year	5 Year	10 Year	25 Year	50 Year
01/04/2025	4.82%	4.94%	5.38%	5.95%	5.63%
30/09/2025	4.58%	4.95%	5.53%	6.23%	5.98%
Low	4.36%	4.62%	5.17%	5.78%	5.46%
Low date	04/08/2025	02/05/2025	02/05/2025	04/04/2025	04/04/2025
High	4.84%	4.99%	5.62%	6.41%	6.14%
High date	02/04/2025	21/05/2025	03/09/2025	03/09/2025	03/09/2025
Average	4.55%	4.82%	5.40%	6.11%	5.83%
Spread	0.48%	0.37%	0.45%	0.63%	0.68%

## 6 TREASURY MANAGEMENT PRACTICES

### 6.1 TMP1 – CREDIT AND COUNTERPARTY RISK MANAGEMENT

The MHCLG issued Investment Guidance in 2018, and this forms the structure of the Authority's policy below. These guidelines do not apply to either trust funds or pension funds which operate under a different regulatory regime.

The key intention of the Guidance is to maintain the current requirement for local authorities to invest prudently, and that priority is given to security and liquidity before yield. In order to facilitate this objective, the Guidance requires this Authority to have regard to the CIPFA publication Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes. This Council adopted the Code on 13/04/2012 and will apply its principles to all investment activity. In accordance with the Code, the Chief Finance Officer has produced its treasury management practices (TMPs). This part, TMP 1(1), covering investment counterparty policy requires approval each year.

**Annual Investment Strategy** - The key requirements of both the Code and the investment guidance are for the Council to set an Annual Investment Strategy, as part of its annual treasury strategy for the following year, covering the identification and approval of the following:

- The strategy guidelines for choosing and placing investments, particularly non-specified investments.
- The principles to be used to determine the maximum periods for which funds can be committed.
- Specified investments that the Council will use. These are high security and high liquidity investments in sterling and with a maturity of no more than a year.
- Non-specified investments, clarifying the greater risk implications, identifying the general types of investment that may be used and a limit to the overall amount of various categories that can be held at any time.

The investment policy proposed for the Council is:

**Strategy guidelines** – The main strategy guidelines are contained in the body of the Treasury Management Strategy Statement.

**Specified investments** – These investments are sterling investments of not more than one-year maturity, or those which could be for a longer period but where the Authority has the right to be repaid within 12 months if it wishes. They also include investments which were originally classed as being non-specified investments, but which would have been classified as specified investments apart from originally being for a period longer than 12 months once the remaining period to maturity falls to under 12 months.

These are considered low risk assets where the possibility of loss of principal or investment income is small. These would include sterling investments which would not be defined as capital expenditure with: -

- The UK Government (such as the Debt Management Account deposit facility, UK Treasury Bills or a Gilt with less than one year to maturity).
- Supranational Bonds of less than one year's duration.
- A Local Authority, Housing Association, Parish Council or Community Council.
- Pooled investment vehicles (such as Money Market Funds) that have been awarded a high credit rating by a credit rating agency e.g., Standard and Poor's, Moody's and/or Fitch rating agencies.

- A body that is considered of a high credit quality (such as a bank or building society). This category covers bodies with a minimum Short-Term rating of F1 (or the equivalent) as rated by Standard and Poor's, Moody's and / or Fitch rating agencies.

In accordance with the Code, the Council has set out additional criteria to limit the time and the amount of monies which will be invested in these bodies, as disclosed in the investment strategy in section 4.

**Non-specified investments** – are any other type of investment (i.e., not defined as specified above). The identification and rationale supporting the selection of these other investments and the maximum limits to be applied are set out below.

	Non-Specified Investment Category	Limit (£ or %)
a.	<p><b>Supranational Bonds greater than 1 year to maturity</b></p> <p><b>(a) Multilateral Development Bank bonds</b> - These are bonds defined as an international financial institution having as one of its objectives economic development, either generally or in any region of the world (e.g., European Reconstruction and Development Bank etc).</p> <p><b>(b) A financial institution that is guaranteed by the United Kingdom Government</b> (e.g., National Rail)</p> <p>The security of interest and principal on maturity is on a par with the Government and so very secure. These bonds usually provide returns above equivalent gilt-edged securities. However, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.</p>	AAA long term ratings, 50% of money invested through external fund manager. Restriction of 5yrs maximum maturity
b.	<b>Gilt edged securities</b> with a maturity of greater than one year. These are Government bonds and so provide the highest security of interest and the repayment of principal on maturity. Similar to category (a) above, the value of the bond may rise or fall before maturity and losses may accrue if the bond is sold before maturity.	50% of money invested through external fund manager. Restriction of 10yrs maximum maturity
c.	<b>The Council's own banker</b> if it fails to meet the basic credit criteria. In this instance balances will be minimised as far as is possible.	In this instance balances will be minimised as far as possible.
d.	<b>Building Societies not meeting the basic security requirements under the specified investments.</b> The operation of some building societies does not require a credit rating, although in every other respect the security of the society would match similarly sized societies with ratings. The Council may use such building societies which have a minimum asset size of £1bn, but will restrict these types of investments to 12 months.	£5m per institution.
e.	Any <b>Bank or Building Society</b> that has a minimum long-term credit rating of A-, for deposits with a maturity of greater than one year (including forward deals in excess of one year from inception to repayment).	Maximum of 50% on investments over 1yr.n

f.	Any <b>Non-Rated Subsidiary</b> of a credit rated institution included in the specified investment category. These institutions will be included as an investment category subject to the parent bank providing an appropriate guarantee and meeting the ratings outlined above.	£5m per institution.
g.	<b>Share and Loan Capital</b> in a body corporate – The use of these instruments will be deemed to be capital expenditure, and as such will be an application (spending) of capital resources. Revenue resources will not be invested in corporate bodies. See note 1 below.	Maximum £5m per institution, subject to minimum rating of AA- (long term). The exception is Epsom & Ewell Property Investment Company Limited (EEPIC). The Council has separately authorised share capital and loans to EEPIC.

NOTE 1. This Council will seek further advice on the appropriateness and associated risks with investments in these categories.

**The monitoring of investment counterparties** - The credit rating of counterparties will be monitored regularly. The Council receives credit rating information (changes, rating watches and rating outlooks) from Link as and when ratings change, and counterparties are checked promptly. On occasion ratings may be downgraded when an investment has already been made. The criteria used are such that a minor downgrading should not affect the full receipt of the principal and interest. Any counterparty failing to meet the criteria will be removed from the list immediately by the Chief Finance Officer, and if required new counterparties which meet the criteria will be added to the list.

**Use of external fund managers** – It is the Council's policy to use external fund managers for part of its investment portfolio. The fund managers will use both specified and non-specified investment categories and are contractually committed to keep to the Council's investment strategy.

The Council fully appreciates the importance of monitoring the activity and resultant performance of its appointed external fund manager. In order to aid this assessment, the Council is provided with a suite of regular reporting from its manager.

## 6.2 TMP2 Performance measurement

The Council has a number of approaches to evaluating treasury management decisions: -

- a. Monthly reviews carried out by the treasury management team.
- b. Reviews with our treasury management consultants & external fund manager.
- c. Annual review after the end of the year as reported to Financial Strategy Advisory Group.
- d. Half yearly monitoring reported to Financial Strategy Advisory Group.
- e. Quarterly budget monitoring reports to Audit & Scrutiny Committee.

The treasury management team receive monthly investment reports from our consultants, reviewing the performance of the investment portfolio.

An Annual Treasury Report is submitted each year after the close of the financial year, which reviews the performance of the investment portfolio. This report contains the following: -

- a. average investments held during the financial year and average interest rates
- b. investment strategy for the year compared to actual strategy
- c. explanations for variance between original strategies and actual
- d. comparison of return on investments to the investment benchmark
- e. compliance with Prudential and Treasury Indicators

The performance of investment earnings will be measured against the following benchmarks: -

- a. In house investments  
7 day SONIA
- b. External fund manager  
7 day SONIA

Epsom & Ewell Borough Council's policy is to appoint external investment fund managers to manage a proportion of its cash and will comply with the Local Authorities (Contracting Out of Investment Functions) Order 1996 [SI 1996 No 1883].

The delegation of investment management to external managers will entail the following:

- Formal contractual documentation;
- Agreement on terms for early termination of the contract;
- Setting of investment instruments, constraints/parameters/conditions
- Setting of investment counterparty limits;

- Setting a performance measurement benchmark and a performance target;
- Frequency of performance reporting;
- Frequency of meetings with investment managers;

The Code of Practice places an obligation on the Council to monitor the performance of the fund managers. This Council has appointed MUFG Corporate Markets to assist in this respect.

### **6.3 TMP3 Decision – making and analysis**

Epsom & Ewell Borough Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reaching those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in the scheduled to this document.”

The Treasury team will ensure that the following records will be retained: -

- Daily cash balance forecasts
- Money market rates obtained by telephone from brokers
- Dealing slips for all money market transactions
- Brokers' confirmations for investment transactions
- Confirmations from borrowing institutions where deals are done directly
- Contract notes received from fund manager
- Fund manager valuation statements

Processes to be pursued:

- Cash flow analysis
- Investment maturity analysis
- Ledger reconciliation
- Performance management information

### **6.4 TMP4 Approved instruments, methods and techniques**

Epsom & Ewell Borough Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in the Treasury Management Strategy and within the limits and parameters defined.

**6.5 TMP5 Organisation, clarity and segregation of responsibilities and dealing arrangements**

**Allocation of responsibilities**

**(i) Full Council**

- approval of annual treasury management strategy.

**(ii) Financial Strategy Advisory Group**

- reviewing and advising on the treasury management strategy prior to approval at Full Council

**(iii) Audit & Scrutiny Committee**

- receiving and reviewing reports on treasury management policies, performance and activities
- approval of amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices
- receiving and reviewing annual monitoring reports and acting on recommendations
- receiving and reviewing half yearly and annual performance monitoring report and acting on recommendations

**(iv) Chief Finance Officer**

- reviewing the treasury management policy and procedures and making recommendations to the responsible body.

**Principles and Practices Concerning Segregation of Duties**

The following duties must be undertaken by separate officers: -

Dealing	Negotiation and approval of deal. (Dealer 1) Production of transfer note. (Dealer 1)
Bank	Entry of transaction onto bank (Finance Officer)
Authorisation/Payment of Deal	Approval and payment. (Dealer 2)
Accounting Entry	Processing of accounting entry (Exchequer Team) Reconciliation of cash control account. (Exchequer Team)
Bank	Bank reconciliation (Exchequer Team)

**Statement of the treasury management duties/responsibilities of each treasury post**

**The responsible officer**

The responsible officer is the person charged with professional responsibility for the treasury management function and in this Council is the Chief Finance Officer. This person will carry out the following duties: -

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers.
- The responsible officer has delegated powers through this policy to take the most appropriate form of borrowing from the approved sources, and to make the most appropriate form of investments in approved instruments.
- The responsible officer may delegate his power to borrow and invest to members of his staff. The finance must conduct all dealing transactions, or staff authorised by the responsible officer to act as temporary cover for leave/sickness.
- The responsible officer will ensure that Treasury Management Policy is adhered to, and if not will bring the matter to the attention of elected members as soon as possible.
- Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the responsible officer to be satisfied, by reference to the Council's legal department and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations
- It is also the responsibility of the responsible officer to ensure that the Council complies with the requirements of The Non-Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

**The Chief Accountant**

The responsibilities of this post will be: -

- a) execution of transactions

- b) adherence to agreed policies and practices on a day-to-day basis
- c) maintaining relationships with counterparties and external service providers
- d) supervising treasury management staff
- e) monitoring performance on a day-to-day basis
- f) submitting management information reports to the responsible officer
- g) identifying and recommending opportunities for improved practices

### **The Head of the Paid Service – the Chief Executive**

The responsibilities of this post will be: -

- a) Ensuring that the system is specified and implemented
- b) Ensuring that the responsible officer reports regularly on treasury policy, activity and performance.

### **The Monitoring Officer**

The responsibilities of this post will be: -

- a) Ensuring compliance by the responsible officer with the treasury management policy statement and treasury management practices and that they comply with the law.
- b) Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice.
- c) Giving advice to the responsible officer when advice is sought.

### **Internal Audit**

The responsibilities of Internal Audit will be: -

- a) Reviewing compliance with approved policy and treasury management practices.
- b) Reviewing division of duties and operational practice.
- c) Assessing value for money from treasury activities.
- d) Undertaking probity audit of treasury function.

## Dealing

The following posts are authorised to deal and/or input trades: -

- Chief Accountant
- 3 Senior Accountants
- 3 Accountants

## 6.6 TMP6 Reporting requirements and management information arrangements

Epsom & Ewell Borough Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implementations of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, members will receive:

- an annual report on the strategy and plan to be pursued in the coming year, to Full Council;
- a mid-year review on the current performance of the treasury management function, to Audit & Scrutiny Committee;
- an annual report on the performance of the treasury management function, to Audit & Scrutiny Committee, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMPs.

## 6.7 TMP7 Budgeting, accounting and audit arrangements

The Chief Finance Officer will prepare, and Epsom & Ewell Borough Council will approve and, if necessary, from time to time will amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management functions, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP1 *Risk management*, TMP2 *Best value and performance measurement*, and TMP4 *Approved instruments, methods and techniques*. The responsible officer will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP6 *Reporting requirements and management information arrangement*.

Epsom & Ewell Borough Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

Epsom & Ewell Borough Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

### **6.8 TMP8 Cash and cash flow management**

Cash flow projections are prepared annually and updated daily. The annual cash flow projections are prepared from the previous years' cash flow records, adjusted for known changes in levels of income and expenditure and also changes in payments and receipts dates. These details are supplemented on an ongoing basis by information received of new or revised amounts to be paid or received as and when they are known.

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of this organisation will be under the control of the Chief Finance Officer, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the responsible officer will ensure that these are adequate for the purposes of monitoring.

### **6.9 TMP9 Money Laundering**

Epsom & Ewell Borough Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained.

### **6.10 TMP10 Staff training and qualifications**

The Council recognises that relevant individuals will need appropriate levels of training in treasury management due to its increasing complexity. There are two categories of relevant individuals: -

- a) Treasury management staff employed by the Council
- b) Members charged with governance of the treasury management function

All treasury management staff should receive appropriate training relevant to the requirements of their duties at the appropriate time.

Additionally, training may also be provided on the job and it will be the responsibility of Chief Finance Officer to ensure that all staff under his authority receive the level of training appropriate to their duties. This will also apply to those staff who from time to time cover for absences from the treasury management team.

### **Details of Approved Training Courses**

Treasury management staff and members will go on courses provided by our treasury management consultants, CIPFA, money brokers etc.

### **Statement of Professional Practice (SOPP)**

1. Where the Chief Finance Officer is a member of CIPFA, there is a professional need for them to be seen to be committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained.

2. Other staff involved in treasury management activities who are members of CIPFA must also comply with the SOPP.

### **Members charged with governance**

Members charged with diligence also have a personal responsibility to ensure that they have the appropriate skills and training for their role.

### **6.11 TMP11 Use of external service providers**

Epsom & Ewell Borough Council recognises the potential value of employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to a full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid overreliance on one or a small number of companies.

### **6.12 TMP12 Corporate governance**

Epsom & Ewell Borough Council is committed to the principle of openness and transparency in its treasury management function and in all of its functions.

It has adopted the CIPFA Code of Practice on Treasury Management and implemented key recommendations on developing Treasury Management Practices, formulating a Treasury Management Policy Statement and implementing the other principles of the Code.

The following documents are available for public inspection: -

Treasury Management Strategy

Minimum Revenue provision policy statement

Annual Treasury Review Report

Treasury Management monitoring reports (e.g. half yearly)

Annual accounts and financial instruments disclosure notes

Annual budget

Annual Capital and Investment Strategy

Minutes of Council / committee meetings

## 7. APPROVED COUNTRIES FOR INVESTMENTS

This list is based on those countries which have sovereign ratings of AA- or higher, (we show the lowest rating from Fitch, Moody's and S&P) and also, (except - at the time of writing - for Hong Kong and Luxembourg), have banks operating in sterling markets which have credit ratings of green or above in the Link creditworthiness service.

***Based on lowest available rating (as at 23.12.25)***

AAA

- Australia
- Denmark
- Germany
- Netherlands
- Norway
- Singapore
- Sweden
- Switzerland

AA+

- Canada
- U.S.A.

AA

- Abu Dhabi (UAE)
- Finland
- Qatar

AA-

- U.K.

A+

- Belgium
- France

## 8. THE TREASURY MANAGEMENT ROLE OF THE SECTION 151 OFFICER

### The S151 (responsible) officer

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.
- preparation of a Capital Strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long-term timeframe.
- ensuring that the Capital Strategy is prudent, sustainable, affordable and prudent in the long term and provides value for money
- ensuring that due diligence has been carried out on all treasury and non-financial investments and is in accordance with the risk appetite of the authority
- ensure that the Council has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the Council does not undertake a level of investing which exposes the Council to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long-term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees
- ensuring that members are adequately informed and understand the risk exposures taken on by the Council
- ensuring that the Council has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following: -
  - *Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;*
  - *Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;*
  - *Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;*

## Agenda Item 4 Appendix 10

- *Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;*
- *Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.*

## REVENUE BUDGET 2026/27 – RISK ASSESSMENT

This budget risk assessment fulfils a statutory requirement for the Council to consider the risks associated with future budget plans. While this deviates from the format of the Council's own corporate risk register, a reference link to the relevant corporate risk register is included in the final column.

STRATEGY & RESOURCES COMMITTEE						
Risk	Budget Impact (£M)	Rating	Key Risks	Mitigations & Controls	Ref to proposed Key Priorities and Targets	Ref to Corporate / Committee Risk Register
<b>Insufficient funding Local Government Reorganisation (LGR)</b>	£1.00m	High	LGR introduces major financial uncertainty, with a significant risk that government-provided funding will be inadequate to cover transition costs. £0.380m provided across all Surrey councils is “woefully inadequate”, creating pressure on reserves and threatening day-to-day service budgets.	Strengthen financial reserves to absorb unplanned LGR costs. Currently £454k allocated in strategic priorities reserves for LGR.  Engage proactively with Surrey partners to share costs, capacity, and expertise during transition.	Effective Council.	F227<>S&R  Corporate Risk Register
<b>Property Portfolio (EEPIC Properties only))</b>	£1.3m	High	This increases the likelihood of loss of rental income, tenant failure, or prolonged void periods, which would directly reduce the Council's revenue position and create budgetary pressures.	Regular reporting to the EEPIC Board and relevant committees ensures visibility and timely decision-making regarding risks and opportunities.  Keeping prudent level of reserves.	Effective Council.	PR3<>S&R  Corporate Risk Register  Appendix Item 11

<b>Failure to balance the budget</b>	All	Low	Fail to deliver savings and/or a balanced budget. Driven heavily by rising temporary accommodation costs	Delivery of the MTFS and the Efficiency Plan.  Given TA is driving a forecast overspend of over £1m for 2025/26, implement targeted actions to reduce demand and cost—including strategic housing reviews, prevention work, and securing new units.  Fair Funding Review has been positive with extra grant funding and prudent levels of reserves to absorb unexpected shocks.	Effective Council.	F10<>S&R  Corporate Risk Register
<b>Incorrect administration of Housing Benefit</b>	£14m (Total Housing Benefit Budget)	Low	This risk relates to errors in processing or administering Housing Benefit payments to a provider, which may lead to Financial losses to the Council	Regular financial monitoring ensures that any variances or errors in Housing Benefit processing are identified early, reducing the risk of large-scale subsidy losses.	Effective Council.	F26<>S&R  Corporate Risk Register
<b>Maintain secure investment of reserves and cash balance through the Treasury Management Strategy</b>	£25m cash balances( fluctuates during year)	Low	Generate a sound return on cash.  Safeguard capital sums invested.	Annual review of Treasury Management Strategy.  Monthly review of performance.  Review of market risks using treasury management advisers.	Effective Council.	Agenda Item 4 Appendix 11

<b>Interest income from reserves and CIL/S106 balances used to support services</b>	£0.9m	<b>Med</b>	<p>The Council may not achieve budgeted interest income if interest rates fall faster than anticipated.</p> <p>If the Council spent a significant proportion of its reserves or CIL balances in a short period of time, funds may not be available to invest to earn budgeted interest income.</p>	<p>Monitoring of cash and reserve balances. Business cases to include impact of significant investments on treasury management income.</p> <p>Regular review of treasury management income achievable.</p> <p>Monitoring of market outlook (ie interest rate expectations) using treasury management advisers.</p> <p>Expected establishment of an Interest Equalisation reserve to enable smoothing of interest returns.</p>	Effective Council.	
<b>Pension fund</b>	£6m (Deficit on IAS19 basis as at 31 March 2025)	<b>Med</b>	The deficit is not addressed over the next 20 years.	<p>Pension fund deficit payments per annum will continue to be made in line with independent actuarial recommendation through the triennial review.</p> <p>Impact of triennial review of pension contributions to be factored into 2026/27 budget, once completed</p>	Effective Council.	
<b>Retained Business Rates</b>	£2.6m	<b>Low</b>	Loss of income. Business rates collection lower than expected	Collection Fund Equalisation Reserve to mitigate income shortfalls in the short term.	Effective Council. 99% of business rates to be collected.	Agenda Item 4 Appendix 11

<b>Council Tax Income</b>	£8.1m (EEBC element)	<b>Low</b>	Collection rates due to economy & changes to council tax benefits. Cash flow.	Billing & recovery arrangements designed to support collection targets, additional resource for local council tax support scheme.  Collection performance reported to Directors monthly.  Collection Fund separately managed on behalf of precept authorities	Effective Council. Around 99% of council tax collected.	
<b>Delivery of identified savings (All Committees)</b>	£0.23m over MTFS	<b>Low</b>	There is a risk that if the saving is not delivered contingency budget will need to be reduced.	Officers will monitor saving target through SLT and ensure it materialises as soon as possible.	Effective Council. All priorities.	

ENVIRONMENT COMMITTEE						
Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Corporate / Committee Risk Register
<b>Car Parking Income</b>	c.£4.6m	Med	Income from off street car parks is exposed to adverse weather and economic conditions that can have significant effect on usage.	Monthly monitoring and work analysing individual car park performance against target. Fees have not been increased for 2026/27 to safeguard revenue levels.	Effective Council.	HC10 Environment Committee Risk Register
<b>Domestic and Trade Waste Collection</b>	c.£1.4m income	Med	Income from waste fees is exposed to market factors which can have a negative impact on volume of services users and consequently the level of income achieved.  The Health & Safety Executive (HSE) investigation into December 2021's incident involving a waste collection vehicle could result in a settlement payment.	Monthly monitoring of income and expenditure against target and monitor the market fluctuations.  Provision set-aside for outcome of HSE investigation.	Green & Vibrant. Recycling rates.	
<b>Operational and Cemetery Services</b>	£0.53m	Med	Reduction in the number of burials and memorials.  Increased fuel/transport costs impacting grounds maintenance.	Promote new space and services with cemetery. Regular budget monitoring reports in line with Financial Regulations.	Effective Council	Agenda Item 4 Appendix 11

COMMUNITY AND WELLBEING						
Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Corporate / Committee Risk Register
<b>Homelessness</b>	c.£4.4m (net expenditure)	<b>High</b>	<p>Significant increase in number of households requiring temporary accommodation.</p> <p>Lack of affordable housing therefore unable to move households out of TA.</p> <p>Cost of living crisis impact on residents.</p>	<p>Continuing with preventative initiatives and alternative temporary accommodation options.</p> <p>Regular budget monitoring reports in line with Financial Regulations.</p> <p>Expenditure budgets increased significantly for 2026/27 to address adverse budget position experienced in 2025/26.</p>	Safe & Well.	HC13/14<>C &W  Corporate Risk Register
<b>Venues Income</b>	c.£1.3m	<b>Med</b>	<p>Not reaching budgeted level of income from venues.</p> <p>Cost of living crisis impact on operation of venues.</p> <p>Additional operational costs.</p>	<p>External provision for Ewell Court House and business plans for Playhouse and Bourne Hall.</p> <p>Recent extensive capital investment has taken place in the Playhouse and Bourne Hall.</p>	Cultural & Creative.  Effective Council.	OS20  Community & Wellbeing Committee Register

Licensing & Planning Policy						
Risk	Budget (£M)	Rating	Key Risks	Action	Ref to proposed Key Priorities and Targets	Ref to Corporate Risk Register
<b>Place Development Income</b>	c.£0.6m	<b>High</b>	<p>Risk of designation for planning decisions</p> <p>Non delivery of the Local Plan</p> <p>Income generated by services within LPPC is heavily linked to the development industry, therefore an adverse economic environment could adversely impact planning application income.</p>	<p>PPA agreements and funding to cover costs of staff for large developments.</p> <p>Monthly monitoring of income streams by Head of Service.</p>	<p>Opportunity &amp; Prosperity.</p> <p>Green &amp; Vibrant.</p>	<p>PD19</p> <p>Licensing &amp; Planning Policy Committee Register</p>
<b>Local Plan</b>	c.£1.4m	<b>Med</b>	<p>Increased expenditure due to changes in government planning policy.</p> <p>Failure to produce Local Plan.</p>	<p>Local Plan project plan.</p> <p>Regular monitoring reports to LPPC committee.</p>	<p>Implement the Local Plan and the national planning statistics.</p>	<p>PD20&lt;&gt;LPP</p> <p>Corporate Risk Register</p>
<b>Licensing Income</b>	c.£0.7m	<b>Med</b>	<p>Not reaching budgeted level of letting income from licensing.</p> <p>Loss of key licensees (ie taxi operators) to neighbouring boroughs</p>	<p>Regular budget monitoring reports in line with Financial Regulations.</p> <p>Engagement with key licensees.</p>	<p>Effective Council</p>	<p>HC25</p> <p>Licensing &amp; Planning Policy Committee Register</p>

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## STATEMENT ON THE ROBUSTNESS OF ESTIMATES AND ADEQUACY OF RESERVES

### 1. Introduction

The Council has a legal duty to produce a balanced budget and must take all reasonable factors into account when doing so. Under the Local Government Act 2003 section 25(1) (b), the Section 151 Officer (Chief Finance Officer) has a personal duty to advise the Council about the **robustness of the budget** and the **adequacy of the Council's reserves** when it considers its budget and council tax. The Act requires Members to have regard to this report in making their decisions.

To assist Chief Finance Officers (CFO) in compiling these statements, CIPFA (Chartered Institute of Public Finance & Accountancy) provides guidance on the CFO's responsibilities in respect of the budget setting process and in particular the statement on the robustness of the estimates and adequacy of reserves. This statement addresses the requirements as set out in the guidance and Members should consider the content of this report carefully.

### 2. Robustness of the estimates

Robustness of the estimates is concerned with scrutinising detailed elements of the budget, weighing up all factors and taking a balanced view of the risks. Depending upon the level of assessed risk within the proposed budget, the Chief Finance Officer is expected to give consideration to the Council's contingency plans should savings not materialise. This report attempts to set out the risks associated with their achievement and the implications and contingency plans if the savings are not delivered as planned.

To ensure that the Council's budget is sound and reliable, a range of checks and assurances were taken into account,

Risks	Proposed mitigations
Failure to deliver a balanced budget	In 2026/27 the budget assumes £230,000 of savings to be delivered and more savings in years thereafter which will need to be addressed by the next administration. Even after these savings, the budget gap by 2028/29 is estimated to be £0.569 Million.
Inflation is higher than budgeted for	The inflation assumptions included in the budget are based on forecasts from various bodies and indices. There is a central contingency budget higher than previous years to mitigate any additional inflation during the year.
Increased demand for Council services	This is particularly a risk with regard to the number of households requiring housing/homelessness services. In 2024/25 we had an overspend which will be the case in 2025/26 of more than £1 million. At least £750,000 has been invested in 2026/27 to relieve the pressure off housing services. There are further contingency budget to counter further rises in this area.
Government funding may reduce in future years	<p>The Government has released a new multi-year funding settlement for local Government, starting in the 2026/27 period which has changed Government funding.</p> <p>This has been favourable for EEBC but still not sufficient to address the rising costs in other areas of the council including temporary accommodation and general difficulties of relying on fees and charges. The council has prudent levels of Collection Fund Equalisation Reserve which can be used to smooth out fluctuations in funding from business rates income and Government funding. This</p>

	<p>reserve can also be potentially used to mitigate against reductions in allocated funding for a small period of time whilst compensating savings can be found.</p> <p>Income from the government's Extended Producer Responsibility (EPR) scheme was introduced as new income stream in 2025/26. While the income will continue, and the 2026/27 confirmed budget is promising the council need to be plan for scenarios in the event this funding is reduced in the future.</p>
Building maintenance costs exceed budget	<p>The maintenance of Council buildings remains an increasing pressure, with some works deferred while the Council continues to progress asset reviews. The council has ceased contributions from revenue budget but has made funding provisions from reserves. Even though it is prudent levels, this is one off and only sufficient while EEBC still exists but the new administration will need to look at this funding levels of this budget in line with its asset strategy.</p>
Income from commercial property is lower than budget	<p>The Council lost its debt free status in 2016/17 when it agreed to acquire commercial properties within the Borough, funded by loans from the Public Works Loans Board (PWLB). In 2017 the Council also agreed to set up Epsom &amp; Ewell Property Investment Company Ltd (EEPIC) to enable the acquisition of investment properties outside the Borough. Between 2016 and 2020, the Council acquired four properties within the Borough, and EEPIC acquired two properties outside the Borough.</p> <p>While income from the investment property portfolio provides a valuable contribution towards the funding of Council services, there are inherent risks associated with funding services from commercial properties. For example, if/when a tenant departs there would likely be a significant period of lost rental income plus additional running costs (eg utilities and business rates) for the Council as landlord, and the properties may require significant capital investment in future.</p> <p>To help mitigate these risks, the Council proactively manages tenant relationships and holds a Property Income Equalisation Reserve, which enables temporary reductions of income on the Council's General Fund to be compensated in the short term by a contribution from this reserve. The Council will need to ensure that the Property Income Equalisation reserve continues to hold sufficient funds to mitigate the risks associated with funding services from commercial properties and review its reliance on dividend to balance the budget.</p> <p>Appropriate project management measures will need to be put in place to ensure risks are mitigated and opportunities are secured wherever possible to improve the Council's future operational and financial sustainability.</p> <p>The council is currently is making arrangements to sell the property on east street as its currently surplus to its requirements and help reduce maintenance cost.</p>
Interest income is lower than budget	<p>For 2026/27, the Council's budget will be reliant on £875,000 of interest generated through investing its cash balances (i.e. reserves and working capital) to fund its day-to-day services in the Borough. Relying on significant interest income as a source of funding for services exposes the Council to the risk that if interest rates fall faster or further than anticipated, or if cash balances fall by more than anticipated, a funding shortfall may arise within services.</p> <p>To mitigate these risks, there is prudent level of Interest Equalisation Reserve funded by surplus interest generated in prior years, to provide a mechanism to smooth interest returns over the MTFS period. Furthermore, any future proposals to expend significant sums from reserves will need to consider the impact on funding</p>

	of the Council's revenue budget. Investment risks are managed through adherence to the Council's agreed Treasury Management Strategy.
Income from other sources is lower than budget	<p>Income-generation – the Council relies on a range of income across parking, planning and other services.</p> <p>The fees and charges levied by the Council have been subject to a detailed review, but with the difficult economic climate, there is always the risk that income budgets are not met. In fact we have had challenges meeting target and have been reported pressures in this area. Hence income budgets are subject to the same degree of rigorous monitoring as other budgets and any variations are reported through the monitoring processes in place.</p>

No budget is without risk, especially in the current environment, as even the most carefully set plans are subject to ever changing demands and unforeseen circumstances. A full risk assessment for the revenue budget is contained in Appendix 11. Throughout the budget setting process advice has been provided at various times concerning the estimates made and their underlying assumptions and risks. Policy Committee Chairs, Directors, Heads of Service and Budget Managers were all consulted and involved at an early stage of the budget setting process.

Stringent budget monitoring will continue to be undertaken, with particular emphasis being placed on identifying the financial impact of inflation and demand changes on Council services, the achievement of income estimates, salary estimates and high-risk expenditure items. Prompt response to in-year projected deficits will continue to be expected from members and senior officers.

Both the understanding of the Council's financial position and the commitment to ensure delivery of budgets continue to develop across all service areas enabling the Council to be more effective in its financial planning. Members receive quarterly monitoring reports detailing the financial issues facing the Council. All budget managers receive monthly monitoring reports for their particular area. The financial monitoring system covers both revenue and capital expenditure. The Council complies with CIPFA's Financial Management Code and applies all relevant accounting standards. Full governance arrangements are set-out in the Annual Governance Statement, which is available on the Council's website (<https://epsom-ewell.gov.uk/council/about-council/governance>).

Overall, the budget estimates for 2026/27 are considered robust, based on the following:

- a. Strong budget monitoring arrangements are in place, ensuring that any variances are identified early and addressed promptly.
- b. Total net expenditure is managed within the approved budgets, supporting effective financial control.
- c. The Council's financial position has improved across the Medium-Term Financial Strategy (MTFS) period. Since July 2025, the projected budget gap has reduced from £5.063 million to £0.569 million. A further £0.230 million of savings is required in 2026/27, with additional savings needed in the following years.

d. To support the new administration, it will be essential to continue developing plans that increase income and reduce costs, with the aim of reducing and ultimately removing reliance on reserves to fund day-to-day services. Maintaining this focus will be vital to ensuring the Council's financial resilience in future years.

### **3. Adequacy of Reserves**

The requirement for financial reserves is acknowledged in statute (Local Government Finance Act 1992). There are also safeguards in place to prevent local authorities over-committing themselves financially. These include:

- The balanced budget requirement
- Chief Finance Officer's S114 powers
- The external auditor's responsibility to review and report on financial standing
- The prudential code for capital finance

The minimum prudent level of reserves that the Council should maintain is a matter of judgement. It is the Council's safety net – a contingency to cushion the impact of unexpected events or emergencies and a working balance to help cushion the impact of uneven cash flows. Reserves can also be a means of building up funds, often referred to as earmarked reserves to meet known or predicted liabilities.

The consequences of not keeping a minimum prudent level of reserves can be serious. In the event of a major problem, or a series of events, the Council could be forced to cut spending during the year in a damaging and arbitrary way.

In July 2025, Full Council decided to keep the minimum General Fund working balance at £1.5 million, reversing an earlier decision from May 2025 that would have reduced it from £2.5m to £1m. It is recommended that the Council continues to hold a minimum General Fund reserve of £1.5 million (approx. 12.5% of the 2026/27 net revenue budget) to cover emergencies.

After using £242,000 to support the 2024/25 deficit and moving £1.2 million to set up a Strategic Priorities Reserve, the General Fund balance is now £1.555 million. In November 2025, the Strategy & Resources Committee reviewed reserves and approved the following transfers:

- £500,000 from the Interest Equalisation Reserve to the Planned Maintenance Reserve.
- £1 million each from the Property Income Equalisation Reserve and the Collection Fund Reserve to the Corporate Projects Reserve.

Other revenue reserves are expected to total £11.4 million by 31 March 2026. Most of this is set aside to manage key risks, such as potential losses in commercial property income and future changes in business rates.

In the past, Government has increased local authority exposure to financial risk and financial return with the changes to funding from business rates. The risk in part has been offset by increasing the provision for bad debt, and by creating the collection fund equalisation reserve. Having considered these risks and now that Fair Funding Review has been concluded with favourable outcome for the council, the conclusion is that minimum levels should remain as currently specified within the Medium-Term Financial Strategy; namely

- General Fund Working Balance Reserve - £1.5 million.
- Capital Receipts - £1 million
- Corporate Projects Reserve - £0

The Council is expected to meet these minimum reserves levels. As at 31 March 2026, the reserve levels are forecast to be:

- General Fund Working Balance Reserve - £1.555 million.
- Capital Receipts - £2.0 million. (In addition, the budget includes a £0.5 million contribution to the capital programme from revenue. The Council is planning to increase the level of funding from revenue to reach £0.55m by 2026/27 to achieve a sustainable capital programme not reliant on the use of diminishing capital receipt)
- Corporate Projects Reserve - £2.110 million

The Council has other reserves earmarked for specific purposes and these are detailed in Appendix 8.

Having undertaken a review of reserves, and given the economic and financial environment the Council is working within, it is believed that the Council continues to operate with an acceptable level of reserves in the near-term. However, it should be noted that plans for reducing expenditure need to be developed in the coming year to help to mitigate risks and tackle increasing service costs (notably the cost of nightly-paid temporary accommodation) to balance budgets over the course of the Medium-Term Financial Strategy.

Cagdas Canbolat  
Section 151 Officer

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# Epsom & Ewell Borough Council Council Tax Empty Property and Second Home Policy

Version Number 1  
November 2025

	Title	Date Approved	Signature
<b>Head of Service</b>	Director of Corporate Resources (S.151)		
<b>Strategic Leadership Team</b>	Chief Executive		
<b>Committee</b>	Strategy and Resources		N/A

### Revision History

Revision Date	Revisor	Previous Version	Description of Revision

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## Introduction

Since 2013, councils in England have had the power to charge additional council tax on long-term empty homes after 2 years. In April 2024, the empty homes council tax premium was strengthened so that councils can charge the premium on homes that have been empty for 1 or more years.

Additionally, from April 2025, councils have powers to charge a premium of 100% additional council tax on second homes.

A long-term empty home is defined as a home which is both unoccupied and substantially unfurnished for a continuous period of at least 1 year. The property must be occupied, or substantially furnished, for a continuous period of at least six weeks in order for it to reset the length of time it has been empty for, and its liability for a long-term empty premium.

Properties occupied periodically (commonly referred to as “second homes”) are defined as properties which are substantially furnished and have no resident (i.e. not a person’s sole or main home).

Where individuals own multiple homes, but the homes are let out or occupied by someone as their main home, it will not be considered as a “second home” for the purposes of the premiums and as such will not be liable for the premium.

The council tax system provides a number of specific exemptions from council tax. The exempt classes are set out in the Council Tax (Exempt Dwellings) Order 1992. A dwelling that is exempt from council tax is not liable for a premium. Where a dwelling is no longer eligible for an exemption but remains no one’s sole or main residence, it may become liable for a premium. In the case of an empty home, it may become liable for a premium after it has been empty for a continuous period of 1 year. This time frame begins when the dwelling first becomes empty rather than when an exemption ends. A second home may become liable for the premium as soon as the exemption ends.

The government has made regulations to provide a number of exceptions to premiums. These exceptions apply from 1 April 2025.

Premiums encourage bringing properties back in to use and the additional income is used to fund services as part of the council tax collection.

## Premium Charges

From 1 April 2026 the premiums that apply in Epsom & Ewell are:

a) Where no exception applies, long-term empty homes (Unoccupied and substantially unfurnished):

- Empty more than 1 year 100% premium
- Empty more than 5 years 200% premium

- Empty more than 10 years 300% premium

A property must be occupied, or substantially furnished, for a continuous period of at least six weeks in order to reset the amount of time it has been empty for.

b) Where no exception applies, properties occupied periodically (Second Homes – substantially furnished and have no resident):

- 100% premium for the whole time the property meets the definition.

## Exceptions that apply to all premiums

From 1 April 2026 the following statutory exceptions where a premium will not apply where either a) or b) above are otherwise met are listed below:

### **Class E – Armed Forces Accommodation**

Definition: Property would be the main home of someone who lives elsewhere in accommodation provided by the Secretary of State for Defence for the purposes of armed forces accommodation, and which for that individual is job related.

Prohibition: The exception will apply as long as the definition is met.

### **Class F – Annexes used as part of the main home**

Definition: Property that forms part of a single property that includes another property that is being used by a resident of the other property as part of their main residence. (e.g. annexes used as part of main home)

Prohibition: The exception will apply as long as the definition is met.

### **Class G\* - Actively marketed for sale**

Definition: Property that is being marketed for sale of a freehold or leasehold for a term of 7 years or more, at a price that is reasonable for the sale of that property, or where an offer to purchase has been accepted but has not yet been completed.

Prohibition: The exception will apply for up to 1 year from the date it meets the definition and will end either when the 1 year period has ended, when the dwelling has been sold or when the dwelling is no longer actively marketed for sale. A further period under class G cannot apply unless the property has been sold to a different owner. See 'Discretionary exceptions' for details where the 1 year may be extended.

### **Class H\*- Actively marketed for let**

Definition: Property that is being marketed for let under a tenancy on terms and conditions, including the proposed rent, that is reasonable for the letting of that property or where an offer to rent has been accepted but the tenancy has not started.

Prohibition: The exception will apply for up to 1 year from the date it meets the definition and will end either when the 1 year period has ended, when the dwelling has been let or when the dwelling is no longer actively marketed for let. A further period under class H cannot apply unless the property has been let for a continuous

period of at least 6 months since the exception last applied. See 'Discretionary exceptions' for details where the 1 year may be extended.

#### **\* Actively marketed for sale or let (Class G and Class H)**

There are a number of factors the council will take into consideration when assessing whether a dwelling is being actively marketed for sale or let. These may include:

- whether the dwelling is clearly advertised for sale or let
- whether the dwelling is being marketed at a fair market value
- whether there are any artificial barriers on the dwelling preventing sale/let
- whether the dwelling has an Energy Performance Certificate (EPC)
- whether the owner is taking any other reasonable steps to market the dwelling for sale or let

#### **Class I – Following Probate**

Definition: Property that is or was previously under exempt class 'F' (following death).

Prohibition: The exception will apply for up to 1 year from the date probate is granted or letters of administration are issued, running concurrently with any class 'F' exemption. A further period under class I cannot apply unless the property has been subject to a further exempt class 'F' period. The exception ceases to apply if the Epsom & Ewell Borough Council Epsom & Ewell.gov.uk property is transferred to the beneficiaries or is sold or let. See 'Discretionary exceptions' for details where the 1 year may be extended.

## **Exceptions that apply only to long term empty premiums (substantially unfurnished)**

#### **Class M – Require or undergoing major repairs or structural alterations**

Definition: Property that requires or is undergoing major repairs or undergoing structural alteration to render it habitable.

Prohibition: The exception will apply for up to 1 year from the date it meets the definition. Where major repairs are completed in less than 12 months, the exception will still apply to the dwelling for up to 6 months or until the end of the 12 months, whichever is sooner. The exception cannot apply again unless the property has been sold. If the dwelling is substantially furnished and becomes a second home without a resident, then this exception will end. See 'Discretionary exceptions' for details where the 1 year may be extended.

## **Exceptions that apply only to second home premiums (substantially furnished and no resident)**

#### **Class J – Job related homes**

Definition: Property is unoccupied as the qualifying person is required to live

elsewhere in England, Scotland or Wales in job related accommodation provided by a person's employer for the purposes of performing their work. It must be necessary for the duties of employment to live in that specific property (for example, headteachers for boarding schools who are required to live in school accommodation). Needing to be located nearer to a place of work would not be eligible.

Prohibition: The exception will apply as long as the definition is met.

### **Class K – Caravan pitches and boat moorings**

Definition: Property that consists of a pitch occupied by a caravan, or a mooring occupied by a boat.

Prohibition: The exception will apply as long as the definition is met.

### **Class L – Seasonal Homes**

Definition: Property where occupation is restricted by a planning condition that:

- a) Prevents occupancy for a continuous period of at least 28 days in any 1 year; or
- b) specifies that the dwelling may be used for holiday accommodation only; or
- c) prevents occupancy as a person's sole or main residence.

Prohibition: The exception will apply as long as the definition is met.

## **Discretionary Exceptions:**

### **End of tenancy**

From time to time, a tenant may decide to accept a new tenancy before their current one has expired. In such cases, they may be liable for council Tax on both properties. If one tenancy is a furnished let and the tenant is not resident in the furnished property, it would immediately attract a second home premium. The council may use its discretion to not apply the second home premium in this situation for a maximum period of 1 month.

### **Extension to time limited exceptions (Class G, H, I, M)**

For the time limited statutory exceptions Class, G, H & I the council may extend the exception where the property continues to meet the original exception conditions for up to a further 12 months where it is clear from the specific circumstances that the taxpayer has genuinely been trying to bring the property back in to use as a sole/main residence throughout the whole exception period. In order to consider an extension the property must meet at least one of the following:

- An offer of sale(s) has fallen through during the exception period through no fault of the vendor. Evidence must be provided.
- The property is restricted for sale/let only to certain demographics (for example, retirement properties above a certain age).
- There is a legal difficulty or issue which is preventing the sale or letting of the property. Evidence detailing the reasons preventing sale or letting must be provided.

- The sale or letting is being delayed by the actions of a public body. Full details must be provided. Awaiting a planning decision or an appeal against a planning decision will not be considered as reason to grant an extension.

Any extension will be time limited based on the specific circumstances and will be for a maximum of 12 months. Only one extension will be considered, so the maximum total exception period will be 2 years from the start of the original exception.

### Class M

For properties that require or are undergoing major works or structural alterations an extension may only be considered where works commenced during the original exception period. Any extension will not result in the total exception period expiry date being more than 12 months after the major repairs or structural alteration works commenced or 6 months after works are completed, whichever is soonest. The maximum total exception period will be 2 years from the start of the original exception.

### Other exceptions

The council may also consider a time limited exception in other circumstances where the property does not meet the classes above and the reason it is empty is exceptional, unforeseen and beyond the taxpayer's control.

## Change in Circumstances

The council may need to revise the decision to grant an exception to the premium if it becomes aware that the circumstances of an applicant have materially changed. Individuals must immediately advise the council of any change in circumstances affecting the decision within 21 days of the change.

Failure to do so may result in the exception being revoked in full.

## Fraud

The council will not tolerate any taxpayer falsifying their records or providing false evidence. A person(s) who provides false information or makes false representation in order to benefit from an exception may be guilty of fraud under the Fraud Act 2006.

The council will use all available tools to identify potential fraud. If you are awarded an exception, you are consenting for the council validating the exception with any appropriate organisations. If you do not consent to the sharing of the information in the application, the exception may be deemed invalid.

## Appeals

If an individual believes they have been inappropriately charged a premium on their dwelling, they should contact us.

If the individuals are not satisfied with our response, they may be able to appeal to the Valuation Tribunal.

**CHANGES IN INCOME FROM CHANGES TO FEES  
AND CHARGES FROM 1 APRIL 2026**

	£'000	£'000
<b><u>ENVIRONMENT</u></b>		
Car Parks	34	
Refuse Collection / Recycling	(137)	
Markets	4	
Cemetery	(53)	
Countryside, Parks & Open Spaces	6	
Allotments	2	
		<b>(144)</b>
<b><u>COMMUNITY &amp; WELLBEING</u></b>		
Community & Wellbeing Centre	(14)	
Community Services	(5)	
Bourne Hall	12	
Epsom Playhouse	16	
		<b>9</b>
<b><u>LICENSING &amp; PLANNING POLICY</u></b>		
Place Development	46	
Licensing	(1)	
		<b>45</b>
<b>TOTAL</b>		<b>(90)</b>

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## END POVERTY PLEDGE

<b>Head of Service:</b>	Rod Brown, Head of Housing & Community
<b>Report Author:</b>	Rod Brown
<b>Wards affected:</b>	(All Wards);
<b>Appendices (attached):</b>	None

### Summary

This report considers recommendation from the Community and Wellbeing Committee for the Council to make the End Poverty Pledge (EPP).

### Recommendation (s)

#### The Council is asked to:

- (1) **Agree to sign the End Poverty Pledge, including the general statement and the specific commitments set out in sections 2.3 and 2.4 of this report.**
- (2) **Agree to nominate and authorise the Chief Executive to sign the End Poverty Pledge on behalf of the Council.**

### 1 Reason for Recommendation

- 1.1 The End Poverty Pledge is intended to encourage organisations to make a commitment to help people in their communities who are struggling with financial insecurities.
- 1.2 The council has an important role to help those residents experiencing poverty.

### 2 Background

- 2.1 At their meeting on 13<sup>th</sup> January 2026, the Community and Wellbeing committee considered a report on the Council signing the End Poverty Pledge. At this meeting the committee resolved unanimously to:
  - 2.1.1 Recommend to Full Council to sign the End Poverty Pledge, including agreeing the general statement and specific commitments set out in section 4 of the report which are reproduced in sections 2.3 and 2.4 of this report.

2.1.2 Recommend to Full Council to nominate and authorise the Chief executive to sign the Poverty Pledge on behalf of the council.

2.2 A link to the Communities and Wellbeing Committee report which was considered at the 13<sup>th</sup> January 2026 meeting, is included in section 7 of this report.

2.3 In that report, the General Statement for agreement was;

- As an organisation, we commit to do what we can to work towards a poverty-free future in Surrey:
- We will show respect and compassion to anyone who is struggling financially
- We will look at how our own actions can make life easier for people in financial hardship and help lift them out of poverty.
- We will join in wider efforts to raise awareness and tackle poverty in our local community.

2.4 Also in that report, the specific commitments were as set out in the table below:

End Poverty Pledge Theme	Commitment
LEADERSHIP	<ul style="list-style-type: none"><li>• To offer training to all staff to raise awareness of poverty, so that staff are better able to support residents struggling with financial hardship</li><li>• Implementation of the Real Living Wage for all council staff from April 2026</li></ul>
CULTURE	<ul style="list-style-type: none"><li>• To explore how a review of the practical ways Bourne Hall could be made more accessible and welcoming to those living in poverty</li></ul>
ACCOUNTABILITY	<ul style="list-style-type: none"><li>• Add poverty as a criterion to be considered as part of the Equality Impact Assessment undertaken on all Epsom and Ewell Borough Council policies</li></ul>

### 3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

- 3.1.1 The Equality Act 2010 legally protects people from being discriminated against on the basis of 9 protected characteristics in the workplace and in wider society. The new Government has committed to enacting Section 1 of the Equality Act 2010 in England, making it a duty of all public bodies to consider the needs of those experiencing socio-economic disadvantage in all decision-making. This duty is already required in Wales and Scotland. Signing and enacting the pledge will put the council ahead of the curve of this development nationally.
- 3.1.2 The proposals set out in this report are related to supporting those residents experiencing poverty, any impact from supporting the recommendation would have a positive impact on equality

3.2 Crime & Disorder

- 3.2.1 The proposals set out in this report are related to supporting those residents experiencing poverty, any impact from supporting the recommendation would have a positive impact on crime and disorder.

3.3 Safeguarding

- 3.3.1 The proposals set out in this report are related to supporting those residents experiencing poverty, any impact from supporting the recommendation would have a positive impact on safeguarding.

3.4 Dependencies

- 3.4.1 Working effectively with voluntary organisations within the borough

**4 Financial Implications**

- 4.1 Existing budget allocations are considered satisfactory to meet the financial implications from these proposals.
- 4.2 Any possible future changes or actions resulting from the signing of the End Poverty Pledge, general statement and the supporting commitments, would need to be subject to separate decision making, including identification any of required budget and be supported with a business case.
- 4.3 **Section 151 Officer's comments:** Implementation of the End Poverty Pledge does not create any immediate additional financial burden for the Council. As noted in section 4.1, the actions proposed can be accommodated within existing approved budgets.

Any future activity arising from the Pledge, including operational changes or new initiatives linked to these commitments, will require separate consideration and approval. This will include the development of a full business case, identification of funding sources, and assessment of any financial risks or ongoing budget implications.

The Council's approach, as set out in this report, is consistent with the requirement to ensure that decisions are financially sustainable, deliver value for money and comply with the Council's Medium-Term Financial Strategy.

## 5 Legal Implications

- 5.1 There are no legal implications arising from the commitments within this proposal
- 5.2 **Legal Officer's comments:** None arising from this report

## 6 Policies, Plans & Partnerships

**Council's Key Priorities:** The following Key Priorities are engaged.

From the 2020-24 corporate plan this proposal would support Safe and Well and Opportunity and Prosperity. It is not specifically included in the current strategic priorities for the council.

- 6.1 **Service Plans:** The matter is not included within the current Service Delivery Plan.
- 6.2 **Climate & Environmental Impact of recommendations:** None
- 6.3 **Sustainability Policy & Community Safety Implications:** Supporting residents who are vulnerable because of their poverty would be consistent with the objectives of the Epsom and Ewell Community Safety Partnership.
- 6.4 **Partnerships:** With respect to supporting residents living in poverty, the council relies on effective partnerships with a number of key voluntary organisations, including The Good Company, Citizens Advice, Age Concern Epsom and Ewell.
- 6.5 **Local Government Reorganisation Implications:** There are no direct implications arising from this proposal.

## 7 Background papers

- 7.1 The documents referred to in compiling this report are as follows:

**Previous reports:**

- [Community and Wellbeing Committee report on End Poverty Pledge  
13<sup>th</sup> January 2026](#)

**Other papers:**

- None

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## CONTRACT STANDING ORDERS 2025-26 UPDATE

<b>Head of Service:</b>	Andrew Bircher, Assistant Director of Corporate Services
<b>Report Author</b>	Will Mace, Corporate Governance and Strategy Manager
<b>Wards affected:</b>	(All Wards);
<b>Urgent Decision?(yes/no)</b>	No
<b>If yes, reason urgent decision required:</b>	N/A
<b>Appendices (attached):</b>	Appendix 1 - Contract Standing Orders 2025-26 Update

### Summary

The Contract Standing Orders ('CSOs') were last updated in December 2024, ahead of the implementation of the Procurement Act 2023. Since this time, officers have conducted the annual review of the CSOs, and identified several areas where minor updates are needed and changes to reflect the procurement thresholds. The proposed amendments are attached at Appendix 1.

### Recommendation (s)

#### Council is asked to:

- (1) Approve the revisions to the Contract Standing Orders, attached at Appendix 1 to this report.**

#### 1 Reason for Recommendation

- 1.1 Following the annual review in November 2025 of the Contract Standing Orders ('CSOs'), updates have been proposed. The updates are mostly administrative, however as some additions have been made to officer responsibilities, the updates to the CSOs were brought to Standards and Constitution Committee last month for review, and now to Council for approval.
- 1.2 Standards and Constitution Committee recommended Appendix 1 to be approved by Council at their meeting on 15<sup>th</sup> January 2026.

#### 2 Background

- 2.1 The CSOs set out the council's rules on how it procures (purchases) goods, services and works.
- 2.2 Officers review the CSOs on an annual basis. If officers identify any non-administrative updates, then these are required to be approved by Council. The officer review includes input from our procurement partner, the Shared Procurement Service.

### **3 Updates to the Contract Standing Orders 2025-26**

- 3.1 The proposed updates to the CSOs can be found in Appendix 1, visible as 'track changes'.
- 3.2 In summary, the proposed changes are:
  - 3.2.1 Updates to officer role titles.
  - 3.2.2 Additions to officer roles and responsibilities, including amendments to the senior officers who can sign Waivers.
  - 3.2.3 Clarifications regarding safeguarding responsibilities, when business continuity plans are required from suppliers, and how we define a contract as strategic.
  - 3.2.4 Reference to the procurement process required for procurements related to insurance claims and those below Threshold 4.
  - 3.2.5 Updates to the national procurement [Thresholds](#), which came in to force on 1<sup>st</sup> January 2026. Please note officers have been operating under the new thresholds since their implementation date, this update is merely reflecting this practice, which is governed by the Procurement Act 2023.
  - 3.2.6 A few minor typos and missing wording were identified following Standards and Constitution Committee's review. However, all amendments remain visible in the track changes in Appendix 1.
- 3.3 In addition, the Council received a joint letter from Chris Ward MP, Parliamentary Secretary (Cabinet Office), and Alison McGovern MP, Minister of State for Local Government and Homelessness regarding new procurement flexibilities for local authorities. It refers to draft legislation, the Local Government (Exclusion of Non-commercial Considerations) (England) Order 2026, which is expected to come into force in early 2026.

- 3.4 In brief, the Order would give English local authorities new powers to reserve below-threshold contracts for UK or local suppliers, lifting a long-standing restriction on considering supplier location. It is voluntary but expected to significantly increase opportunities for Small and Medium-sized Enterprises ('SMEs') and local businesses. Please note that should the Order come into force, officers will update the CSOs accordingly, as per the provision in Section 35 (Appendix 1), as it would be an amendment arising from a change in the law.
- 3.5 The same can also be said for the implementation of sections 69 and 70 of the Procurement Act 2023, which were not implemented with the rest of the Act. These sections regard the publication of notices and information related to invoices / payments made by the council.

#### **4 Risk Assessment**

##### Legal or other duties

###### 4.1 Equality Impact Assessment

4.1.1 No direct implications arising from this report.

###### 4.2 Crime & Disorder

4.2.1 No direct implications arising from this report.

###### 4.3 Safeguarding

4.3.1 A direct reference to the council's safeguarding responsibilities has been added to the officers roles and responsibilities section of the draft CSOs attached at Appendix 1.

###### 4.4 Dependencies

4.4.1 No direct implications arising from this report.

###### 4.5 Other

4.5.1 No direct implications arising from this report.

#### **5 Financial Implications**

##### 5.1 None arising from this report.

##### 5.2 **Section 151 Officer's comments:** None arising from this report.

#### **6 Legal Implications**

##### 6.1 **Legal Officer's comments:** Any relevant comments are contained within the body of the report.

## 7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- N/A

7.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations:** No direct implications arising from this report.

7.4 **Sustainability Policy & Community Safety Implications:** No direct implications arising from this report.

7.5 **Partnerships:** No direct implications arising from this report.

7.6 **Local Government Reorganisation Implications:** No direct implications arising from this report.

## 8 Background papers

8.1 The documents referred to in compiling this report are as follows:

### **Previous reports:**

- *Contract Standing Orders 2025-26 Update*, Standards and Constitution Committee, 15<sup>th</sup> January 2026. Online available: [Epsom and Ewell Democracy](#) [last accessed 16/01/2026].
- *Contract Standing Orders Update – Procurement Act Update*, Council, 10<sup>th</sup> December 2024. Online available: <https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=146&MId=1625> [last accessed 01/12/2025].

### **Other papers:**

- None.



## **CONTRACT STANDING ORDERS (CSO's)**

Rules to be followed  
when purchasing on  
behalf of the Council

Version number: 4.1  
Date: December February 20264

## Document Tracking

**Title:** Contract Standing Orders

**Review frequency:** Annual (officer review)

**Review due date:** ~~September October 2026~~ 5

**Service owner:** Business Assurance Manager

## **Revision History**

Version No.	Revision Date	Revisor	Description of Revision
1	June 2018		
2	November 2021		
3	December 2023	Procurement & Contracts Manager	
4	December 2024	Acting Director of Corporate Services, Head of Legal Services, Business Assurance Manager, SPS Manager	Procurement Act Update, plus other revisions as described in the committees' covering reports: Strategy and Resources Committee 12th November 2024, Full Council 10th December 2024.
<u>4.1</u>	<u>November 2025</u>	<u>Corporate Governance and Strategy Manager</u>	<u>Updates to officer role titles and roles and responsibilities, insurance requirements, and clarifications related governance processes.</u>

## **Document Approvals**

Each revision requires the following approvals:

- Non-administrative updates: Full Council (see the [Constitution](#), paragraph 7.1)
- Administrative updates: See Section 35

	Title	Date Approved	Signature
<b>Head of Service</b>	Acting Director of Corporate Services	<del>29th November 2024 TBC</del>	<i>Andrew Bircher</i>
<b>Strategic Leadership Team</b>	Chief Executive	<del>19th November 2024 TBC</del>	<i>Jackie King</i>
<b>Committee</b>	Council	<del>10th December February 2026</del>	N/A



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### 1. Introduction

- 1.1. These Contract Standing Orders ('CSOs') set out how the Council manages its spending. They relate to the purchasing of all goods, works ~~& and~~ services and ensure that prior to any expenditure Officers give proper consideration as to whether the purchase is required, and that Contracts are entered into in a fair, open and transparent way.
- 1.2. The purpose of these CSOs is to provide a structure for purchasing decisions and processes which ensure that the Council:
  - (a) delivers value for money.
  - (b) maximises public benefit.
  - (c) shares information for the purpose of allowing suppliers and others to understand the Council's procurement policies and decisions.
  - (d) acts, and being seen to act, with integrity.
  - (e) treats all suppliers the same.
  - (f) does not put a supplier at an unfair advantage or disadvantage.
  - (g) has regard to small and medium enterprises.
  - (h) furthers its corporate objectives.
  - (i) uses its resources efficiently and effectively.
  - (j) purchases or provides quality goods, services and works in a cost-effective way.
  - (k) safeguards its reputation.
  - (l) meets standards of good governance.
- 1.3. Officers who purchase on behalf of the Council are responsible for following these CSOs including all relevant policies and guidance detailed. Heads of Service are accountable for all procurement in their respective areas of responsibility and shall take appropriate action in the event of a breach of these CSOs.
- 1.4. The ~~Assistant Director of Corporate Services Head of Policy & Corporate Resources~~ is responsible for ensuring the CSOs are up to date and reflect current law. Any change in applicable law must be observed until the CSOs can be revised. If there is a conflict between applicable law and these CSOs then the law will take precedence.

### **2. Statutory Requirements**

- 2.1. These CSOs are made under section 135 of the Local Government Act 1972.
- 2.2. Public procurement in the UK is regulated by the Procurement Act 2023, and any associated current legislation, or the Public Contracts Regulations 2015 for any procurements undertaken prior to 24 February 2025.
- 2.3. Where the contract is a Covered Procurement then the Council must comply with the tendering requirements set out in the Public Contract Regulations 2015 or the Procurement Act 2023, or other legislation as applicable.
- 2.4. Where the value of the contract exceeds Above Threshold (as set out in Annexes 1 and 2) then the Council must comply with all processes and procedures set out in the Procurement Act 2023.
- 2.5. For the purpose of these CSOs, a Covered Procurement is a procurement with a value above the statutory Threshold (inclusive of VAT where applicable). Above Threshold means the Threshold set out within Schedule 1 of the Procurement Act 2023 as amended from time to time for public supply contracts, public works contracts and public service contracts awarded by local authorities. The applicable statutory thresholds can be found in Annexes 1 and 2.

### **3. Compliance**

- 3.1. These CSOs apply to any transaction in which the Council acquires services, goods (supplies) or works (whether or not payment is to be made by or to the Council) including all purchase orders, concessions, and contractual arrangements entered into by the Council, except for the specific types of contracts and exemptions which are listed in Section 4 and Section 20 below. All Officers contracting on behalf of the Council must comply with these CSOs.
- 3.2. All purchasing activity and resulting contracts made by, or on behalf of the Council must comply with:
  - (a) The Council's Constitution, including Financial Regulations and relevant Council policies.
  - (b) Procurement Act 2023, or the Public Contract Regulations 2015 for any procurements commenced prior to 24 February 2025.
  - (c) The Utilities Contract Regulations 2016.
  - (d) The Concession Contracts Regulations 2016.
  - (e) Local Government Transparency Code 2015 (rule 31).
  - (f) Local Government Act 1999 (Section 3; best value).
  - (g) The Public Services (Social Value) Act 2012, where applicable.
  - (h) Any and all applicable statutory provisions.

3.3. If there is any conflict between the above, UK law takes precedence, followed by the Council's Constitution, the [National Procurement Policy Statement](#), any Procurement Policy Notes (PPNs) issued by the Cabinet Office, these Contract Standing Orders and any Council policies or procedures, in that order.

3.4. Purchase Orders must be approved and/or Contracts signed by both parties prior to any contract start date.

3.5. Where an Officer has deliberately disaggregated a contract to avoid a particular threshold procedure, the relevant Head of Service in collaboration with the [Assistant Director of Corporate Services Head of Policy & Corporate Resources](#), Chief Finance Officer and Head of Legal Services (or any of their deputies in their absence) will have the right to request the procurement to be cancelled.

## 4. Scope

4.1. These orders do not apply to the following items, which are managed by separate legislation and/or policies:

Type of Contract	Policy / Law which covers Contracts out of scope
Contracts for the acquisition or sale of any interest in land and/or real estate (where there is no connected delivery of services, works or goods for which the land forms part of the pecuniary interest)	In accordance with the Local Government Act 1972, Housing Act 1985 or any related acts or authorities.  Please see CSO 20.
Contracts for permanent or fixed term employment	Employment Rights Act 1996 (as amended), HR / Recruitment Policies.
Awarding Grants (to include the allocation/award of funding obtained from central government)	Each grant will be governed by its own funding procedures. These will be made available to bidders upon request (e.g. <a href="#">CIL Grant Funding</a> ).  Subsidy control will also need to be considered.
Where the contract relates to a financing transaction	Not subject to competition due to their nature.
Works orders placed with statutory undertakers (i.e. parties who perform obligations under statutory powers, for example, utility companies)	Not subject to competition due to their nature.

Procurements that have been jointly procured by another local authority, public sector consortium or collaboration of which the Council is a party but not the Lead Authority	The procurement of Contracts of this nature will be governed by the Constitution of the Contracting/lead authority.  Internal contract sign-off thresholds will still apply; please see Section 6 – Procurement Thresholds and Procedures.
Orders for goods and services placed against an established Framework that was subject to these CSOs during its set-up	The establishment of the call-off Contract or Framework Agreement would have been governed by the CSOs in the first instance, as such any call offs / mini competitions run under such agreement will have already complied with these CSOs. For Framework Agreements established prior to 24 February 2025, this would be the Public Contracts Regulations, or the Procurement Act 2023 for Framework Agreements established after this date.
Orders for goods, works and services placed against an established public sectors accessible framework	Frameworks that have been established and created for public sector use would have been governed by the Procurement Act 2023 or established prior to 24 February 2025 under the Public Contracts Regulations 2015.
Where goods, services or works are awarded because of an extreme and unavoidable emergency and authorised by the Chief Executive, Deputy Chief Executive, Director of Corporate Services, <u>Assistant Director of Corporate Services</u> , <u>Head of Policy and Corporate Resources</u> and Applied Resilience; Emergency Planning Consultants. Contracts awarded must not exceed the estimated period of recovery	Constitution – Appendix 2, paragraph 2.1 (iv): The Chief Executive, Directors, and Heads of Service are empowered to take all necessary decisions in cases of emergency or urgency.
Contracts between the Council and a Supplier who is controlled by the Council	Internal contract sign-off thresholds will still apply, and a conflict assessment must still be undertaken in accordance with these Rules for both the Council and the Supplier.
Contracts between the Council and another local authority where the aim is to achieve common objectives for the public benefit	Internal contract sign-off thresholds will still apply, and a conflict assessment must still be undertaken in accordance with these Rules for the Council.

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Exempt legal services (advice and representation in connection with judicial or dispute resolution proceedings)	Not subject to competition due to their nature.
Alternative dispute resolution services	Not subject to competition due to their nature.
Contracts with other contracting authorities to achieve common objectives by co-operating in the public interest	Referred to as Hamburg or Horizontal arrangements, provided that this is still best value for the Council.
Contracts with entities that are controlled by the Council	Referred to as Teckal or Vertical arrangements, provided that this is still best value for the Council.

4.2. All other Contracts (including Covered Procurements) made by or on behalf of the Council must comply with these CSOs unless there is an Exemption (CSO 20) or Waiver (CSO 21).

## 5. Roles and Responsibilities

5.1. All officers have a duty to report breaches of the CSOs to the Chief Finance Officer or to the Head of Legal Services (or their deputies in their absence). Compliance with these CSOs is also subject to internal and external audit.

5.2. In considering how best to purchase works, goods and services, an officer shall take into account wider contractual delivery opportunities and purchasing methods such as setting up or letting under framework agreements, joint procurements with other public authorities, e-procurement methods and the availability of local authority trading and charging powers under the Local Government Act 2003 and the Localism Act 2011.

5.3. The Assistant Director of Corporate Services, Corporate Governance and Strategy Manager Head of Policy & Corporate Resources and Procurement and Contracts Officer are responsible for:

- (a) Overseeing the Council's procurement function and answering questions related to it (Assistant Director of Corporate Services Head of Policy & Corporate Resources only).
- (b) Providing expert market knowledge ensuring compliance and delivering best value.
- (c) Ensuring Officers have the correct tools, information and guidance to deliver a compliant, cost effective and good quality contracts.
- (d) Ensuring that Finance have confirmed there is adequate budget available prior to any Threshold 3 & 4 procurement commencing.
- (e) Offering expert advice to Officers procuring within Thresholds 1, 2 & 3, including showing due regard to the Government's statutory guidance on Below-Threshold Contracts.

Agenda Item 6  
Appendix 1

- (f) Taking a commercial lead on all Procurements within Threshold 4.
- (g) Updating and delivering the Procurement Strategy.

(h) Proposing changes and updates to these Contract Standing Orders, for consideration by the Council's Standards and Constitution Committee.

(h)(i) Ensuring the Council's safeguarding obligations and policy requirements are flagged to procuring officers during the procurement process.

(i)(j) Ensuring transparency by:

(i)(k) Maintaining and publishing the Contract Register

(k)(l) Reviewing waiver submissions and maintaining Waiver log

(i)(m) Reviewing spend across all categories quarterly

(m)(n) Reviewing conflict assessments with input from Legal Services and in consultation with the relevant Head of Service and/or Director and maintaining a Conflict log

(n)(o) Embedding Social Value and sustainable procurement appropriately across Council procurement activity.

(e)(p) Delivering procurement and contracts training to Officers

(p)(q) Ensuring suppliers are aware of, and follow, the Council's '*How to do business with us*' when bidding.

(q)(r) Manage e-sourcing platform.

(r)(s) Checking that adequate financial security for all Threshold 2-4 contracts is in place, via the review of procurement reports.

(s)(t) Updating the internal and external web pages to ensure Officers, Suppliers and residents are kept informed.

#### 5.4. Officers purchasing on behalf of the Council are responsible for:

- (a) Ensuring that any contract in excess of £5,000 (ex. VAT) is reported to the Procurement Officer so that the Contract Register can be updated and published accordingly.
- (b) Complying with these CSOs and all relevant Council policies, including completing procurement reports.
- (c) Ensuring there is adequate budget available for any purchase prior to approaching the market for quotes.
- (d) Ensuring that for purchases within Threshold 1 & 2, Purchase Orders (PO) must be approved before the requirements are delivered to the Council.

(e) Ensuring that for purchases within Threshold 2, 3 & 4, Officers must ensure the contract is signed by both parties before raising a PO.

Agenda Item 6  
Appendix 1

(f) Ensuring that for Contracts within Threshold 3 & 4, they have properly engaged with Legal Services and an appropriate level contract is to be used. Regarding Threshold 2, procuring officers should consult with Legal if they are unsure of the potential legal implications / type of contract required for the procurement.

(g) Showing due regard to the Government's statutory guidance on Below-Threshold Contracts when preparing procurements under Threshold 4.

(g)(h) Ensuring specifications accurately define the requirements.

(h)(i) Ensuring consideration is given to equality and diversity, fraud prevention, prevention of modern day slavery, as well as Social Value implications.

(i)(j) Ensuring that People & and OD are consulted, and the appropriate approval obtained for requirements of temporary workers or consultants outside any agreed corporate contract.

(j)(k) Managing contracts within the procuring Services, either by a dedicated Contract Manager or by a nominated officer.

(k)(l) Reporting any breaches to the Chief Finance Officer and Head of Legal Services (or their deputies in their absence).

(m) Ensuring sufficient financial security, insurance, business continuity arrangements, and data protection impact assessments and data processing agreements are in place for the Council, with respect to the goods, services, or works they are procuring (see also Section 29).

(l)(n) Ensuring that the Council's safeguarding obligations and policy requirements are met through the procurement process and management of their Service contracts. Officers can find further information on the 'Safeguarding' intranet site.

## 5.5. The role of the Council's operational Procurement Board is to ensure:

- (a) 'Best Value' is realised through the Council's procurements and commissioning.
- (b) the Council remains compliant with its Contract Standing Orders (CSOs), Procurement Strategy, and the (forthcoming) Procurement Act 2023.
- (c) that any savings opportunities are realised, and avoidable costs are circumvented.

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- (d) the procurement governance framework remains effective and continuous improvement is achieved.
- (e) Waivers are only being used in exceptional circumstances.
- (f) contracts are managed effectively, and any performance issues are being addressed.
- (g) procurement plans are in place with sufficient lead time for expiring contracts.

## 6. Purchase Orders

- 6.1. Purchase Orders (PO) should be raised within the Council's Purchasing system.
- 6.2. Invoices must be received electronically.
- 6.3. Invoices should be emailed to [creditors@epsom-ewell.gov.uk](mailto:creditors@epsom-ewell.gov.uk) for payment. To ensure prompt payment and to satisfy audit requirements, your email should include:
  - (a) the supplier name and invoice number in the subject heading
  - (b) the invoice as an attachment
  - (c) your confirmation that the invoice is authorised for payment (eg "I authorise the attached invoice for payment")
  - (d) a correct purchase order number
- 6.4. Any invoice received by the Council's Creditors that cannot be matched to a purchase order will be referred back to the budget manager, unless it falls under one of the following exemptions from purchase orders:
  - (a) Supplies of utility services
  - (b) Periodical payments (such as rates or rents)
  - (c) Purchase card transactions
  - (d) Transport and Facilities Management contracts
  - (e) Treasury management transactions
  - (f) Refunds and grants
  - (g) Statutory payments to other government organisations
  - (h) Theatre performances
  - (i) Any order for works, goods or services with a value less than £150 (ex. VAT)

## 7. Purchasing Cards

7.1. The Council makes use of Purchase Cards. These are effectively credit cards which are used to make small purchases in a wide range of situations. Officers who are supplied with a purchasing card must refer to the relevant section of the Council's [Financial Regulations](#) for further information.

## 8. Temporary Staff

8.1. Procurement works closely with People & Organisation Development to manage the Council's temporary agency workforce needs. Officers must follow the Employment of Agency Workers Policy when sourcing temporary agency staff (this can be found on the staff intranet).

## 9. IR35

9.1. IR35 relates to off-payroll working. This is where a supplier is operating and providing services to the Council via an intermediary, such as a limited company, and were it not for that arrangement, they would be considered an employee and within IR35.

9.2. It is the responsibility of the Head of People & OD to determine if and where IR35 applies or not and any unpaid tax can be claimed back if the Council makes the wrong decision.

9.3. If IR35 does apply the Council (or fee payer if via an agency) would be responsible for making employment tax and National Insurance deductions.

9.4. Further IR35 advice can be found via the link within Annex 3 or by contacting the People & OD Service.

## 10. Grants

10.1. The making of grants is not subject to these Orders. Officers must follow the rules and guidance for grant-making that are available internally for each individual grant. Officers are reminded to take into account the legal requirements concerning subsidy control.

## 11. Social Value

11.1. The Public Services (Social Value) Act 2012 came into force on 31st January 2012. The act requires the Public Sector to consider how they can use contracts to enhance the wider wellbeing of the community. This complements existing procurement legislation and reinforces Social Value as part of the value for money considerations.

11.2. Social Value can be achieved by generating benefits to society, the economy and positive impacts to the environment and local communities via our external spend. It can be created in many ways and has wide ranging benefits.

11.3. The Social Value Act 2012 currently applies only to Covered Procurement service contracts (i.e. Above threshold - refer to Annex 2) but shall be considered in all procurements where applicable. Social Value forms part of a bidder's commitments at tender stage and should be tailored to the subject nature of the contract being awarded.

11.4. It is the Contract Manager's responsibility to ensure Social Values are being delivered during the life of the contract.

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## 12. Modern Slavery

12.1. The Modern Slavery Act 2015 ("MSA") is a UK act of Parliament designed to tackle slavery and human trafficking through the consolidation of previous legislation and the introduction of new measures. Specifically, it introduces new requirements for organisations with regard to their business and supply chains – and creates a criminal offence.

12.2. Modern Slavery is defined as slavery, servitude, forced or compulsory labour, human trafficking and exploitation was put in place.

12.3. For Covered procurements, the Council will use the declaration made by the supplier on the Central Digital Platform on all procurements. The declaration includes a section on the supplier's approach to the Modern Slavery Act, slavery and human trafficking in the supply chain.

## 13. Sustainable Procurement

13.1. Sustainable procurement, put simply, is the process by which an organisation meets their purchasing needs in a way that achieves value for money, on a whole life basis, whilst benefitting the organisation, its customers, the wider society and economy and protecting the environment.

13.2. The Council seeks to address the environmental impact of its activities. To help do this, suppliers bidding for contract opportunities will be asked, where appropriate, to demonstrate their awareness of relevant environmental issues through their own policies.

13.3. Typically sustainable procurement should follow the following principles:

- (a) Sustainable procurement is the act of adopting social, economic and environmental factors alongside the typical price and quality considerations into the organisation's handling of procurement processes and procedures.
- (b) Sustainable procurement is not just about buying 'green' products. It includes planning ahead to manage demand, effective ongoing contract management and dealing with supply chain risks and impacts.
- (c) Incorporating sustainable procurement into the Council's future contracts in order to facilitate a reduction in our Scope 3 (supply chain emissions).

13.4. Officers purchasing on behalf of the Council should be conversant with the Council's Climate Change Action Plan (CCAP) which incorporates single use plastic policy and the Biodiversity Action Plan. The impact of climate change should be built into procurements where appropriate.

13.5. It is the Contract Manager's responsibility to ensure sustainability is being delivered during the life of the contract.

## 14. Reverse charge of VAT

14.1. The VAT reverse charge for construction came into effect on 1 March 2021. The reverse charge applies to any services related to the construction of buildings and the materials, but not to professionals' fees like those of architects, surveyors, or consultants. A reverse charge means that the recipient will be accountable for the VAT rather than the supplier.

## 15. Accessibility Standards

15.1. In 2018 the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018 came into effect. This Act builds upon existing obligations under the Equality Act 2010.

15.2. Any procurement that will result in a public facing website where the Council or a supplier on its behalf is presenting information relating to the Council or services the Council offer, must comply with the Act and Regulations and must meet the new accessibility standards.

15.3. Officers must ensure that the Council's Communications Teams advice is sought.

## 16. Transparency, Publication of spend, Opportunities and Awards

16.1. The Council is committed to displaying information that explains how its money is spent. The Local Government Transparency Code 2015 requires Local Authorities to publish any expenditure that exceeds £500 (ex. VAT) and all Contracts over £5,000 (ex. VAT). This can be found on the Council's public website.

16.2. For procurement activity to which the PCR 2015 applies, the Council's e-Sourcing Portal will automatically publish contract and award notices. For procurements over £30,000 (ex. VAT) (but not advertised through the Council's e-Sourcing platform) notices must be completed and published directly on the Central Digital Platform website by the Procurement and Contracts Officer.

16.3. For procurement activity to which the Procurement Act 2023 applies, a Central Digital Platform replaces the Contracts Finder and Find A Tender notices and awards system. The Council's e-sourcing Portal will automatically publish opportunities on the Central Digital Platform. There are a number of mandatory notices that must be published on the central digital platform (see Annex 4). Procurement will advise on the relevant notices depending on the contract value and route to market.

16.4. The Council has a further obligation to advertise contract opportunities and awards within Threshold 4 on the Central Digital Platform.

## 17. e-tendering

17.1. All procurements within Threshold 3 & 4 must be advertised via the Council's eSourcing platform. This ensures that the tender opportunity is advertised to the market in a fair and auditable way. The platform can also be used for Threshold 2 procurements if desirable.

17.2. The eSourcing platform will automatically publish contract opportunity and award notices to the Central Digital Platform ensuring the procurement exercise remains compliant.

17.3. Procurements using a public sector accessible framework do not require a Central Digital Platform opportunity notice. Award notices will still need to be published using the Central Digital Platform website.

17.4. eSourcing set-up, passwords, support and training can be sought from the Procurement and Contracts Officer.

## **18. Contract Register**

18.1. In line with the Transparency Code 2015, the Council has a statutory obligation to publish any spend over £500 (ex. VAT) and Contracts over £5,000 (ex. VAT) on its website. Officers who award contracts over £5,000 (ex. VAT) must inform the Procurement and Contracts Officer of each contract for the Contract Register to be updated.

18.2. Contract managers / owners have the responsibility to update the contract register with current and new contracts.

18.3. The Contract Register is published every 3-months.

## **19. Freedom of Information**

19.1. In accordance with the Freedom of Information Act (FOIA) 2000 and Environmental Information Regulations (EIR) 2004, the Council has an obligation to publish specific information and to provide information to members of the public upon request. That is subject to certain disclosure exemptions such as where confidential or commercially sensitive information may be withheld.

## **20. Exemptions**

20.1. These CSOs apply to all procurement undertaken by the Council unless the procurement is within Thresholds 1,2 & 3 and falls within one of the following categories, which adopts Schedule 2 of the Procurement Act 2023:

- (a) Purchases due to extreme and unavoidable urgency are to be made by departments only when normal functions and operations of the Council - including the integrity of property, equipment, or life - are endangered through unexpected circumstances, and when materials, services, etc., are needed immediately. Sufficient funds must be available and signed off by the Budget Holder.
- (b) Call offs from public sector accessible frameworks which have been tendered; Procuring Officers must still complete a Quick-Quote or RFQ Procurement Report.
- (c) An extension to an existing Contract which contains express provision as to the extension of that Contract and provided those conditions are followed. The relevant Head of Service has the authority to agree to and sign-off the extension.

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and is acting  
in accordance with that organisation's CSOs.

- (d) the Council is acting as an agent for another organisation and is acting in accordance with that organisation's CSOs.
- (e) certain types of financial advice such as funding or financing arrangements and investment services.
- (f) employment contracts, including apprenticeships.
- (g) land contracts, including the acquisition and sale of land (including leases, licences and transfers).
- (h) legal advice, legal services (including but not limited to - securing legal representation, instruction of expert witnesses, certification of documents, or as ordered by a Court or Tribunal) relating to anticipated or issued judicial proceedings and/or dispute resolution.
- (i) purchases made at public auction or of goods sold due to insolvency.
- (j) grants including passporting, allocation / award of funding obtained from central government to receiving organisations. Each grant will be governed by its own funding procedures, which must be followed. Subsidy control will also need to be considered.
- (k) vertical arrangements - the Council exercises a parent or similar control or joint control with other councils on the entity as much as it does with its own departments, and the entity carries out more than 80% of its activities for the controlling council and there is no private sector money in the entity.
- (l) horizontal arrangements (council to council / public body co-operation) - to achieve objectives which the bodies have in common through an arrangement that is solely for the public interest and that the parties perform less than 20% of the services covered by the arrangement on the open market.
- (m) Any other goods/services/works falling under the definition of an "exempted contract" in the Procurement Act 2023.

## 21. Waivers

- 21.1. A waiver cannot be granted retrospectively or if doing so would contravene the relevant legislation i.e. for Covered Procurement.
- 21.2. The requirement for the Council to conduct a competitive procurement process for contracts within Thresholds 2 & 3 of these CSOs may be waived in exceptional circumstances by the following officers:

Director of Environment, Housing and Regeneration  
Deputy Chief Executive or Director of Corporate

and

and the Director of Corporate Services (Chief Finance Officer) or  
Chief Accountant

- 21.3. A waiver cannot be granted for procurements in Threshold 4, as it would contravene the Procurement Act 2023.
- 21.4. Officers must obtain approval for a Waiver by completing the 'Waiver Request Form' documenting the reason for which the waiver is sought, including justification and risk.
- 21.5. Waiver Request Forms must be completed in full and accurately describe the services needed. Forms not completed satisfactorily will be returned to the author.
- 21.6. All applications for waivers of these CSOs must be submitted to the Procurement and Contracts Officer who will seek approval from the Officers listed in 21.2.
- 21.7. Applications for waivers which are as a result of poor contract planning will rarely be considered genuinely exceptional.
- 21.8. The Procurement and Contracts Officer must maintain a log of all waivers.

### **22. Permission to tender**

- 22.1. For Thresholds 1, 2 & 3, Heads of Service have the authority to commence a tendering process, via email to Procurement (as per Section 6). Budget must be available within the service or finance approval must be sought in advance of authority to commence.
- 22.2. For procurements in Threshold 4, Heads of Service have the authority to commence a tendering process provided a business case for the procurement has been approved which includes financial provision and approval.
- 22.3. Where the value of the contract is in excess of £750,000 (ex. VAT), the procurement must be approved by the relevant committee prior to the commencement of the procurement process.
- 22.4. For procurements within Threshold 2, 3 & 4 Officers must complete Section A of the procurement report. This sets out budget availability, stakeholder engagement and options appraisals.
- 22.5. Existing public sector frameworks can be explored and utilised where possible for all thresholds.
- 22.6. Officers should refer to Annex 1 for the correct procurement process to follow.

### **23. Contract Value Calculation**

- 23.1. Prior to commencing a procurement exercise Officers must estimate the aggregate value; this will determine which threshold the procurement falls under.
- 23.2. The 'Contract Value' means the maximum amount the council could expect to pay (in pounds sterling) under the contract, inclusive of specified items such as Value Added Tax (VAT), the value of any goods, services or works provided other than for payment, options to renew, interest and fees, this also includes, but is not limited, to installation, training, maintenance and disposal costs.
- 23.3. Where the council considers that two or more contracts could reasonably be supplied (e.g. providing the same goods, services or works) under a single contract it must aggregate the value of those contracts for the purposes of valuation. Officers are required to check expenditure in other service areas to see if there are similar requirements.
- 23.4. Where the council is unable to estimate the value of a contract, e.g. where the contract term is unknown or recurring, the council must assume that the contract will be a Covered Procurement and is above the relevant financial threshold.
- 23.5. In respect of any consortium or joint contract, the Contract value must be the aggregate of each participating authority's requirements in estimating the contract value.
- 23.6. Contracts must not be purposefully underestimated or disaggregated into two or

- 23.7. Where it is intended to package the contract into several different lots, for example based on area, or by particular types of requirements, then the Contract value shall be the total value of all of the combined lots.
- 23.8. In the case of Concession contracts (such as where the service users as opposed to the council make payments to the contractor for use of the service) then the amount that a supplier might expect to receive as a result of the Contract must be used to determine the Contract value.
- 23.9. Spend with suppliers will be monitored regularly by Procurement, to ensure contracts are not being disproportionately awarded and exceed thresholds.
- 23.10. In the case of Framework Agreements or Dynamic Markets, the contract value must be calculated to include the total estimated value, net of VAT, of all the contracts envisaged to be awarded for the total term of the Framework Agreement or the Dynamic Market

## 24. Conflicts of Interest

- 24.1. At the start of each procurement process, a Conflict of Interest Assessment must be undertaken. This must cover anyone who has a potential or perceived conflict:
  - (a) Anyone acting for or behalf of the Council who has the ability to influence a decision to award a contract under a procurement: and
  - (b) They have a personal, professional or financial connection (either directly or indirectly) with a supplier participating in said procurement.

For the avoidance of doubt, this includes close associates or family members.
- 24.2. This assessment is kept under review throughout the procurement process and is to be updated / revised at each stage of the process.
- 24.3. The procuring officer is expected to mitigate any potential or perceived conflicts of interest – this could be through one or more of the following: separation of duties, through the design of the procurement, sharing of information, excluding suppliers or excluding evaluators.
- 24.4. Officers and Council Members must comply with their respective Code of Conduct to avoid any conflict between their own interests and those of the Council. Any Officer, Council Member or consultant who has reason to believe that there is a conflict of interests in respect of a supplier should report this to the Head of Legal. At any point during the procurement process, if an Officer or Council Member becomes aware that they have a direct or indirect pecuniary interest in a contract which the Council has entered into, or proposes to enter into, their interest must be recorded within the Conflict of Interest Assessment. This includes interests by their close associates or family members. Failure to declare an interest by an Officer, of which the Officer is aware, is a disciplinary offence; failure to declare an interest by a Council Member, of which the Council

## 25. Contract Management

25.1. It is the procuring officer's responsibility to ensure that there is a robust Contract Management Plan in place that is proportionate to the scale and scope of the Contract. This should include, but is not limited to:

- (a) Accountability, roles and responsibility
- (b) Strong governance procedures
- (c) Measure and report on performance and use KPIs and data efficiently to incentivise good performance
- (d) Drive continuous improvement, value for money and capture innovation
- (e) Adopt and encourage mature commercial behaviours

25.2. Any extensions or variations to a Contract may only be made in accordance with the Contract and in line with advice from legal services and Procurement Act 2023, or the Public Contracts Regulations 2015, where a procurement process has formally commenced prior to 24 February 2025.

25.3. The Procurement & Contracts Officer should be contacted for further advice and support.

### **26. Form of Contract**

26.1. Contract award notification shall be issued:

- (a) By the Officer leading the procurement only and / or the Procurement & Contracts Officer.
- (b) When the evaluation has been completed and Procurement report signed off.

26.2. For Procurements in Thresholds 3 & 4, Legal Services should be instructed using the Legal Instruction Form at the Officers earliest opportunity. By not doing so, your project may be delayed. Advice regarding Threshold 2 procurements can also be provided by Legal if the procuring officer has legal concerns or is unsure of the legal implications related to the procurement.

26.3. All Contracts shall:

- (a) specify the goods, materials or services to be supplied and/or works to be undertaken, price to be paid, payment terms and conditions, details of any discounts or penalties, the period of the Contract and any other terms and conditions that may be agreed.
- (b) provide for the payment of liquidated damages where they are appropriate.
- (c) contain details of any security that is required by the Council.
- (d) prohibit the Contractor from sub-Contracting or assigning all or any part of the Contract without the express consent of the Council.
- (e) contain a copy of the tender submission.
- (f) be governed by English law.
- (g) impose requirements to hold and maintain the specified insurance cover in accordance with the provisions of clause 29.2, where appropriate.
- (h) impose requirements to comply with equalities and health and safety legislation, where appropriate.
- (i) impose requirements to comply with the Council's health and safety policy, where appropriate.
- (j) give the Council the right to cancel the Contract, and recover from the contractor the amount of any loss resulting from such cancellation, if the contractor, or any person acting on their behalf, shall have, in relation to the Contract or any other Contract with the Council:
  - (i) offered or given, directly or indirectly, any gift or consideration of any kind to any person as an inducement to

do or forbear from doing anything, or as a reward for doing or forbearing from doing anything; or

- (ii) committed any offence under the Bribery Act 2010, or given or offered any fee or reward receipt of which is contrary to section 117(2) of the Local Government Act 1972.
- (k) set out a contractual protocol for dealing with Freedom of Information Act 2000 and Environmental Information Regulations 2004 information requests and, where applicable, obligations under data protection legislation, and enabling compliance with the requirements of any applicable information publication scheme (including the Local Government Transparency Code 2015).
- (l) reserve rights of audit to the Council where the contractor makes payments to, or collects income on behalf of, the Council.
- (m) contain implied 30-day payment terms between the Council and the contractor and any associated sub-contractors.

26.4. Every Threshold 4 Contract contract in excess of £100,000 (ex VAT) must contain a comprehensive business continuity plan, which must be included in the relevant Service's business continuity plan. In addition, all procuring officers must consider and decide whether their contracts within Threshold 1 – 3 should also have a business continuity plan that is proportionate to the risk they pose to service delivery, council finances, and / or the council's reputation. The complexity and duration of a contract can also be considered. Consideration must also be given to contracts with a value lower than £100,000 (ex. VAT) if they carry significant risk to service delivery. In these cases, officers Officers should use the Risk Management Strategy as a reference and seek advice from the procurement team and Assistant Director of Corporate Services Head of Policy and Corporate Resources. A similar assessment is used to determine whether a contract should be categorised as a 'Strategic Contract'.

26.5. Every contract which exceeds £24,999 (ex. VAT) (i.e. Threshold 3 & 4 procurements) in value or amount and is for the provision of works, supplies or services shall provide for adequate redress in the event of default by the contractor as agreed by the Head of Legal Services or Principal Solicitor.

26.6. Every contract over £75,000 (ex. VAT) shall:

- (i) provide for liquidated damages to be paid by the contractor where the terms of the contract are not duly performed if financial loss is likely to arise from delay in performing the contract; and
- (ii) provide that where the cost of purchasing other goods, materials or services exceed the amount which would have been payable to the contractor, this amount shall be recoverable from the contractor.

26.7. For Threshold 4 contracts the right to terminate the contract where:

- (a) For all procurements commenced prior to 24 February 2025:

- (i) the contract has been subject to a substantial modification which would have required a new procurement procedure under regulation 72 Public Contract Regulations 2015 (PCR) or regulation 43 Concession Contract Regulations 2016 (CCR); the contractor has, at the time of the contract award, been in one of the situations referred to in regulation 57 PCR 2015 or regulation 38 CCR 2016 (mandatory exclusions) and should have been excluded from the procurement procedure; and
- (ii) a UK Court has declared that the contract should not have been awarded to the contractor in view of a serious breach of procurement law.

(b) For all procurements commenced from 24 February 2025 onwards:

- (i) the contracting authority considers that the contract was awarded or modified in material breach of this Act or regulations made under it.
- (ii) a supplier has, since the award of the contract, become an excluded supplier or excludable supplier (including by reference to an associated person).
- (iii) a supplier (other than an associated person) to which the supplier is sub-contracting the performance of all or part of the public contract is an excluded or excludable supplier.

26.8. Where any contract which is terminated under the Procurement Act 2023, the Council must publish a contract termination notice on the Central Digital Platform within 30 days of the termination.

## 27. Sealing and Signing of contracts

27.1. Subject to where Committee approval is required in accordance with the Financial Regulations or Terms of Reference of the relevant Committee, contracts within Threshold 1 & 2 shall be the subject of a Purchase Order, which can be approved in accordance with the Financial Regulations. If a Purchase Order is not appropriate/permited for the relevant contractual relationship, a Contract shall be required. Heads of Service are permitted to sign the Contract.

27.2. Contracts within Threshold 3 & 4 shall be the subject of a formal written Contract agreed in accordance with Annex 5-3 of the Council's [Operating Framework](#) and under Seal if required by clause 27.3.

27.3. Every contract valued at £750,000 (ex. VAT) or more shall be sealed with the common seal of the Council provided the award decision has been approved by the relevant committee or officer in accordance with the terms of the constitution.

27.4. For all contracts under £750,000 (ex. VAT) the awarding officer may sign the contract on behalf of the Council provided the award decision has been approved by the relevant committee or officer in accordance with the terms of

## **28. Novation**

- 28.1. Novation refers to where one of the contracting parties in the original contract is replaced by an entirely new party that assumes the rights and obligations of the original party.
- 28.2. Novation is not permitted without the express consent of the Head of Legal Services or Principal Solicitor.

## **29. Financial Security**

- 29.1. Adequate financial security and/or a performance bond must be required for all Contracts. Procuring Officers can contact the Assistant Director of Corporate Services ~~Head of Policy & Corporate Resources~~ for advice on insurance.
- 29.2. For example, for a Threshold 3 or 4 procurement, the Council would likely request the minimum financial cover:
  - (a) Employers Liability Insurance: £5,000,000
  - (b) Public Liability Insurance: £10,000,000
  - (c) Professional Indemnity Insurance: £1,000,000
  - (d) Product Liability Insurance: Should be proportionate to the product being purchased.
- 29.3. Any variation from 29.2 must be agreed with the Assistant Director of Corporate Services ~~Head of Policy and Corporate Resources~~.

## **30. Economic and Financial Standing**

- 30.1. The Council will examine and maintain the credit report of all suppliers to gauge their economic and financial status.

### **31. Disposal of Land and Property**

31.1. All land and property which is considered to be surplus to the Council's service requirements must be notified to the Director of Environment, Housing & Regeneration who will be responsible for the disposal or other reallocation of such land and property in accordance with the Council's Asset Management Strategy.

### **32. Disposal of Other Council Assets**

32.1. Assets may be declared as being surplus to requirements by a Head of Service who shall assess the value of the assets using such expert assistance as they consider necessary and to dispose of the asset in accordance with this CSO.

32.2. The value of an asset shall be the estimated price for which the asset might reasonably be expected to be sold to a willing purchaser in the open market. Similar assets declared surplus to requirements at or about the same time shall be aggregated in value.

32.3. Assets having no realisable value or where the costs of disposal is likely to exceed the price received may be disposed of as waste provided that the assets shall be recycled wherever reasonably practical and financially viable.

32.4. Assets with a value of £10,000 or less may be sold for the best price possible.

32.5. Such assets may be advertised on internet based marketplaces (such as eBay). Where such sites are used, the Chief Finance Officer will nominate a single Council officer to be responsible for the disposal of assets using this method.

32.6. In the case of assets valued above £10,000, disposal shall be carried out by inviting bids for the assets through the open procedure or auction.

32.7. Council officers or Council Members are not permitted to purchase any Council assets.

32.8. Assets which require secure disposal such as computers, tablets, mobile telephones and any other equipment containing personal or confidential material must be disposed of only to an approved contractor. The relevant Head of Service in the case of IT equipment, the Head of ICT, must ensure that the personal information or confidential material is destroyed and documentation confirming this must be obtained from the contractor and retained by the Council.

32.9. Where items have to be written off and disposed of, the write off must be approved in accordance with the process and limits for writing-off debts in the [Financial Regulations](#).

### **33. Work for Third Parties**

33.1. The Deputy Chief Executive or Director of Corporate Services, within their respective services, must approve the contractual arrangements for any work carried out by the Council for third parties or external bodies.

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## **34. Partnerships**

34.1. Partnerships with other local, public, private, voluntary and community sector organisations will be entered into subject to the approval of the relevant committee who shall agree:

- (a) the terms of reference.
- (b) where appropriate, a scheme of delegation to officers to operate within the partnership.

34.2. Unless specifically agreed by the relevant committee, partnership arrangements shall only be entered into in accordance with the provisions of these CSOs.

34.3. The heads of terms for all partnership arrangements shall be approved by the relevant committee and full terms and conditions by the relevant committee and the Director of Corporate Services or Director of Environment, Housing and Regeneration within their respective services.

34.4. The Deputy Chief Executive or Director of Corporate Services, within their respective services, shall be responsible for ensuring that adequate arrangements for governance are set up within each partnership entered into. Such arrangements shall include provisions for arranging contracts with external bodies.

## **35. Review of the Contract Standing Orders**

35.1. These Contract Standing Orders shall be reviewed and updated as and when required. Save in the case of revisions to Thresholds or otherwise arising out of a change in the law, and changes related to formatting and Annex 1. Any changes to these Contract Standing Orders shall be approved and adopted by Full Council. Revisions to Thresholds or otherwise arising out of a change in the law shall be dealt with by the Head of Legal Services, in consultation with the Chief Finance Officer (or their deputies in their absence), in accordance with their delegated authority. Changes to formatting and Annex 1 shall be dealt with by the Head of Policy and Corporate ResourcesAssistant Director of Corporate Services, in consultation with the Head of Legal Services.

## **36. Council Members and Contracts**

36.1. No Council Member shall have authority to enter into any contract on behalf of the Council.

36.2. No Council Member shall have authority to issue any instruction or variation to a supplier of the Council.

## Section 6

### 37. Procurement Thresholds and Procedures

This Table provides a quick checklist and guidance for the necessary governance arrangements for authorisations when entering into contracts.

Generally speaking, Works contracts can be defined as those relating to projects where the majority / highest cost elements of the project relate to construction, i.e. making a functioning structure. If in doubt, Officers must seek advice from the Procurement team.

Insurance requirements: Please note, for any purchases that will subsequently be submitted to the Council's insurers to recover the costs, then a 'term' or 'tendered' contractor must be used, and if one is not available then a minimum of two quotes are required. This applies to all Thresholds. Officers should contact the Corporate Governance and Strategy team for guidance.

Contract Standing Orders - Procedures for Procurement - minimum requirements	
<b>Threshold 1 – One Quote</b>	
Aggregate contract value (inc. extensions)	<b>£0 - £9,999 ex. VAT</b> (inc. VAT: £0 - £11,999)
Advertising required	No
Contract Award notice required	No
Procurement method	One quote / an internal exercise that evidences value for money
Receipt of quotes	Verbal / email
Who is authorised to carry out procurement	Service officer
Timescales	N/A
Contract type	Purchase order / credit card
Who must approve the contract award	Budget holder
Who signs the contract on the council's behalf	Budget holder
Audit trail and documentation	<ul style="list-style-type: none"><li>Quotation attached to purchase order / invoice.</li><li>PO/receipt to be stored digitally within teams' corporate files.</li><li>For purchases £5,000 and over complete T1 Procurement Report AND submit to Procurement for publication on Contract Register</li></ul>
<b>Threshold 2 – Quick Quote (QQ)</b>	
Aggregate contract value (inc. extensions)	<b>£10,000 - £24,999 ex. VAT</b> (inc. VAT: £12,000 - £29,999)
Advertising required	No
Contract Award notice required	No
Procurement method	<ul style="list-style-type: none"><li>Three (3) quotes</li><li>For <u>Works</u> contracts (1) quote is sufficient if (3) is not practicable / in the interests of Best Value</li></ul>

	<ul style="list-style-type: none"> <li>• Can use e-Sourcing portal if desired</li> </ul>
Receipt of quotes	Email
Who is authorised to carry out procurement	Service Officer
Timescales	N/A
Contract type	Purchase Order
Who must approve the contract award	Budget holder
Who signs the contract on the council's behalf	Head of Service
Audit trail and documentation	<ul style="list-style-type: none"> <li>• Completed QQ Procurement Report.</li> <li>• To be stored digitally within teams' corporate files AND submitted to Procurement.</li> <li>• Publish details of all purchases / contracts with an aggregated value of over £5,000 in the Council's Contracts Register</li> </ul>
<b>Threshold 3 - Request for Quotation (RFQ)</b>	
Aggregate contract value (inc. extensions) - £	<p><b>£25,000 to £171,922</b> <u>166,176</u> ex. VAT [current Above Threshold value] (inc. VAT: £30,000 to £214,903)<u>207,720</u></p> <p>For Works £25,000 to £4,298,086 <u>4,154,400</u> [current Above Threshold value] (inc. VAT £5,372,608)<u>5,193,000</u></p>
Advertising required	Contracts Finder*
Contract Award notice required	Yes
Procurement method	Local tender (RFQ) - Minimum of three (3) quotes*
Receipt of quotes	e-Sourcing platform
Who is authorised to carry out procurement	Service Officer. <u>If the contract is in excess of £750,000 (ex. VAT), approval must be gained from the relevant committee prior to the commencement of the procurement process.</u>
Timescales	Proportionate to the value and complexity of tender
Contract type	EEBC Standard / JCT (for Works) /Framework
Who must approve the contract award	Head of Service
Who signs the contract on the council's behalf	As per Annex 5-3 of the Operating Framework: <ul style="list-style-type: none"> <li>• If under seal = CEO, Deputy Chief Executive, Directors or Head of Legal</li> <li>• If under hand = CEO, Deputy Chief Executive, Directors or Head of Service</li> </ul>
Audit trail and documentation	<ul style="list-style-type: none"> <li>• Completed RFQ Procurement Report: To be stored digitally within teams' corporate files AND submitted to Procurement.</li> <li>• Publish details of all purchases / contracts with an aggregated value of over £5,000 in the Council's Contracts Register</li> </ul>
<b>Threshold 4 - Invitation to Tender (ITT)</b>	

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Aggregate contract value (inc. extensions)	<b>Above Threshold (currently) £<u>171,923,166,176</u> ex. VAT</b> (inc. VAT: £ <u>214,904,207,720</u> ) For <u>Works</u> Above Threshold (currently) £ <u>4,298,087,4154,400</u> (inc. VAT: £ <u>5,372,609,5193,000</u> )
Advertising required	Contracts Finder, Find A Tender Service, Central Digital Portal
Contract Award notice required	Yes (and provisional contract award)
Procurement method	Procurement Act 2023  Goods & Services – Full tender  Works – competitive quotation*
Receipt of quotes	e-Sourcing platform
Who is authorised to carry out procurement	Procurement team: If the contract is in excess of £750,000 (ex. VAT), approval must be gained from the relevant committee prior to the commencement of the procurement process.
Timescales	Procurement Act 2023, PCR 2015 timescales
Contract type	Bespoke EEBC / JCT (for Works) /Framework call-off agreement
Who must approve the contract award	Head of Service Head of Finance Head of Legal & Appropriate Committee
Who signs the contract on the council's behalf	Under £750,000 (ex. VAT) - As per Annex 5- 3 of the Operating Framework  Over £750,000 (ex. VAT) – Sealed as a Deed, as per Annex 5.3 of the Operating Framework
Audit trail and documentation	<ul style="list-style-type: none"> <li>Completed ITT Procurement Report: To be stored within eSourcing portal AND digitally with teams' corporate files.</li> <li>Publish details of all purchases / contracts with an aggregated value of over £5,000 (ex. VAT) in the Council's Contracts Register.</li> <li>Copy of signed contract to be sent to Legal Services.</li> </ul>

If any Officer identified within the 'who must approve the contract' table above is unavailable, the Director of Corporate Services or Director of Environment, Housing and Regeneration within their respective area can act under delegated authority, in accordance with the scheme of delegation in Appendix 2 of the [Constitution](#).

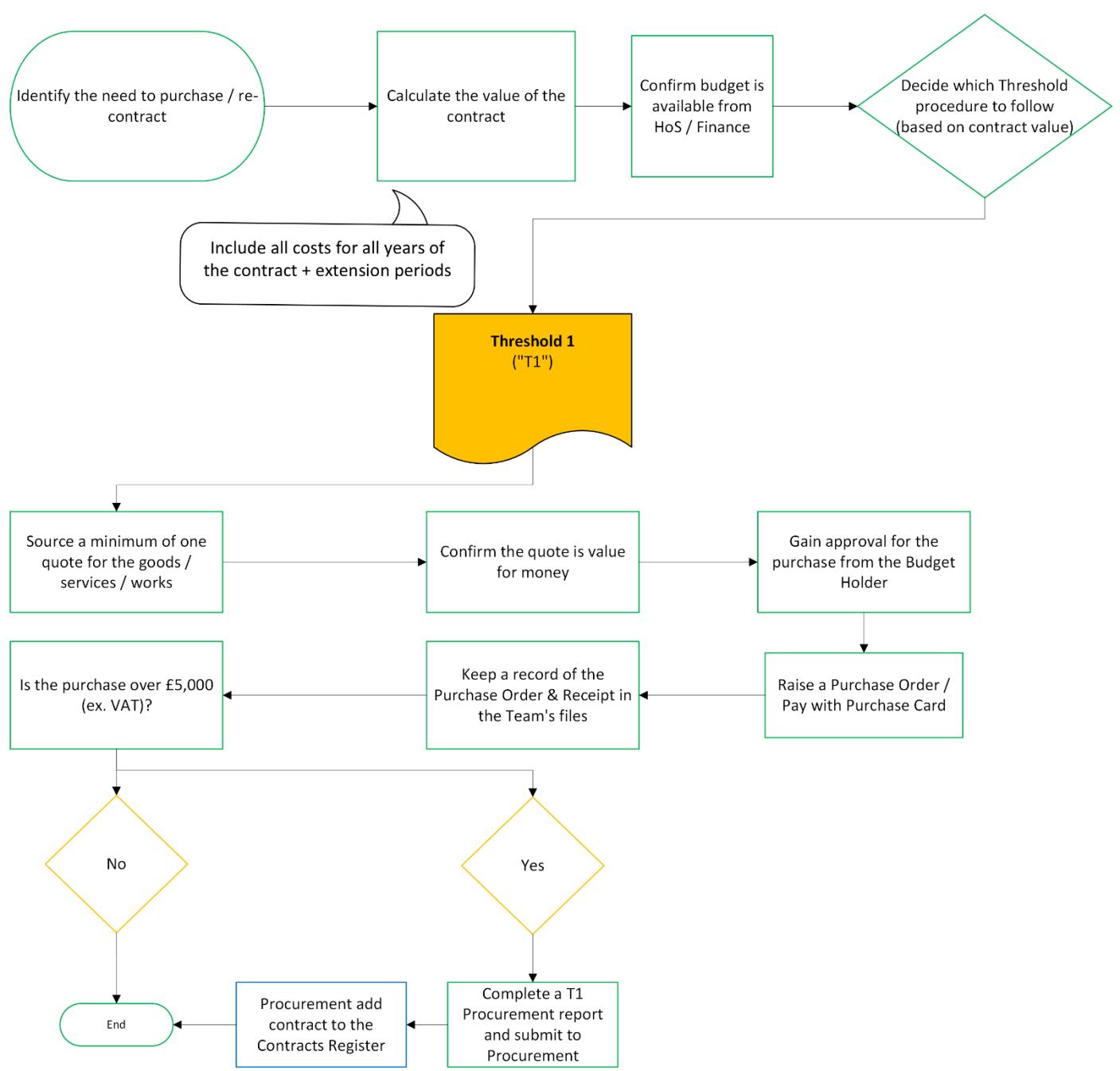
\* ~~RFQ (open) and advertised to the entire market.~~ Contracts Finder opportunity and award notice to be published ~~to the eSourcing portal~~ [Central Digital Platform \(CDP\)](#). ~~RFQ (closed) – Where the opportunity is only shared with a select number of suppliers.~~ Only a Contracts Finder award notice is required to be published (within 30-days of contract award) via the Contracts Finder website. [Central Digital Platform](#)

Agenda Item 6  
Appendix 1

## Annex 1 – Officers Process Guide

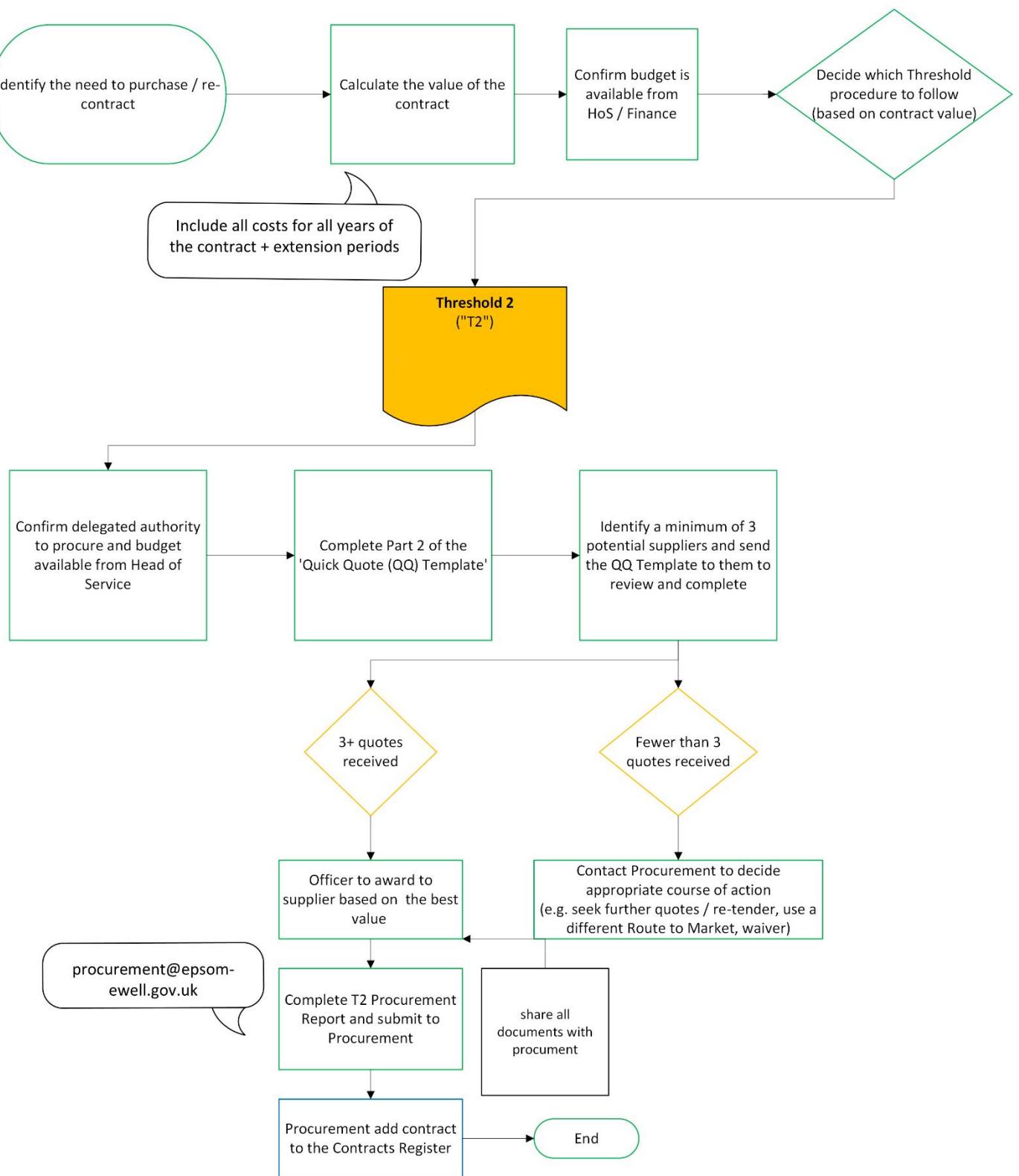
\* Note: see Section 6 for Threshold values for Works contracts

### Threshold 1 Flowchart



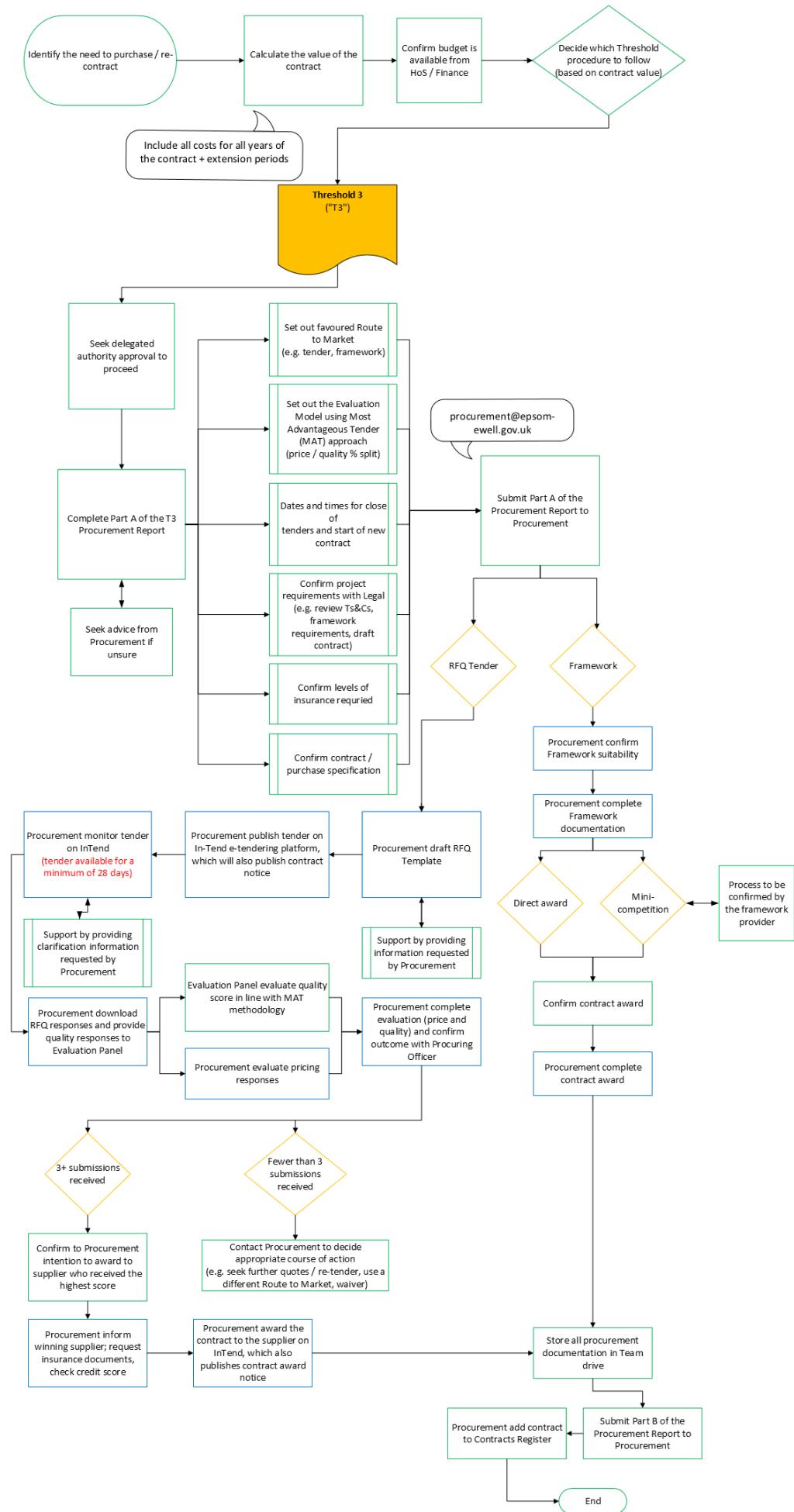
## Threshold 2 Flowchart

## Agenda Item 6 Appendix 1



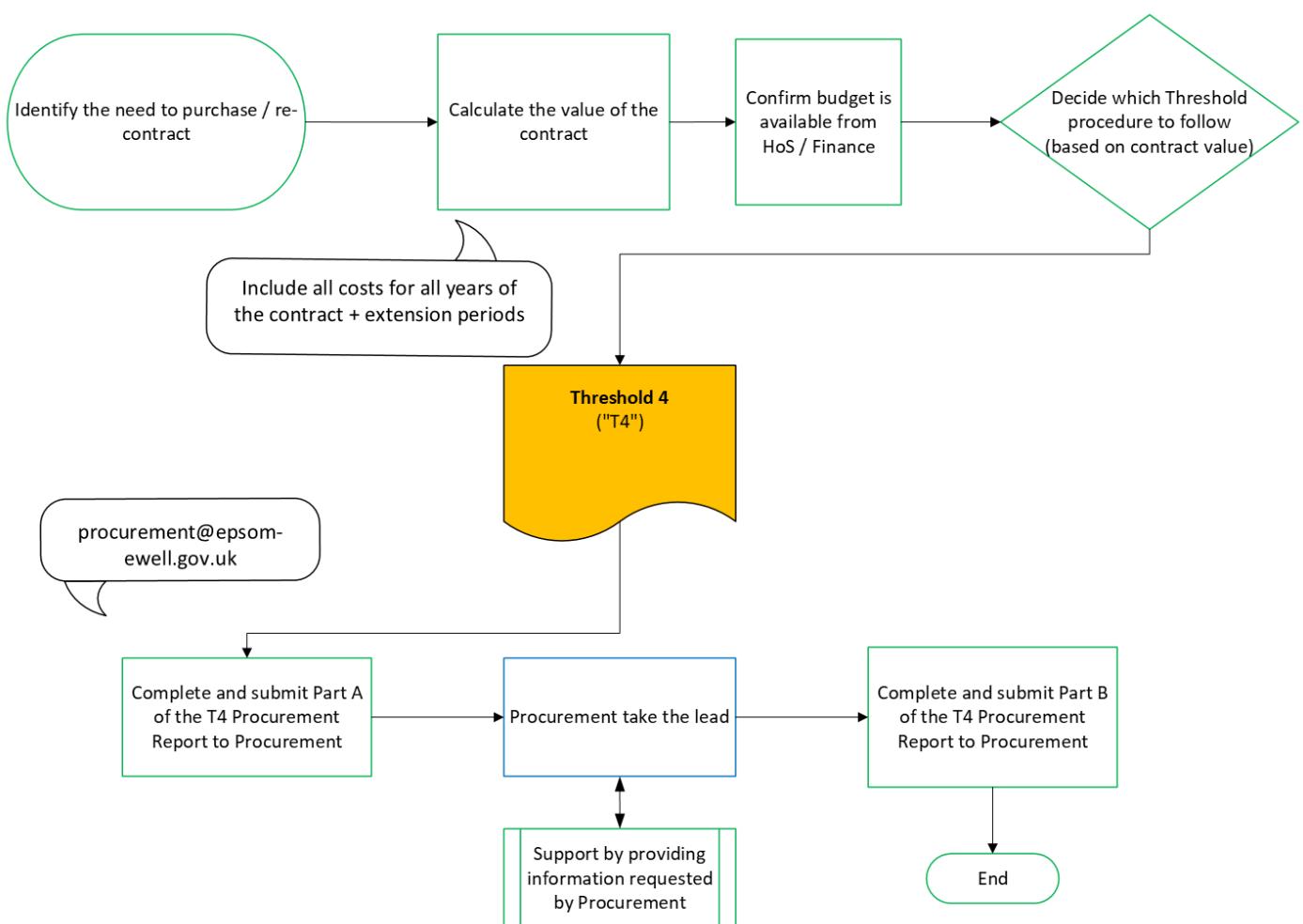
## Threshold 3 Flowchart

## Agenda Item 6 Appendix 1



## Threshold 4 Flowchart

## Agenda Item 6 Appendix 1



## **Annex 2 – Statutory Thresholds**

The financial Thresholds are inclusive of VAT and amended, usually, every 2 years. The most up to date Threshold figures can be found here: [Schedule 1 to the Procurement Act 2023](#)

## **Annex 3 – Procurement in the UK regulations:**

1. [Procurement Act](#)
2. [National Procurement Policy Statement](#)
3. [Public Contracts Regulations 2015](#)
4. [The Utilities Contract Regulations 2016](#)
5. [The Concession Contracts Regulations 2016](#)
6. [The Public Services \(Social Value\) Act 2012](#)
7. [The Public Procurement \(Amendment etc.\) \(EU Exit\) Regulations 2020](#)
8. [Modern Slavery Act 2015](#)
9. [Social Value Act 2012](#)
10. [Local Government Transparency Code 2015](#)
11. [Freedom of Information Act 2000](#)
12. [IR35 Guidance](#)
13. [Local Government Act 1999 \(Section 3; Best Value Guidance\)](#)
14. [Local Government Act 1999 \(Revised Best Value Guidance\)](#)
- 14.15. [UK Government, Guidance: Below-Threshold Contracts](#)

**Annex 4 – Notices Required Under the Procurement  
Act 2023**

Type of notice	Relevant provisions	Purpose
Pipeline Notice	s93 PA 2023 Reg. 15 Procurement Regulations 2024 (PCR 2024)	Mandatory annual notice setting out planned procurement over £2 million (inc. VAT) for the next 18 months.
Preliminary Market Engagement Notice	s17 PA 2023 Reg. 17 PCR 2024	Mandatory if preliminary market engagement is undertaken.
Planned Procurement Notice	s15 PA 2023 Reg. 16 PCR 2024	An optional notice setting out the intention to undertake a tender exercise.
Tender Notice	s21, s87 PA 2023 Regs. 18 – 21 PCR 2024	Mandatory notice published inviting tenders for both Covered Procurement (s21) or an advertised contract over £30,000 (inc. VAT) (s87).
Dynamic Markets Notice	s39 PA 2023 Reg. 25 PCR 2024	Mandatory notice setting out the intention to set up a Dynamic Market.
Transparency Notice	s44 PA 2023 Reg. 26 PCR 2024	Mandatory notice setting out the intention to make a direct award.
Contract Award Notice	s50 PA 2023 Reg. 27 PCR 2024	Mandatory notice published on award of contract which commences the standstill period.
Contract Details Notice	s53, s87 PA 2023 Regs. 32 – 36 PCR 2024	Mandatory notice setting out the details when the contract is completed for the award of a Covered Procurement (s53) or a contract over £30,000 (inc. VAT) (s87).
Procurement Termination Notice	s55 PA 2023 Reg. 37 PCR 2024	Mandatory notice published when a decision is taken not to award a contract.

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Contract Performance Notice	s52, s71 PA 2023 Reg. 39 PCR 2024	Mandatory notice every 12 months and on termination for contracts valued over £5 million (inc. VAT) to assess performance against KPIs.
Contract Change Notice	s75 PA 2023 Reg. 41 PCR 2024	Mandatory notice if a Covered Procurement is varied and there is an increase or decrease of the term by more than 10% or the value by more than 10% for goods and services or 15% for works.
Payments Compliance Notice	s69 PA 2023 Reg. 38 PCR 2024	Mandatory notice every 6 months setting out the Council's compliance with the 30 day payment term.
Contract Termination Notice	s80 PA 2023 Reg. 40 PCR 2024	Mandatory notice when a Covered Procurement contract is terminated.

## UPDATE TO THE CONSTITUTION

<b>Head of Service:</b>	Piero Ionta, Head of Legal and Monitoring Officer
<b>Report Author:</b>	Dan Clackson
<b>Wards affected:</b>	(All Wards);
<b>Appendices (attached):</b>	<b>Appendix 1 – Proposed updates to Appendix 2.1 of the Constitution</b>

### Summary

The following report proposes for adoption updates to the Council's Scheme of Delegation and Live Register of Officer Delegations, as recommended by the Standards and Constitution Committee at its 15 January 2025 meeting.

### Recommendation (s)

#### The Council is asked to:

- (1) Approve and adopt the updates to the Constitution as set out at paragraph 3.1.1 and Appendix 1 of this report.**

### 1 Reason for Recommendation

- 1.1 To update the Council's Live Register of Delegations so as to ensure that the officer roles identified within Appendix 1 are empowered to conduct their daily work with any necessary delegated authority.
- 1.2 To update Appendix 2 of the Council's Constitution in line with the proposed management action arising from the Decision Making and Accountability 2024/25 Internal Audit Report.

### 2 Background

- 2.1 Following the 2025/26 annual review of the Council's Constitution, the Standards and Constitution Committee, at its 15 January 2025 meeting, received a report proposing updates to Appendices 2 and 2.1 of the Constitution:
- 2.2 The Proposed update to Appendix 2 (Scheme of Delegation):

- 2.2.1 Further to the Decision Making and Accountability 2024/25 Internal Audit Report, the progress of which was noted before Audit and Scrutiny Committee at its meeting on 13 November 2025, there was a proposed management action, which has been set out at paragraph 3.1.1 below.
- 2.3 The Proposed update to Appendix 2.1 (Live Register of Officer Delegations):
  - 2.3.1 As part of the annual review, Corporate Leadership Team provided a list of proposed updates to the Live Register of Officer Delegations, so as to ensure that their officers are empowered to conduct their daily work with any necessary delegated authority which in turn should reduce the number of reports and urgent decisions brought to various Committees for operational decision making. The proposed updates can be seen at Appendix 1 to this report.

### **3 Proposal**

- 3.1 In line with the recommendation made by the Standards and Constitution Committee at its 15 January 2025 meeting, the Council is now asked to:
  - 3.1.1 Rework Appendix 2, paragraph 4.1 (i) of the Constitution, as follows: *“A report should be presented annually to the Audit & Scrutiny Committee setting out urgent decisions taken by officers under delegated powers in the previous year.”*
  - 3.1.2 Approve and adopt the updates to Appendix 2.1 of the Constitution, as set out within Appendix 1 to this report.

### **4 Risk Assessment**

#### Legal or other duties

##### 4.1 Equality Impact Assessment

- 4.1.1 None of the proposed changes are believed to trigger the requirement for an Equality Impact Assessment; any impacts are believed to be minimal and positive in nature.

##### 4.2 Crime & Disorder

- 4.2.1 None arising from the contents of this report.

##### 4.3 Safeguarding

- 4.3.1 None arising from the contents of this report.

##### 4.4 Dependencies

4.4.1 The Council's Constitution is its primary governance document. Therefore, much of the council's business and operations depends on its contents

4.5 Other

4.5.1 None.

## 5 Financial Implications

5.1 **Section 151 Officer's comments:** None arising from the contents of this report.

## 6 Legal Implications

6.1 **Legal Officer's comments:** Any relevant comments are contained within the body of this report.

## 7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- Effective Council

7.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations:** None arising from the contents of this report.

7.4 **Sustainability Policy & Community Safety Implications:** None arising from the contents of this report.

7.5 **Partnerships:** Not applicable.

7.6 **Local Government Reorganisation Implications:** None arising from the contents of this report.

## 8 Background papers

8.1 The documents referred to in compiling this report are as follows:

### Previous reports:

- [Standards and Constitution Committee - Thursday, 15th January, 2026 7.30 pm](#)

### Other papers:

- [Appendix 2 of the current Constitution – Scheme of Delegation](#)

- [Appendix 2.1 of the current Constitution – Live Register of Delegations](#)

### 3. Planning Scheme of Delegation

No	Job Title of Post Holder	Legislation (if applicable)	Function Delegated	Date
P8	Head of Development Management and Planning Enforcement, Head of Planning Policy and Economic Development, Planning Team Leader		Closure of planning enforcement cases, subject to officers reporting closed enforcement cases to Planning Committee as normal.	10 February 2026 FC
P9	Head of Development Management and Planning Enforcement, Head of Planning Policy and Economic Development, Planning Team Leader		Determination of tree works applications where there is a financial or public interest in doing so, unless there is a significant financial implication for the Council	10 February 2026 FC
P10	Head of Development Management and Planning Enforcement, Head of Planning Policy and Economic Development, Planning Team Leader	s.23 Local Government (Miscellaneous Provisions) Act 1976	Service of dangerous tree notices for trees affected by Ash dieback	10 February 2026 FC

### 5. Operational Services Scheme of Delegation

No	Job Title of Post Holder	Legislation (if applicable)	Function Delegated	Date
OS25	Interim Assistant Head of Service & Transport and Waste Manager, Interim		Signing of individual Contract Hire Schedules for vehicles on the Transport contract with	10 February 2026 FC

	Assistant Head of Service (Venues & Community Commercial Services), Interim Assistant Head of Service & Streetcare Manager, Head of Operational Services		Specialist Fleet Services Ltd	
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## 7. Public Protection Scheme of Delegation

No.	Job Title of Post Holder	Legislation (if applicable)	Function Delegated	Date
PPS196	Head of Housing and Community, Public Protection Manager, Principal Licensing Officer, Senior Licensing Officer, Licensing Officer	s.20 Licensing Act 2003	Making of a recommendation as to the film classification prior to the exhibition of a film	10 February 2026 FC
PPS197	Public Protection Manager, Principal Environmental Health Officer, Environmental Health Officer, Environmental Health Enforcement Officer, Regulatory Services Officer	s.29 Local Government (Miscellaneous Provisions) Act 1982	Undertake works in connection with the building for the purpose of preventing unauthorised entry to it, or, as the case may be, for the purpose of preventing it becoming a danger to public health	10 February 2026 FC

## 11. Corporate Services Scheme of Delegation

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Appendix 1

Reference	Job Title of Post Holder	Legislation (if applicable)	Function Delegated	Date
CS2	<p><b>Assistant Director (Corporate Services), Customer Services Manager, Business Support Assistant Manager and Business Support Officers</b></p>		<p>Responsible for and authorised to determine and process all Freedom of Information (FOI), Environmental Information Regulations (EIR) and Data Protection (DP) Requests.</p> <p>To support the Council's Data Protection Officer on all aspects of the General Data Protection Regulation (UK GDPR) including preparing submissions and liaising with the ICO (Information Commissioner's Office) where necessary.</p>	<p><b>10 February 2026 FC</b></p>

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## **EPSOM & EWELL BOROUGH COUNCIL PAY POLICY STATEMENT**

<b>Head of Service:</b>	Steph Osborne, Head of People & OD
<b>Wards affected:</b>	(All Wards);
<b>Appendices (attached):</b>	Appendix 1 - Draft Pay Policy Statement Appendix 2 - Scale of Returning Officer Fees (to follow)

### **Summary**

This report introduces the Epsom & Ewell Borough Council Pay Policy Statement for 2026/27 and seeks approval of the Statement following the recommendation from Strategy and Resources committee. If approved the statement will be published on the Council's website.

### **Recommendation (s)**

#### **The Council is asked to:**

- (1) Approve the Pay Policy Statement for 2026/27**

### **1 Reason for Recommendation**

- 1.1 The Pay Policy Statement sets out the Council's policy regarding remuneration in accordance with the requirements of Section 38 of the Localism Act 2011 and associated statutory guidance. The purpose of the statement is to provide transparency regarding the Council's approach to setting the pay of its employees.
- 1.2 The Pay Policy Statement 2026/27 was approved by the Strategy & Resources Committee on 27 January 2026. In line with procedure, it is now being presented to Full Council for approval and subsequent publication on the Council's website.
- 1.3 Once approved by Full Council, the Pay Policy Statement will come into effect on 01 April 2026 and will be subject to annual review.

### **2 Background**

- 2.1 Pay Policy Statement

- 2.1.1 The Pay Policy Statement is attached in Appendix 1. The information provided complies with the requirements of the Localism Act 2011.
- 2.1.2 The Pay Policy Statement is prescribed in terms of its content and therefore details the following key areas:
  - Level and elements of remuneration for each Chief Officer
  - Remuneration of Chief Officers on recruitment
  - Increases and additions to remuneration for each Chief Officer
  - The approach to the payment of Chief Officers on their ceasing to hold office or to be employed by the authority
  - The publication of and access to information relating to remuneration of Chief Officers
  - Pay multiple (ratio) between Chief Officers' pay and all other employees
  - Election fees
  - Gender Pay Gap Information
  - Policy on employing someone who has taken redundancy
  - Policy on employing someone who is also drawing a pension
  - Policy on lowest paid
- 2.1.3 The information contained in the Statement is current as at 10<sup>th</sup> December 2025.
- 2.1.4 The Statement also contains reference to the agreed pay award of 3% from April 2026. The Council's Employee Pay and Reward Procedure has been updated to reflect the 2026/27 pay award which was agreed by Full Council on 9<sup>th</sup> December 2025.

## 2.2 Election Fees

- 2.2.1 The council is required to provide funding to the Returning Officer to discharge statutory functions relating to the administration of local government elections. The Returning Officer will make payments to those officers who undertake specific duties in relation to the elections (including to Chief Officers) in accordance with their role.
- 2.2.2 Appendix 2 sets out the current Surrey Returning Officer fees and charges for 2026/27 (to follow).
- 2.2.3 The source of funding for elections in England varies according to the type of election. For example, the costs of running UK Parliamentary general elections and European Parliamentary elections are provided by Ministry of Justice. The costs of local elections, to include by-elections are met through local authority budgets, as provided by Section 36 of the Representation of the People Act 1983.

### 3 Key points to note/Summary of changes

3.1 The following changes have been made to the basic salaries for Chief Officers (defined as the Chief Executive and Directors):

The agreed 3% uplift from April 2026 has been applied to the 2026/27 figures below.

Post	2025/26: Bottom of salary range (£ per annum)	2026/27: Bottom of salary range (£ per annum)	2025/26: Top of salary range (£ per annum)	2026/27: Top of salary range (£ per annum)
Chief Executive	£133,636	£137,645	£155,019	£159,669
Director	£95,019	£97,869	£111,509	£114,855

#### 3.2 Pay Multiples (ratios)

3.2.1 There has been a slight reduction to the pay multiple (ratio) between Chief Officers' pay and the pay of all other employees. The ratio between the bottom of the lowest pay scale and the top of the Chief Executive pay scale is 1:6.

#### Gender Pay Gap

3.2.2 In accordance with the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, which came into force on 31 March 2017, employers with at least 250 employees are required to publish Gender Pay Gap information as at 31 March each year. This information is published on the Council's website no later than 30 March annually.

3.2.3 For the purpose of this report, the Council's mean Gender Pay Gap as at 31 March 2025 is -4.9%. As in previous years, the negative Gender Pay Gap is primarily due to the majority of front-line operatives being male and some senior management roles being held by females. This positions the council favourably in terms of women's pay.

#### Policy on lowest paid

3.2.4 The Government has confirmed that the national living wage will rise from £12.21 to £12.71 from April 2026.

3.2.5 EEBC has committed to mirror the Real Living Wage promoted by the Living Wage Foundation as the minimum hourly rate at which an employee should be paid. The current Real Living Wage rate for outside of London is £13.45 per hour. This will be implemented from April 2026.

#### 4 Risk Assessment

Legal or other duties

- 4.1 Equality Impact Assessment: None arising from the contents of this report
- 4.2 Crime & Disorder: None arising from the contents of this report
- 4.3 Safeguarding: None arising from the contents of this report
- 4.4 Dependencies: None arising from the contents of this report
- 4.5 Other: None arising from the contents of this report

#### 5 Financial Implications

- 5.1 The 3% increase has been factored into the 2026/27 budget, as agreed at Full Council.
- 5.2 **Section 151 Officer's comments:** The pay proposals in this report are factored into the Council's budget for the 2026/27 financial year.

#### 6 Legal Implications

- 6.1 The key provisions concerning pay accountability are cited in the body of this report. Approval of the Pay Policy Statement for 2026/27 is an *in principle* decision and the report must be referred to Full Council for resolution.
- 6.2 The deadline for approval is 31 March 2026, this being the preceding financial year to which the Statement relates. The Localism Act also requires the Council to publish its approved Pay Policy Statement.
- 6.3 **Legal Officer's comments:** Under section 38 of the Localism Act 2011 the Council must prepare a pay policy statement for each financial year. The Pay Policy Statement must set out the Council's policies for the financial year relating to (a)the remuneration of its chief officers, (b)the remuneration of its lowest paid employees and (c)the relationship between the remuneration of its chief officers and the remuneration of its employees who are not chief officers (section 38(2) Localism Act 2011).

6.4 Section 39(1) of the Localism Act 2011 requires that the Pay Policy Statement must be approved by resolution before it comes into force. Each Pay Policy Statement must be prepared and approved before the end of the 31 March immediately preceding the financial year to which it relates (section 38(3) Localism Act 2011). As soon as is reasonably practicable after approving or amending a pay policy statement, the Council must publish the statement or the amended statement in such manner as it thinks fit (which must include publication on the Council's website) (section 38(5) Localism Act 2011).

## 7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** Effective Council

7.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations:** None arising from the contents of this report

7.4 **Sustainability Policy & Community Safety Implications:** None arising from the contents of this report

7.5 **Partnerships:** None arising from the contents of this report

## 8 Background papers

8.1 The documents referred to in compiling this report are as follows:

### Previous reports:

- [Epsom & Ewell Borough Council Pay Policy Statement 2026/27, Strategy & Resources 27 January 2026](#)

### Other papers:

- Openness and accountability in local pay: guidance under section 40 of the Localism Act 2011  
<https://www.gov.uk/government/publications/openness-and-accountability-in-local-pay-guidance>
- Openness and accountability in local pay: guidance under section 40 of the Localism Act 2011: supplementary guidance  
<https://www.gov.uk/government/publications/openness-and-accountability-in-local-pay-supplementary-guidance>

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## Pay Policy Statement

2026/27

Version number: 9  
Date: December 2025

**Tracking**

<b>Policy Title</b>	Pay Policy Statement 2026/27		
<b>SLT sign off</b>			
<b>Committee</b>	Strategy & Resources  Full Council	<b>Date approved</b>	
<b>Review due date</b>	12 months	<b>Review completed</b>	
<b>Service</b>	People & Organisational Development		

**Revision History**

Revision Date	Revisor	Previous Version	Description of Revision
March 2019	Head of HR & OD	Version 2	Updated for 2019-20
January 2020	Head of HR & OD	Version 3	Updated for 2020-21
January 2021	Head of HR & OD	Version 4	Updated for 2021-22
January 2022	Head of HR & OD	Version 5	Updated for 2022-23
January 2023	Head of People & OD	Version 6	Updated for 2023-24
January 2024	Head of People & OD	Version 7	Updated for 2024-25
February 2025	Head of People & OD	Version 8	Updated for 2025-26
December 2025	Head of People & OD	Version 9	Updated for 2026-27

Document Approvals

Each revision requires the following approvals:

Sponsor Approval		Name	Date
S&R	Version2		2 April 2019
Full Council	Version 2		30 April 2019
S&R	Version 3		30 January 2020
Full Council	Version 3		13 February 2020
S&R	Version 4		28 January 2021
Full Council	Version 4		16 February 2021
S&R	Version 5		27 January 2022
Full Council	Version 5		15 February 2022
S&R	Version 6		26 January 2023
Full Council	Version 6		14 February 2023
S&R	Version 7		25 January 2024
Full Council	Version 7		13 February 2024
S&R	Version 8		25 March 2025
Full Council	Version 8		28 March 2025 (UD)
S&R	Version 9		27 January 2026
Full Council	Version 9		10 February 2026

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1	Introduction and background summary
2	Purpose
3	Level and elements of remuneration for each Chief Officer
4	Remuneration of Chief Officers on recruitment
5	Increases and additions to remuneration for each Chief Officer
6	The approach to the payment of Chief Officers on their ceasing to hold office or to be employed by the authority
7	The publication of and access to information relating to remuneration of Chief Officers
8	Pay multiple (ratio) between Chief Officers' pay and all other employees
9	Election fees
10	Gender Pay Gap
11	Policy on employing someone who has taken redundancy
12	Policy on employing someone who is also drawing a pension
13	Policy on lowest paid

## 1. Introduction and background summary

1.1 In line with the Localism Act 2011 the Council is required to publish an annual pay policy statement which has been approved by full Council. The information is set out under headings which have been prescribed by the Localism Act and relates to 2026/27 financial year.

## 2. Purpose

2.1 The statement sets out the levels of remuneration for the Council's senior officers as well as a general approach to pay which is lifted from the Council's Employee Pay & Reward Procedure.

2.2 The information set out in the pay policy statement meets the requirements of the legislation and details the relationship between those employees who are lowest paid and Chief Officers.

2.3 The policy statement outlines the following key areas:

- Level and elements of remuneration for each Chief Officer
- Remuneration of Chief Officers on recruitment
- Increases and additions to remuneration for each Chief Officer
- The approach to the payment of Chief Officers on their ceasing to hold office or to be employed by the authority
- The publication of and access to information relating to remuneration of Chief Officers
- Pay multiple (ratio) between Chief Officers' pay and all other employees
- Election fees
- Policy on employing someone who has taken redundancy
- Policy on employing someone who is also drawing a pension
- Policy on lowest paid

## 3. Level and elements of remuneration for each senior officer

3.1 All staff are employed on an Epsom & Ewell Borough Council contract of employment and therefore are subject to PAYE. All employees are on local conditions and the pay structure applies to all employees, including Chief Officers. The grade allocated to a post is determined by the qualifications, skills and knowledge required as outlined in a role profile and person

specification. The Council has a job evaluation scheme which is used to evaluate the grades of posts.

3.2 For the purposes of this policy statement, all references to "Chief Officers" is taken to include the Chief Executive and Directors. Their 2026/27 salary scales are set out in the table below:

<b>Post</b>	<b>Bottom of salary range p.a.</b>	<b>Top of salary range p.a.</b>
Chief Executive	£137,645	£159,669
Director/	£97,869	£114,855

3.3 In addition to basic pay these officers may receive the following benefits, where applicable:

- Payment into the pension scheme if the employee has opted in and pays into the required employee contribution rate. The employer's contribution will be 17% of pensionable pay, from 1<sup>st</sup> April 2026.
- Chief Executive and Deputy Chief Executive monthly allowance of 4% of basic salary in respect of subsistence and other expenses, thereby reducing administration and providing a cap on the cost.
- Payment of up to two annual subscriptions to professional institutions where this is an essential requirement of the role. The cost of memberships varies but most are around £200.
- Allowance for the requirement to have a car for the effective performance of duties. The amount varies according to the role of the individual.

3.4 Our policy is to pay appropriately to attract competent and experienced senior staff to lead the organisation. We do not aim to be in the upper quartile of payment levels locally but nearer the mid-point or median.

3.5 We recognise that the cost of housing in Epsom & Ewell is amongst the highest in the South East and that we are within commuting distance of London and the higher salaries there. These factors are taken into account when determining salary levels from the benchmarking information.

3.6 The overall consideration is what is reasonable and financially affordable.

#### **4. Remuneration of Chief Officers on recruitment**

4.1 Our policy is to appoint at the bottom of the salary scale, or near the bottom taking into account relevant skills and experience. Progression through the grade is subject to sustained satisfactory performance in accordance with our performance management scheme.

- 4.2 On occasion it may be necessary to appoint above the bottom point, in this case consideration will be given to the justification for doing so and will be dependent upon factors such as experience and market conditions.
- 4.3 Appointments to the post of Chief Executive are made by the Council and appointments of Directors are made by an Appointments Panel.

## **5. Increases and additions to remuneration for each Chief Officer**

- 5.1 Cost of living pay increases for all staff are considered in line with the Council's Pay Policy, which has been revised for 2026. The Pay Policy is agreed in consultation with the Staff Consultative Group, which is made up of employee representatives and is the body which the Council consults with on terms and conditions of employment and other employee related matters.
- 5.2 Based on a recommendation by Full Council, a 3% cost of living increase will be applied to the pay scales in a one year pay deal for 2026/27. The 3% increase has been factored into the 2026/27 budget, as agreed at Full Council in December 2025.
- 5.3 When determining pay awards we take into account financial affordability as well as the increase in cost of living for all staff.
- 5.4 All employees (including Chief Officers) may be awarded a single increment on the salary scale annually. This is dependent on satisfactory performance with no automatic progression through grades. All employees are expected to perform their duties to a satisfactory standard to progress through the grade.
- 5.5 Once an employee reaches the top of their salary scale there is no opportunity for further progression, however, any cost of living increase will apply.

## **6. The approach to the payment of Chief Officers on their ceasing to hold office or to be employed by the authority**

- 6.1 Our Managing Workforce Change policy sets out a consistent method of calculating redundancy pay which is applied to all redundant employees including Chief Officers.
- 6.2 The level of redundancy pay is calculated on a x1.5 multiplier of weekly earnings. The Council does not apply the maximum limit on earnings when calculating a week's pay for redundancy payment purposes. The payment is intended to recompense employees for the loss of their livelihood and provide financial support whilst they seek alternative employment.
- 6.3 The Council has a Local Government Pension Scheme Discretions Policy which is applicable to all employees, including Chief Officers.

**7. The publication of and access to information relating to remuneration of Chief Officers**

- 7.1 As required our annual pay policy statement will be published on the website where it can be easily accessed by any interested parties.
- 7.2 Information about Chief Officer remuneration is also published as part of the Final Statement of Accounts. The pay scales for all employees can also be found on the website.

**8. Pay multiple (ratio) between Chief Officers' pay and all other employees**

- 8.1 The pay of all employees is set according to the Council's pay scales. There is a fixed relationship between each point on each of the grades. There are no predefined pay ratios between different groups of employees or specific posts.
- 8.2 The bottom of our lowest pay scale is £25,246 and the top of the Chief Executive scale is £159,670. This is a pay multiple of 1:6. Please note that these figures are based on pay scales and not actual salaries.
- 8.3 The figure above is within the maximum ratio 1:20 identified as a maximum pay multiple in the Hutton Review of Public Sector Pay.
- 8.4 As at 30 November 2025 the mean average pay for employees other than Chief Officers was £37,327; therefore currently the ratio of mean average pay of other employees to mean average Chief Officer pay (using maximum possible on pay scale) was 1:4

*NB The mean average pay for employees other than Chief Officers in 8.4 may fluctuate throughout the year*

**9. Election fees**

- 9.1 Fees in respect of the role of Returning Officer for borough and county elections are paid separately from and in addition to the relevant Officer's salary package. The amount payable varies according to the size of the electorate and number of postal voters and is calculated as set out in the attached Election of County/Borough/Parish Councillors in Surrey: Scale of Returning Officer's Fees and Charges – 2026/27 (Appendix 2- to follow).
- 9.2 The process for agreeing this fee structure is coordinated by Reigate and Banstead Borough Council. Once issued, consultation is undertaken with Surrey Chief Executives.
- 9.3 Payments for employees below Chief Officer level for Local Election duties are made in accordance with the same scale.

## **10. Gender Pay Gap Information**

- 10.1 In accordance with the Equality Act 2010 (Specific Duties and Public Authorities) Regulations 2017, which came into force on the 31 March 2017, employers with at least 250 employees are required to publish Gender Pay Gap information as at 31 March each year. This information is published on the Council's website and on the Government's Gender Pay Gap website no later than 30 March annually.
- 10.2 The Council will continue to comply with the submission of this data.

## **11. Policy on employing someone who has taken redundancy**

- 11.1 Employees who have left the Council's employment voluntarily are free to apply for Council jobs that are advertised.
- 11.2 Employees who leave the Council with a redundancy payment and are subsequently apply and are appointed to a position within the Council must repay any redundancy payment if the appointment is taken up within 4 weeks of their termination date.
- 11.3 If the appointment start date is longer than 4 weeks the employee can return to work in the position offered in accordance with the Redundancy Modification Order and will lose any contractual right to have their continuous service recognised for all purposes.

## **12. Policy on employing someone who is also drawing a pension**

- 12.1 We employ staff on merit and pay the full salary applicable to the role. We do not take into account whether a person was already in receipt of a pension in respect of previous employment with the Council or otherwise.
- 12.1 We will consider requests from staff who wish to draw their pension but continue working in a reduced capacity either through a reduction in working hours or levels of salary / responsibility.

## **13. Policy on lowest paid**

- 13.1 From April 2026 the Council has committed to ensuring the pay rates of employees mirror the national 'Real Living Wage' as determined by the Living Wage Foundation, as a minimum level of pay. From 1 April 2026 the minimum pay rate the Council will pay will be £13.45 per hour.

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## ATTENDANCE DISPENSATION

**Head of Service:** Piero Ionta, Head of Legal and Monitoring Officer  
**Report Author:** Tim Richardson  
**Wards affected:** (All Wards);  
**Appendices (attached):** None

### Summary

To consider a waiver of the six month rule for attendance at Council and Committee meetings under the Local Government Act 1972 for Councillor Jan Mason, having regard to the circumstances of her absence from meetings.

### Recommendation (s)

#### The Council is asked to:

- (1) Agree that, having regard to the circumstances of the absence of Councillor Jan Mason from Council meetings, the requirements of Section 85 of the Local Government Act 1972 in relation to attendance at meetings be waived for Councillor Mason until the 10 August 2026.

### 1 Reason for Recommendation

- 1.1 A request has been made by Councillor Jan Mason for a dispensation to be granted for attendance at Council and Committee Meetings until the 10 August 2026. This would reset her need to attend any meeting for a period of 6 months from the date of the meeting that this decision is taken.

### 2 Background

- 2.1 Section 85 (1) of the Local Government Act 1972 sets out that "if a member of a Local Authority fails, throughout a period of six consecutive months from the date of their last attendance, to attend any meeting of the Authority they will, unless the failure was due to some reason approved by the Authority before the expiry of that period, cease to be a member of the Authority."
- 2.2 Attendance can be at any committee or sub-committee, or any joint committee, joint board or other body where the functions of the Authority are discharged. This requirement can be waived and the time limit

extended with the approval of the Authority in advance of the six month period expiring.

2.3 Councillor Jan Mason represents the Ruxley Ward and is a serving member of the Audit and Scrutiny Committee, Planning Committee and Strategy & Resources Committee. Due to illness Councillor Mason has been prevented from undertaking normal duties. Councillor Mason has not been able to attend any Council or committee meetings since the Planning Committee on 4 September 2025. To support her recovery, it is proposed that she be allowed the maximum period allowed under Section 85 to return to the Council Chamber.

### 3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

3.1.1 None.

3.2 Crime & Disorder

3.2.1 None.

3.3 Safeguarding

3.3.1 None.

3.4 Dependencies

3.4.1 None.

3.5 Other

3.5.1 None.

### 4 Financial Implications

4.1 None arising from the contents of this report.

4.2 **Section 151 Officer's comments:** None arising from the contents of this report.

### 5 Legal Implications

5.1 The Council is only able to consider a request for a waiver from the attendance requirement of the Local Government Act 1972 before the end of the relevant six month period, which for Councillor Mason will be on 3 March 2026.

- 5.2 Should any Councillor lose office through failure to attend for the six month period, the disqualification cannot be overcome by the Councillor subsequently resuming attendance nor can retrospective approval of the Council be sought for approval to the absence.
- 5.3 If the Council decided not to approve an extension, a casual vacancy would arise if Councillor Mason is not able to attend another meeting before 3 March 2026.
- 5.4 **Monitoring Officer's comments:** The report has been prepared on behalf of the Monitoring Officer.

## 6 Policies, Plans & Partnerships

- 6.1 **Council's Key Priorities:** Not relevant to the contents of this report.
- 6.2 **Service Plans:** Not relevant to the contents of this report.
- 6.3 **Climate & Environmental Impact of recommendations:** Not relevant to the contents of this report.
- 6.4 **Sustainability Policy & Community Safety Implications:** Not relevant to the contents of this report.
- 6.5 **Partnerships:** Not relevant to the contents of this report.
- 6.6 **Local government Reorganisation implications:** Not relevant to the contents of this report.

## 7 Background papers

- 7.1 The documents referred to in compiling this report are as follows:

**Previous reports:**

None.

**Other papers:**

Local Government Act 1972 (as amended).

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## AMENDMENT TO CALENDAR OF MEETINGS

**Head of Service:** Piero Ionta, Head of Legal and Monitoring Officer  
**Report Author:** Tim Richardson  
**Wards affected:** (All Wards);  
**Appendices (attached):** None

### Summary

This report presents amendments to the Municipal calendar of ordinary meetings.

### Recommendation (s)

#### The Council is asked to:

- (1) Approve the amendments to the Municipal Calendar of ordinary meetings as set out in paragraph 2.2 below.

### 1 Reason for Recommendation

- 1.1 The Council agreed the dates for ordinary meetings of the Council, its Committees, Sub-Committees and Advisory Panels for 2025-26 at the Annual Meeting on 13 May 2025. The Council also approved a draft calendar of meetings for 2026-27 at its meeting on 9 December 2025.
- 1.2 Following the arrangements of meetings for the East Surrey Joint Committee and notification that the pre-election period for the East Surrey Council elections is likely to commence on Monday 23 March 2026, it is recommended that the calendar of meetings is amended as proposed below.

### 2 Proposed amendments

- 2.1 Further to the Ministry of Housing, Communities and Local Government (MHCLG) recommending that Surrey councils establish voluntary joint committees to enable early progress on Local Government Reorganisation (LGR), the first meeting of East Surrey Joint Committee was held on 15 January with provisional further meetings scheduled for 19 February, 13 March, 15 April and 14 May.

2.2 In addition to the East Surrey Joint Committee meetings, the pre-election period for the East Surrey Council Elections is expected to commence on Monday 23 March 2026, with elections being held on Thursday 7 May 2026, all of which have led to the following amendments to the calendar of meetings being proposed:

- Wednesday 4 March, 7.30pm - Environment Committee (rescheduled from 12 March 2026)
- Thursday 12 March, 7.30pm - Full Council (rescheduled from 24 March 2026)
- CANCELLED Thursday 26 March, 7.30pm - Planning Committee
- CANCELLED Thursday 23 April, 7.30pm - Planning Committee
- Tuesday 26 May, 7.00pm - Annual Council (rescheduled from 19 May 2026)
- Thursday 28 May, 7.30pm - Planning Committee (rescheduled from 21 May 2026)

2.3 If the Council agrees to the above amendments, it is proposed that the annual training session for Planning Committee members is held on the newly vacated date of Thursday 21 May 2026, as that date has previously been held in members' diaries.

2.4 Members are invited to note that the inaugural annual meeting of the East Surrey Shadow Council shall be scheduled later this year for a date in May 2026, after the elections; once a calendar of meetings for the Shadow Council is published, it may be necessary to bring a further report later this year should further amendments to this Council's calendar of meetings be required to support the plans of the Shadow Authority.

### **3 Joint Committees and outside bodies**

3.1 There are meetings of the Nonsuch Park Joint Management Committee and Epsom and Walton Downs Consultative Committee currently scheduled for 23 March 2026, which would now also fall within the pre-election period. Officers will liaise with the Chairs of these Committees to identify suitable alternative dates outside of the pre-election period for these meetings.

### **4 Risk Assessment**

#### Legal or other duties

4.1 Equality Impact Assessment

4.1.1 None.

4.2 Crime & Disorder

4.2.1 None.

4.3 Safeguarding

4.3.1 None.

4.4 Dependencies

4.4.1 None.

4.5 Other

4.5.1 None.

## 5 Financial Implications

5.1 **Section 151 Officer's comments:** There are no financial implications arising from the recommendations of this report.

## 6 Legal Implications

6.1 Legislation requires that agendas are published five clear working days before a meeting.

6.2 The Council is entitled to amend any of the dates in the Calendar of Meetings at this time but should note that it is required to approve a programme of ordinary meetings of the Full Council for the year at its annual meeting, under FCR 2.1 xii of Appendix 4 of the Constitution. By considering and approving the extended calendar early allows the Council to plan more effectively for its decision-making processes.

6.3 **Legal Officer's comments:** Any relevant legal comments are noted within the body of this report.

## 7 Policies, Plans & Partnerships

7.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- Effective Council

7.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.

7.3 **Climate & Environmental Impact of recommendations:** None.

7.4 **Sustainability Policy & Community Safety Implications:** None.

- 7.5 **Partnerships:** Dates of meetings of Outside and Joint bodies, such as the Epsom and Walton Downs Consultative Committee and Nonsuch Park Joint Management Committee are agreed by those bodies, but included within the Council's Calendar of Meetings to provide a comprehensive reference for Councillors and the public.
- 7.6 **Local Government Reorganisation Implications:** It is proposed to reschedule the meetings detailed in paragraph 2.1 above in order to take into account the arrangements for the East Surrey Council elections on 7 May 2027.

## 8 Background papers

- 8.1 The documents referred to in compiling this report are as follows:

### Previous reports:

- [Calendar of meetings 2025-26, Full Council 13 May 2025](#)
- [Calendar of meetings 2026-2027, Full Council 9 December 2025](#)

## APPOINTMENT OF DEPUTY REPRESENTATIVE TO THE EAST SURREY JOINT COMMITTEE

**Head of Service:** Piero Ionta, Head of Legal and Monitoring Officer  
**Report Author:** Tim Richardson  
**Wards affected:** (All Wards);  
**Appendices (attached):** None

### Summary

This report requests the Council's approval for the appointment of Councillor Clive Woodbridge as the deputy representative for the East Surrey Joint Committee.

### Recommendation (s)

#### The Council is asked to:

- (1) Approve Cllr Clive Woodbridge as the appointed deputy representative for Epsom & Ewell Borough Council on the East Surrey Joint Committee (to include any sub-committee and/or informal working group).

#### 1 Reason for Recommendation

- 1.1 Full Council appointed Councillor Hannah Dalton as its representative on any relevant LGR Joint Committee at its meeting on 9 December 2025.
- 1.2 Following the appointment of deputy representatives by other members of the East Surrey Council Joint Committee, it is proposed that the Epsom and Ewell Borough Council appoints a deputy representative.

#### 2 Background

- 2.1 The East Surrey Joint Committee (ESJC) is comprised of 10 members, 5 from Surrey County Council and 5 from the East Surrey D&Bs, with one representative from each D&B council. Its first meeting was held on 15 January 2026, with future meetings scheduled for 19 February, 13 March, 15 April and 14 May.

2.2 At the first meeting, the Terms of Reference and Terms of Procedure for the Joint Committee were adopted; this included the provision for nominated substitutes to attend in place of appointed representatives. Para 6.1 of the adopted Terms of Procedure state:

2.2.1 'Nominated substitutes will be allowed on the WSJC / ESJC and each Council when making an appointment to their seats on the WSJC / ESJC may also appoint the same number of substitute member(s) as appointed member(s)...'

2.3 Full Council appointed Councillor Hannah Dalton as Epsom its representative on any relevant LGR Joint Committee at its meeting on 9 December 2025.

2.4 As this Council has one seat, it is entitled to nominate one substitute. Following the appointment of deputy representatives by other members of the Joint Committee, it is proposed that this Council appoints Councillor Clive Woodbridge as its deputy representative for the East Surrey Committee. The deputy representative would be able to attend meetings of the Joint Committee as a substitute for Council's appointed representative, Councillor Hannah Dalton, in the event that she is unable to attend.

### **3 Risk Assessment**

#### Legal or other duties

3.1 Equality Impact Assessment

3.1.1 Not applicable.

3.2 Crime & Disorder

3.2.1 Not applicable.

3.3 Safeguarding

3.3.1 Not applicable.

3.4 Dependencies

3.4.1 Not applicable.

3.5 Other

3.5.1 Not applicable.

### **4 Financial Implications**

4.1 **Section 151 Officer's comments:** None arising from the content of this report.

4.2

## 5 Legal Implications

5.1 **Legal Officer's comments:** None arising from the content of this report.

## 6 Policies, Plans & Partnerships

6.1 **Council's Key Priorities:** The following Key Priorities are engaged:

- Effective Council

6.2 **Service Plans:** The matter is included within the current Service Delivery Plan.

6.3 **Climate & Environmental Impact of recommendations:** None.

6.4 **Sustainability Policy & Community Safety Implications:** None.

6.5 **Partnerships:** None

6.6 **Local Government Reorganisation Implications:** These were addressed within the body of the report to Council back on 9 December and remain the same.

## 7 Background papers

7.1 The documents referred to in compiling this report are as follows:

### Previous reports:

- [Devolution and Local Government Reorganisation in Surrey – update, Full Council, 9 December 2025](#)

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## REVIEW OF PROPORTIONALITY AND APPOINTMENT OF COMMITTEE MEMBERSHIP

**Head of Service:** Piero Ionta, Head of Legal and Monitoring Officer

**Report Author:** Piero Ionta, Tim Richardson

**Wards affected:** (All Wards);

**Appendices (attached):** Appendix 1 – Updated Individual Membership of Committees – to follow

### Summary

Following the recent change to political groups on the Council, the Full Council is requested to note the allocation of seats on Committees and Advisory Panels and approve the appointments to Committees and Advisory Panels.

### Recommendation (s)

#### The Council is asked to:

- (1) Note the allocation of seats based on political balance and proportionality;
- (2) Allocate seats on the Committees and Advisory Panels in accordance with the wishes of the political groups set out in Appendix 1;
- (3) Appoint all members of the Council as substitutes for their current political group members on all committees, where the appointed political group member is unable to attend a meeting.

1.1 Following recent change to the membership of the Residents Association Group and Conservative Group of the Council, the Council is required to review the allocation of seats on its committees and Advisory Panels.

## 2 Background

2.1 There are detailed statutory provisions as to when the Council must review the allocation of seats. Broadly this is at the Annual Meeting, after elections, or where new political groups are constituted or where members change political groups.

- 2.2 To ensure clarity, rather than adopt the use of the term 'places', the term 'seats' shall be adopted within the remainder of this report to reflect the language used in accordance with the Local Government and Housing Act 1989 ('Act') and Local Government Committee and Political Group Regulations 1990 ('Regulations') (as amended).
- 2.3 The Council is asked to note that for the purposes of Regulations made further to the Local Government and Housing Act 1989, Members of the Council have formed themselves into Political Groups: Residents Association (24 seats), Labour (3 seats), Liberal Democrats (3 seats), Conservative (3 seats) and Independents (2 seats). Under the Regulations, the sizes of the Groups are used as the basis for determining Group entitlements to seats on Committees.
- 2.4 Section 15 of the Local Government & Housing Act 1989 requires the allocation of seats on committees, advisory panels and certain other bodies to reflect the political make-up of the Authority.
- 2.5 The Council has a duty to make appointments to its Committees giving effect to the wishes of the political group.
- 2.6 When determining the allocation of seats, Section 15(4) Local Government & Housing Act 1989 sets out 4 rules, and requires authorities to apply them in descending order of priority:
  - Rule 1: where some or all of the Members of an authority have formed into two or more political groups, then no Committee may comprise just members from one political group.
  - Rule 2: where a majority of Members of Council are Members of one political group, that political group must have a majority of the seats on each Committee.
  - Rule 3: without being inconsistent with the first two rules, the number of seats allocated to each political group on all the Committees taken together be as near as possible proportionate to their strength on Council.
  - Rule 4: so far as is consistent with Rules 1 to 3, each political party must be allocated that number of seats on each Committee taken individually as is proportionate to their strength on the Council. However, as set out above, this is subject to the need to give the majority a majority on each Committee.
- 2.7 The Council's overriding duty to comply with 1 and 2 above, takes precedence over achieving a mathematically balanced distribution of Committee seats as described in 3 and 4. Applying those rules the table at paragraph 3.1 below sets out the allocation of seats.
- 2.8 The Council can only depart from these rules by passing a 'nem con' resolution; i.e. with no Member voting against the resolution.

2.9 The political proportionality rules also apply to those outside bodies dealing with local government matters to which the Council appoints three or more representatives.

2.10 Whilst the number of allocated seats on each committee is the number of seats to which they have a right 'to nominate to', it is up to each political group to nominate to Full Council the members they choose within their allocation as the law does not prescribe that all nominations to their allocated seats have to be from their own political group.

### 3 Allocation of seats on Ordinary Committees

3.1 Taking into account the principles set out above and mindful of the recent political group changes again set out above, the following allocation of seats result:

Committees	Number					Committee size
	RA	LD	LAB	CON	IND	
<b>Audit &amp; Scrutiny</b>	6	1	1	-	-	8
<b>Community &amp; Wellbeing</b>	6	-	1	1	-	8
<b>Environment</b>	5	1	-	1	1	8
<b>Licensing &amp; Planning Policy</b>	7	1	1	-	1	10
<b>Planning Committee</b>	7	1	1	1	-	10
<b>Strategy &amp; Resources</b>	5	1	1	1	-	8
<b>Financial Strategy Advisory Group</b>	4	-	1	-	1	6
<b>Health Liaison Panel</b>	4	-	-	1	1	6
<b>HR Panel</b>	4	-	-	1	1	6
<b>Standards &amp; Constitution</b>	4	1	1	-	-	6
<b>Crime &amp; Disorder Committee</b>	4	1	-	1	-	6
<b>Licensing (Hearings)</b>	No political balance required.					
<b>Licensing (General)</b>						

<b>Shareholder Sub- Committee</b>	Appointed by Strategy and Resources Committee	5
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#### 4 Individual Membership of Committees

- 4.1 In accordance with the 1989 Act and the Council's Rules of Procedure, it is necessary to make appointments to each Committee so as to give effect to the wishes of the relevant Groups.
- 4.2 The final wishes of the relevant Groups are set out in **Appendix 1** to this report.

#### 5 Substitute Members

- 5.1 To formalise the process of substitutes, Council is asked to appoint all members of this council as substitutes for their current political group members on all committees, where the appointed political group member is unable to attend a meeting. For the avoidance of any doubt, and as noted above, a member of one political group cannot substitute a member of another political group. A substitute may attend, speak and vote at that meeting, but may only be appointed for the whole of a meeting and not for specific items on the agenda.
- 5.2 Members may only serve as substitutes where they have undertaken the necessary training required of members; and where notice of the proposed substitution has been given in accordance with CPR 16 of the Constitution.

#### 6 Risk Assessment

##### Legal or other duties

###### 6.1 Equality Impact Assessment

6.1.1 None.

###### 6.2 Crime & Disorder

6.2.1 None.

###### 6.3 Safeguarding

6.3.1 None.

###### 6.4 Dependencies

6.4.1 None.

###### 6.5 Other

6.5.1 None.

## 7 Financial Implications

- 7.1 There are no financial or manpower implications for the purposes of this report.
- 7.2 **Section 151 Officer's comments:** None arising from the content of this report.

## 8 Legal Implications

- 8.1 These are contained within the body of the report.
- 8.2 **Legal Officer's comments:** None arising from the content of this report.

## 9 Policies, Plans & Partnerships

- 9.1 **Council's Key Priorities:** The following Key Priorities are engaged:
- 9.2 Effective Council
- 9.3 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 9.4 **Climate & Environmental Impact of recommendations:** None.
- 9.5 **Sustainability Policy & Community Safety Implications:** None.
- 9.6 **Partnerships:** None.
- 9.7 **Local Government Reorganisation Implications:** None

## 10 Background papers

- 10.1 The documents referred to in compiling this report are as follows:

### Previous reports:

- [Appointment of Committees 2025-26](#)

### Other papers:

- [Constitution of Epsom and Ewell Borough Council](#)
- Local Government & Housing Act 1989
- Local Government (Committees and Political Groups) Regulations 1990 (as amended)

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## MOTIONS

**Head of Service:** Piero Ionta, Head of Legal and Monitoring Officer  
**Report Author:** Tim Richardson  
**Wards affected:** (All Wards);  
**Appendices (attached):** Appendix 1 - Motion 1  
Appendix 2 – Motion 2  
Appendix 3 – Motions Flowchart

### Summary

This report sets out notices of motions ruled in order.

### Recommendation (s)

#### The Council is asked to:

**(1) Consider the Motions in accordance with Standing Orders.**

### 1 Reason for Recommendation

1.1 The rules regarding the submission of motions to Council are set out in Appendix 4 of the Council's Constitution (Standing Orders of the Full Council). Motions ruled in order must be listed on the agenda.

### 2 Background

2.1 The table below set out the Motions ruled in order:

Motion Number	Title	Proposer & Seconder	Committee	Responding Chair
1	<b>Motion 1</b>	Proposer: Councillor Kieran Persand Seconder: Councillor Julie Morris	Strategy & Resources Committee	Councillor Neil Dallen

2	<b>Motion 2</b>	<b>Proposer:</b> Councillor James Lawrence  <b>Seconder:</b> Councillor Alex Coley	<b>Standards &amp; Constitution</b>	<b>Councillor John Beckett</b>
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- 2.2 Each Motion will be taken in the order listed, with the proposer moving the motion and the seconder confirming that they wish to second it.
- 2.3 Once a motion has been put, the Mayor will invite Members to decide how the motion should be dealt with. The Mayor will ask for a vote without debate, on whether the motion should be referred to an appropriate Committee for consideration (FCR 16.5). This will be on the basis of a simple majority.
- 2.4 All amendments must be in writing, proposed and seconded. The mover of the original motion will be asked if they wish to accept the proposed amendments. Those which are accepted in full or in part will result in the original motion being amended accordingly. If they are not accepted, then the amendments will be debated in accordance with Standing Orders (FCR 17).
- 2.5 FCR 14.1 sets 90 minutes to deal with all motions including amendments.
- 2.6 The process for debate is summarised in the Motions Flowchart, Appendix 3.

### **3 Risk Assessment**

Legal or other duties

- 3.1 Equality Impact Assessment
  - 3.1.1 No comments are provided on Motions.
- 3.2 Crime & Disorder
  - 3.2.1 No comments are provided on Motions.
- 3.3 Safeguarding
  - 3.3.1 No comments are provided on Motions.
- 3.4 Dependencies
  - 3.4.1 No comments are provided on Motions.
- 3.5 Other

3.5.1 No comments are provided on Motions.

#### 4 Financial Implications

4.1 No comments are provided on Motions.

4.2 **Section 151 Officer's comments:** No comments are provided on Motions.

#### 5 Legal Implications

5.1 No comments are provided on Motions.

5.2 **Legal Officer's comments:** No comments are provided on Motions.

#### 6 Policies, Plans & Partnerships

6.1 **Council's Key Priorities:** No comments are provided on Motions.

6.2 **Service Plans:** No comments are provided on Motions.

6.3 **Climate & Environmental Impact of recommendations:** No comments are provided on Motions.

6.4 **Sustainability Policy & Community Safety Implications:** No comments are provided on Motions.

6.5 **Partnerships:** No comments are provided on Motions.

6.6 **Local Government Reorganisation implications:** No comments are provided on Motions.

#### 7 Background papers

7.1 The documents referred to in compiling this report are as follows:

**Previous reports:**

None

**Other papers:**

[Appendix 4 of the Constitution of Epsom and Ewell Borough Council](#)

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## Motions to Council Request Form

<b>Proposer</b>	Cllr Kieran Persand
<b>Seconder</b>	Cllr Julie Morris
<b>Motion</b>  Set out motion in full	<p><b>This Council notes that:</b></p> <p>The town of Bucha, in Kyiv Oblast, Ukraine, has become internationally recognised for the atrocities committed against its civilian population in 2022, but is today a symbol of resilience, democratic values, and European aspiration.</p> <p>Epsom and Ewell is already home to a vibrant network of individuals and organisations actively supporting Ukraine, including the charity Surrey Stands With Ukraine, which has sent several million pounds worth of humanitarian aid to Ukraine since 2022.</p> <p>The Borough has welcomed refugees from Ukraine and hosted cultural, musical, and educational activities strengthening ties between our communities, including the current Festival of Friendship – Ukraine.</p> <p>The Mayor of Bucha, Anatolii Fedoruk — in office since 1998 — has personally expressed his strong wish that Epsom become Bucha's first twin town in the UK, emphasising that the twinning is not about seeking aid, but about building future cultural, business, educational and civic links.</p> <p>Bucha has signed twinning agreements with several European and US cities but has no UK twin. Bucha and Epsom are similar in size and suburban character, each situated approximately 25km from their national capitals.</p> <p>A dedicated Bucha-Epsom Association (BEA) has been established in the Borough, with a constitution and committee, to undertake all organisational and administrative responsibilities for any future twinning, similar to the existing Epsom and Chantilly Town Twinning Association.</p> <p><b>This Council further notes that:</b></p> <p>There is no statutory framework for town twinning in the UK. Twinning arrangements are civic in nature and have historically been endorsed in principle by</p>

	<p>councils and administered in practice by associations.</p> <p>While Ukraine's law requires twinning charters to be signed by municipal authorities, UK practice allows such documents to be signed by a council Chief Executive with delegated authority. Any physical exchange visits to Ukraine during wartime would not be expected. Interaction would take place online or through visits to Epsom. Security and prudence will always be prioritised.</p> <p><b>Accordingly, this Council resolves to:</b></p> <p>Endorse in principle the establishment of a twinning arrangement between the Borough of Epsom &amp; Ewell and the City of Bucha, Ukraine.</p> <p>Recognise the Bucha-Epsom Association (BEA) as the lead organisation in the Borough responsible for twinning activities with Bucha.</p> <p>Authorise the Chief Executive, at an appropriate time, to approve and sign on behalf of the Council a standard twinning charter provided under Ukrainian law, as is consistent with UK civic practice.</p> <p>Encourage civic, cultural, educational, and community groups within the Borough to engage with the Bucha-Epsom Association and consider participation in twinning initiatives.</p>
<b>Relevant Committee(s) Motion would relate to</b>	Strategy and Resources Committee
<b>Name of the Chairman of such Committee</b>	Councillor Neil Dallen

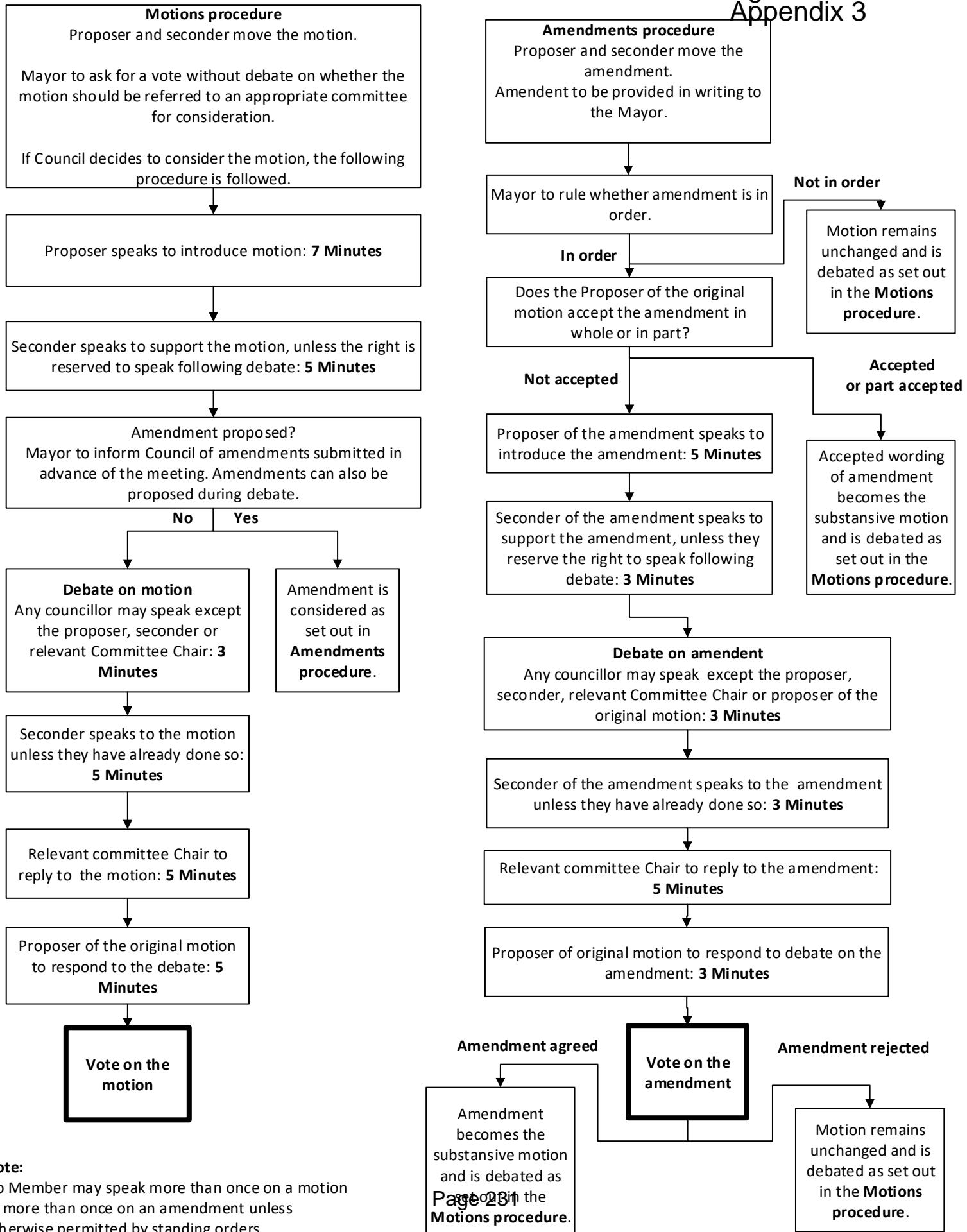
**Motions to Council Request Form**

<b>Proposer</b>	Councillor James Lawrence
<b>Seconder</b>	Councillor Alex Coley
<b>Motion</b>  Set out motion in full	<p><b>Motion:</b> This Council notes that:</p> <ul style="list-style-type: none"> <li>I. Epsom and Ewell Borough Council operates a committee system with multiple political groups.</li> <li>II. Councillors have a common law "need to know" right to access council information when reasonably necessary to perform their official duties.</li> <li>III. Urgent decisions taken by officers where the Constitution enables them to do so are decisions of the Council.</li> <li>IV. Non-exempt urgent decisions are not confidential information</li> <li>V. Political groups regularly discuss council business together to allow for agreement on common actions and to provide updates to those councillors who are members of different committees.</li> <li>VI. <a href="#">Appendix 2</a>, paragraph 3.1 of the constitution states that when taking an urgent decision, officers as part of that process must: <ul style="list-style-type: none"> <li>A. <i>Ensure all members are advised at the earliest opportunity (via MemberNews currently).</i></li> </ul> </li> <li>VII. <a href="#">The Local Government Act 1972 Section 100F</a> states: <i>Any document which is in the possession or under the control of a principal council and contains material relating to any business to be transacted at a meeting of the council or a committee or sub-committee of the council shall, subject to subsections (2) to (2C) below, be open to inspection by any member of the council.</i> <ul style="list-style-type: none"> <li>A. The subsections clarify that all information exempt by virtue of paragraph 3 or 6 of <a href="#">Schedule 12A</a> of the Act must be open to inspection by any councillor except when terms of contract negotiation.</li> </ul> </li> <li>VIII. An example of a previously published decision is one that appears on the council website as <a href="#">decision number 606</a> dated 13th November 2020.</li> </ul>

	<p>This Council therefore resolves to <b>Agenda Item 13</b>  <b>Appendix 2</b></p> <ol style="list-style-type: none"> <li>1. When reporting any urgent decision at the next scheduled meeting of the appropriate committee as per Appendix 2 paragraph 3.1.ii, a full copy of the urgent decision is to be contained within the report.</li> <li>2. Publish all future non-exempt urgent decisions on the Council's website in full.</li> <li>3. In accordance with the Equality Act 2010, allow anyone who requests to view copies at the Town Hall of any future non-exempt urgent decisions.</li> </ol>
<b>Relevant Committee(s) Motion would relate to</b>	Standards and Constitution
<b>Name of the Chairman of such Committee</b>	Councillor John Beckett

Council motion and amendment flowchart

Agenda Item 13  
Appendix 3



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