

STRATEGY AND RESOURCES COMMITTEE

Tuesday 15 July 2025 at 7.30 pm

Place: Council Chamber, Epsom Town Hall

Online access to this meeting is available on YouTube: [Link to online broadcast](#)

The members listed below are summoned to attend the Strategy and Resources Committee meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Councillor Neil Dallen (Chair)
Councillor Hannah Dalton (Vice-Chair)
Councillor John Beckett
Councillor Kate Chinn

Councillor James Lawrence
Councillor Jan Mason
Councillor Lucie McIntyre
Councillor Humphrey Reynolds

Yours sincerely



Chief Executive

For further information, please contact democraticservices@epsom-ewell.gov.uk or tel: 01372 732000

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 using free YouTube software.

A link to the online address for this meeting is provided on the first page of this agenda. A limited number of seats will be available on a first-come first-served basis in the public gallery at the Town Hall. If you wish to observe the meeting from the public gallery, please arrive at the Town Hall reception before the start of the meeting. A member of staff will show you to the seating area. For further information please contact Democratic Services, email: 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.

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 Chair agree to discuss any other such matters on the grounds of urgency, the Committee may 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

Up to 30 minutes will be set aside for questions and statements from members of the public at meetings of this Committee. Any member of the public who lives, works, attends an educational establishment or owns or leases land in the Borough may ask a question or make a statement on matters within the Terms of Reference of the Committee.

All questions must consist of one question only and cannot consist of multiple parts. Questions and statements cannot relate to planning or licensing committees matters, the personal affairs of an individual, or a matter which is exempt from disclosure or confidential under the Local Government Act 1972. Questions which in the view of the Chair are defamatory, offensive, vexatious or frivolous will not be accepted. Each question or statement will be limited to 3 minutes in length.

If you wish to ask a question or make a statement at a meeting of this Committee, please contact Democratic Services at: democraticservices@epsom-ewell.gov.uk

Questions must be received in writing by Democratic Services by noon on the fifth working day before the day of the meeting. For this meeting this is **Noon, 8 July 2025**.

A written copy of statements must be received by Democratic Services by noon on the working day before the day of the meeting. For this meeting this is **Noon, 14 July 2025**.

For more information on public speaking protocol at Committees, please see [Annex 4.2](#) of the Epsom & Ewell Borough Council Operating Framework.

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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.

AGENDA

1. QUESTIONS AND STATEMENTS FROM THE PUBLIC

To take any questions or statements from members of the Public.

2. 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.

3. MINUTES OF PREVIOUS MEETING (Pages 5 - 8)

The Committee is asked to confirm as a true record the Minutes of the meeting of the Committee held on 25 March 2025 (attached) and two Special Meetings held on 17 June 2025 (to follow) and to authorise the Chair to sign them.

4. PROCUREMENT STRATEGY UPDATE (Pages 9 - 26)

The Procurement Strategy sets out the council's vision, values and objectives for its procurement function. Therefore, it contributes to the governance of the council's procurement activities and sets out how it aims to achieve best value and comply with legislation.

5. 2024-25 PROVISIONAL FINANCIAL OUTTURN (Pages 27 - 40)

This report summarises the Council's provisional financial performance for 2024/25 and details the capital budgets to be carried forward for schemes where costs will be incurred in 2025/26.

6. 2026/27 STRATEGIC FINANCIAL PLANNING (Pages 41 - 68)

This report recommends budget targets for 2026/27 and provides an update on financial planning for 2027/28 to 2028/29 as recommended by Financial Strategy Advisory Group.

7. APPOINTMENT OF MEMBERS AND CHAIR OF THE SHAREHOLDER SUB-COMMITTEE (Pages 69 - 72)

To agree the appointment of Members and a Chair to the Shareholder Sub Committee for the 2025-26 Municipal Year.

8. URGENT DECISION (Pages 73 - 76)

To report to the committee a decision taken by one of the Directors and / or Chief Executive on the grounds of urgency, in compliance with the requirements of the Constitution.

9. BOURNE HALL LODGE (Pages 77 - 94)

This report sets out six potential options to consider the future use of Bourne Hall Lodge.

10. TRANSPORT FLEET VEHICLE RENEWAL (Pages 95 - 114)

The Council's vehicle fleet will require replacement starting mid-2027. A decision to extend the existing contract is recommended.

11. LEASE ARRANGEMENTS - RELATE 2025/6 (Pages 115 - 124)

This report considers options for future funding arrangements for RELATE Mid and East Surrey for 2025-2027.

12. EXCLUSION OF PRESS AND PUBLIC (Pages 125 - 126)

The Committee is asked to consider whether it wishes to pass a resolution to exclude the Press and Public from the meeting in accordance with Section 100A (4) of the Local Government Act 1972 on the grounds that the business involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended) and that pursuant to paragraph 10 of Part 2 of the said Schedule 12A the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

Minutes of the Meeting of the STRATEGY AND RESOURCES COMMITTEE held at the Council Chamber, Epsom Town Hall on 25 March 2025

PRESENT -

Councillor Neil Dallen (Chair); Councillor Hannah Dalton (Vice-Chair); Councillors John Beckett (as nominated substitute for Councillor Alex Coley), Kate Chinn, Alison Kelly, Robert Leach, Lucie McIntyre and Phil Neale

Officers present: Peter Sebastian (Director of Corporate Services (S151)), Piero Ionta (Head of Legal Services and Monitoring Officer), Stephanie Osborne (Head of People and Organisational Development), Mark Shephard (Head of Property and Regeneration), Justin Turvey (Head of Place Development) and Tim Richardson (Democratic Services Manager)

62 QUESTIONS AND STATEMENTS FROM THE PUBLIC

No questions or statements were received from members of the public.

63 DECLARATIONS OF INTEREST

No declarations of interest were made in relation to items of business to be discussed at the meeting.

64 MINUTES OF PREVIOUS MEETING

The Committee confirmed as a true record the Minutes of the Meeting of the Committee held on 28 January 2025 and authorised the Chair to sign them.

65 PAY POLICY STATEMENT

The Committee received a report introducing the draft Epsom & Ewell Borough Council Pay Policy Statement for 2025/26 and seeking approval of the Statement prior to its agreement by Full Council and subsequent publication on the Council's website.

The following matters were considered:

- a) **Members allowances.** In response to a question from a Member, the Head of Legal and Monitoring Officer informed the Committee that in accordance with the Scheme of Allowances, Councillors' allowances would be increased by 2% from April 2025.

- b) **Council agreement.** In response to a question from a Member, the Head of Legal and Monitoring Officer informed the Committee that as there would not be a meeting of the Full Council before 1 April 2025, the 2025/26 Pay Policy Statement would require agreement via the Council's urgent decisions process. The Committee was informed that the 2026/27 Pay Policy Statement would be presented to the committee in January 2026 prior to Full Council consideration in February 2026.
- c) **Gender Pay Gap.** In response to a question from a Member, the Head of People and OD informed the Committee that if the Chief Executive and Directors were excluded from the calculation, the Council would have a gender pay gap of -3.6% rather than -5.8%, which was still favourable for women.
- d) **Real Living wage.** In response to a question from a Member, the Head of People and OD informed the Committee that the top of the Council's lowest pay scale met the level of the Real Living Wage.

Following consideration, the Committee resolved with 6 votes for and 2 abstentions to:

- (1) **Agree that the draft Pay Policy Statement for 2025/26 is referred to Full Council with this Committee's recommendation for approval.**

66 COMMUNITY INFRASTRUCTURE LEVY (CIL) SPENDING PROTOCOL 2025

The Committee received a report informing it that the Licencing and Planning Policy Committee (LPPC) approved an updated Community Infrastructure Levy (CIL) spending protocol on 11 March 2025 to supersede the version adopted in January 2024. The report identified that one of the core changes to the spending protocol was that the CIL Member Working Group (MWG) will now report to the Strategy and Resources Committee as opposed to Licencing and Planning Policy Committee and that spending decisions will be approved by Strategy and Resources Committee.

The following matters were considered:

- a) **Membership of CIL Member Working Group.** The Chair informed the Committee that changes to the membership of the CIL Member Working Group as a result the recent changes to political group membership of the Council were not considered in the report on the agenda, due to the publication deadlines for the agenda. The Chair informed the Committee that it was proposed that officers would amend the membership of the CIL Member Working Group following the meeting via the urgent decision procedure to reflect the updated council proportionality calculation. The Head of Legal and Monitoring Officer informed the Committee that this amendment would relate to the number of seats set out in section 7, subsection 2 of Appendix 1 to the report.

Following consideration, the Committee resolved with 6 votes for and 2 votes against to:

(1) Note that

- i. **the Licencing and Planning Policy Committee (LPPC) approved a revised CIL spending Protocol on the 11 March 2025, and**
- ii. **an Urgent Decision by Full Council approved changes to this Committee's Terms of Reference relevant to decision-making on CIL; CIL MWG and spending decisions to be taken in future by this committee**

(2) Approve the revised terms of reference for the CIL Member Working Group (detailed in Appendix 1 to the report) as recommended by the LPPC on the 11 March 2025.

67 URGENT DECISION

The Committee received a report informing it of a decision taken by the Chief Executive the grounds of urgency, in compliance with the requirements of the Constitution.

The following matter was considered:

- **Urgent decision 150 – electricity contract.** In response to a question from a Member, the Head of Property and Regeneration informed the Committee that the contract related to all of the Council's buildings but that the Council had the ability to remove buildings from the contract if it wished to do so.

Following consideration, the Committee unanimously resolved to:

(1) Note the urgent decision taken and the reasons for that decision.

68 BOURNE HALL LODGE

The Chair informed the Committee that this item had been withdrawn from the agenda and would not be considered at this meeting.

69 BOURNE HALL BUNGALOW

The Committee received a report considering seven potential options for the future use of Bourne Hall Bungalow.

The following matter was considered:

- a) **Current use.** The head of Property and Regeneration informed the Committee that the Bungalow was currently used by the Primary Care Network.

Following consideration, the Committee unanimously resolved to:

- (1) Agree for Bourne Hall Bungalow to continue to be used for commercial accommodation as detailed in Option 1 (Restricted Appendix 1 of the report, paragraphs 1.1-1.6).**
- (2) Nominate and authorise the Head of Property & Regeneration, in consultation with the Director of Corporate Services and Head of Legal, to take all necessary actions further to the above decision being made that commit resources, as is necessary and appropriate, to progress the selected option to completion.**

The meeting began at 8.00 pm and ended at 8.27 pm

COUNCILLOR NEIL DALLEN (CHAIR)

PROCUREMENT STRATEGY UPDATE

Head of Service:	Andrew Bircher, Assistant Director of Corporate Services
Report Author	Corporate Governance & Strategy Manager
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	Appendix 1 – Procurement Strategy

Summary

The Procurement Strategy sets out the council's vision, values and objectives for its procurement function. Therefore, it contributes to the governance of the council's procurement activities and sets out how it aims to achieve best value and comply with legislation.

Recommendation (s)

The Committee is asked to:

- (1) Approve the updated Procurement Strategy (Appendix 1).

1 Reason for Recommendation

- 1.1 The Strategy sets the strategic direction for the council's procurement function and supports its governance. Therefore, it is important to have an up-to-date Strategy, which now also reflects the Procurement Act 2023 and the proposed re-organisation of local government.

2 Background

- 2.1 Procurement refers to the purchase of goods, services and Works. As public procurement accounts for a significant percentage of taxpayers' money, Local Authorities are expected to procure effectively and with adherence to procurement law, to ensure high quality service delivery.
- 2.2 The aim of the procurement function is to provide procurement consultancy, transactional procurement services, and contract management support to all service areas within the council.

- 2.3 All public sector procurement is based on Value for Money. This can be defined as the best mix of quality and price to achieve the desired specification. This should be achieved through competitive procedures.
- 2.4 The current version of the Strategy expired in 2024. The work was programmed so that an updated version would be brought to the Committee last year as planned, however the delayed implementation of the [Procurement Act 2023](#), to February 2025, and updated [National Procurement Policy Statement](#), has meant that this Strategy has not been able to be brought to this committee until now.
- 2.5 The updated Strategy provides introductory information regarding procurement and the context of procuring goods, services and Works in the public sector; operational and policy procurement objectives, and the national legislation and our local policies that it intersects with.
- 2.6 It should be noted that the council's specific procurement rules are not set out in the Strategy, as these are contained in our [Contract Standing Orders](#) and the Procurement Act 2023.

3 Updated Procurement Strategy

- 3.1 The updated Procurement Strategy is attached at Appendix 1.
- 3.2 The updated Strategy outlines four policy objectives for the procurement function:
 - 3.2.1 Obtain social value, sustainability and help address the climate emergency.
 - 3.2.2 Prioritise local, regional and small - medium-sized enterprise (SME) spend.
 - 3.2.3 Be commercial, innovative and add value.
 - 3.2.4 Consider the implications of local government reorganisation.

4 Risk Assessment

Legal or other duties

- 4.1 Equality Impact Assessment
 - 4.1.1 As this strategy is not focussed on specific service delivery that will impact individuals, it will therefore not impact on the protected characteristics. While the strategy aligns and supports the council's equality objectives, it will be individual procurements that need to analyse their potential impact on the protected characteristics, and ensure the council is contracting with organisations that share its equality ambitions.

4.2 Crime & Disorder

4.2.1 The Strategy will support our [Anti-fraud and Anti-corruption Strategy](#).

4.3 Safeguarding

4.3.1 No direct implications.

4.4 Dependencies

4.4.1 The council is currently partnered with the Shared Procurement Service who will support the delivery of the Strategy.

4.5 Other

4.5.1 None.

5 Financial Implications

5.1 The Strategy supports achieving value for money contracts for the council, and while it sets operational and policy objectives, these are to be pursued within existing budgets.

5.2 **Section 151 Officer's comments:** The updated procurement strategy, aims to enhance our procurement processes and deliver value for money.

6 Legal Implications

6.1 No direct implications, as pursuing the strategic aims of Procurement at the council will occur within national and local legal frameworks, namely the Procurement Act 2023 and our Contract Standing Orders.

6.2 **Legal Officer's comments:** None arising from the content of this 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:** The Environment and Sustainability Officer has been consulted on the Strategy and fed into the section titled "Obtain social value, sustainability and help address the climate emergency".

7.4 **Sustainability Policy & Community Safety Implications:** Sustainability is addressed in the section named in 6.3. There are no direct community safety implications.

- 7.5 **Partnerships:** We are partnered with the Shared Procurement Service who will directly contribute to the implementation of this Strategy.
- 7.6 **Local Government Reorganisation Implications:** LGR has been addressed in the Strategy as a policy principle. This means that all procurement activity will consider its implications, such as letting shorter contracts and including more options regarding contract extensions. However, we still need to ensure that any decisions made in this regard are compliant with national legislation and our Contract Standing Orders. There may be financial impacts on contracts which the council could typically receive better value for, if they were to be let over a longer term. However, this risk will be managed within any applicable procurement exercise, and all options considered.

8 Background papers

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

Previous reports:

- *Procurement Strategy Update*, Strategy and Resources Committee, Tuesday 29th March 2022. Online available: [Epsom and Ewell Democracy](#) [last accessed 13/06/2025]

Other papers:

- Please see in-text hyperlinks to access other referenced documents.



Procurement Strategy 2025-2028

Version number: 3.0
Date: April 2025

Document Information and Approvals

Title: Procurement Strategy

Review frequency: Officer review every 3 years

Review due date: April 2028

Service owner: Corporate Governance & Strategy Manager

Document Approvals

Each revision requires the following approvals:

- Non-administrative updates: Strategy & Resources Committee
- Administrative updates: Assistant Director of Corporate Services

	Title	Date Approved	Signature
Head of Service	Assistant Director of Corporate Services	16/06/2025	
Strategic Leadership Team	Chief Executive		
Committee	Strategy & Resources Committee		N/A

Revision History

Version No.	Revision Date	Revisor	Previous Version	Description of Revision
2.0	29th March 2022	Procurement & Contracts Manager	1	Complete review.
3.0	April 2025	Corporate Governance Manager	2.0	Complete review and re-formatting.

Impact Assessment and Consideration

Assessment Type	Date Assessed	Impact Assessment / Comment	Assessed By
Finance	18/06/2025	See the Committee covering report.	Director of Corporate Services (Section 1511 Officer)
Legal	17/06/2025	See the Committee covering report.	Head of Legal and Democratic Services

			(Monitoring Officer)
Equality Impact Assessment	13/06/2025	The EIA screening tool was used, which indicated that a full EIA was not required. Namely this is due to the Strategy not being focussed on specific service delivery that impacts individuals and the protected characteristics, which will be applicable to individual procurement exercises. However the Strategy does support the council's equality objectives.	Corporate Governance and Strategy Manager
Counter-fraud	13/06/2025	Section 4.2 addresses fraud prevention. This strategy supports our counter fraud strategy, Contract Standing Orders, Officer Code of Conduct, and procurement templates, which seek to prevent fraud and promote a counter-fraud culture.	Corporate Governance and Strategy Manager
Health and Safety	N/A	This Strategy does not create any direct health and safety implications.	N/A
Data Protection Impact Assessment	N/A	This Strategy does not require any changes in the way the council processes data.	N/A
Climate Change	09/05/2025	Draft version reviewed by the Environment and Sustainability Officer	Environment and Sustainability Officer

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1. About this Strategy

1.1. What do we mean by procurement

- 1.2. Procurement refers to the purchase of goods, services and Works. As public procurement accounts for a significant percentage of taxpayers' money, Local Authorities are expected to procure effectively and with adherence to procurement law, to ensure high quality service delivery.

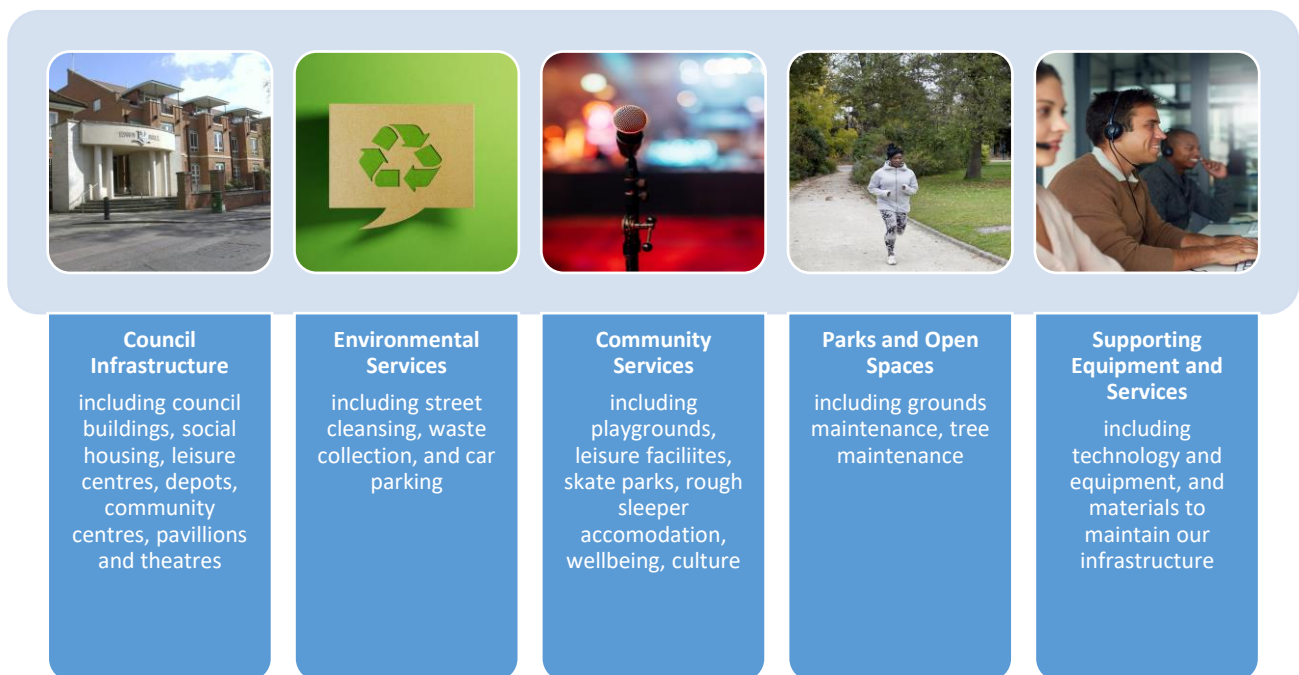


- 1.3. The aim of the procurement function is to provide procurement consultancy, transactional procurement services, and contract management support to all service areas within the council.
- 1.4. All public sector procurement is based on Value for Money. This can be defined as the best mix of quality and price to achieve the desired specification. This should be achieved through competitive procedures.
- 1.5. Public sector procurement is subject to a legal framework which encourages free and open competition and value for money.
- ### 1.6. Why we need this strategy
- 1.7. The service is small, with commissioned resource from the Shared Procurement Service (SPS) which is composed of Crawley Borough Council, Horsham District Council, Mid Sussex District Council and Mole Valley District Council. The SPS provides professional procurement advice and leads on the letting of key corporate contracts.
- 1.8. Epsom & Ewell Brough Council spends around £14.5m per year to buy the goods, works and services we need to do our work. This spend is a crucial element in delivering of our statutory and discretionary services to local communities. How we source and deliver these services has a direct impact on the ways in which local people, communities and businesses judge the value that we provide and the quality of outcomes that we achieve.
- 1.9. This strategy sets out our aspirations for the development of our service over the next three years, so that Procurement can:
- Contribute directly to the delivery of the council's strategic policies and show due regard to the [National Procurement Policy Statement](#) (NPPS).

- Enable measurable improvements to value for money outcomes that we achieve in our contracts, set against the context of large increases in the cost of living and volatile supply chains.
- Drive social value, carbon reduction, sustainability, and use of local and SME suppliers.
- Develop our skills to enable us to effectively support service areas to be able to respond to economic, financial and social challenges.
- Maintain highest standards of accountability, probity and transparency and compliance with procurement legislation and government guidance and policy.
- Help prepare the council for local government reorganisation.

2. Why Procurement Matters

2.1. Procurement enables us to compliantly purchase goods, services and works that contribute to:



2.2. Contract failure or underperformance can negatively impact on our reputation, budgets and erode our ability to fulfil our commitments to local communities. Equally we need to ensure that we manage our third-party expenditure effectively and in a fully transparent way to ensure that we:

- Attract the best possible suppliers whilst encouraging greater opportunities for SMEs and local businesses, VCOs and social enterprises, even as sub-contractors.

- Ensure the delivery of high-quality services and maintain high standards of contract performance.
- Stay on budget and deliver efficiency and added value in our contracts.
- Address the declared climate emergency and take sustainability and carbon reduction considerations into account, working in collaboration with our suppliers.
- Embrace innovation and opportunities to do things differently.

3. Ownership

- 3.1. Procurement activity in the council is delegated to the relevant officers according to the council's [Contract Standing Orders](#). Typically, the appropriate Head of Service is usually responsible for the delivery of new procurement projects, apart from those within Threshold 4 where Procurement takes the commercial lead on the project. For certain high value contracts, approval is required from the relevant committee to commence the procurement process, and award contracts.
- 3.2. The Shared Procurement Service provides professional advice and support to council, and often leads our Threshold 4 projects. This is supported by our in-house procurement team.
- 3.3. The Procurement and Contracts Officer monitors procurement activity across the council, leads on Threshold 3 procurements, advises on Threshold 1 and 2 procurements, analyses the council's spend, and manages our Contract Register.
- 3.4. The Service owner for this Strategy is the Corporate Governance & Strategy Manager, with Procurement sitting in the Corporate Services directorate.
- 3.5. This strategy has been formally approved by the Strategy and Resources Committee.
- 3.6. The strategy should be read in conjunction with our Contract Standing Orders, and for officers, the procurement guidance hosted on the intranet.
- 3.7. The strategy applies to all staff and Members involved in a procurement process, contract management, and applies to all acquisitions of all third-party goods, works and services, regardless of whether they are through new / existing contracts or their funding source.

4. Purpose, Vision and Values

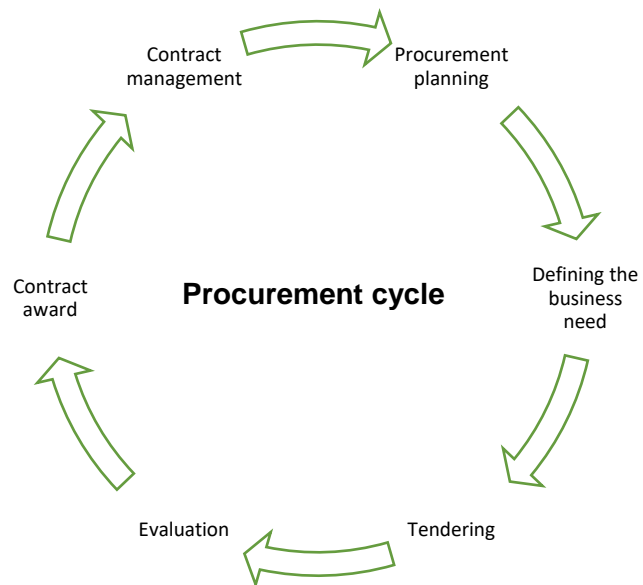
Our Purpose	<p>The purpose of the Procurement team is to provide a flexible, customer focused, high quality and friendly service.</p> <p>We will support corporate priorities and strategy by utilising best practice in procurement, commercial thinking, with the aid of technology to achieve cost-effective, legally compliant decision-making, which protects the environment and delivers social and economic benefits to our communities.</p>
Our Vision	<p>We will apply strategic thinking to our procurement processes to achieve the best possible solutions, and value, for the council and the communities in our Borough.</p>
Our Values	<p>We will:</p> <ul style="list-style-type: none"> • Be open minded, honest, friendly, and accountable, ensuring decisions that we make are fair and transparent. • Ensure we achieve value for money and best possible service delivery outcomes from compliant procurement activities. • Listen, respect and collaborate with service users and partners to maximise resources and shape future services. • Be innovative and aspirational in our vision for the future, for the council, local people, commercial partners and communities.

4.1. Implementing our Vision

4.2. Our overarching approach is to help deliver the council's strategic priorities by effectively managing our £14.5m spend. To this end, we have set the following **operational objectives**:

- Follow the procurement cycle, and achieve the "Most Advantageous Tender[s]" ([MAT](#)).

- Engage effectively with the market.
- Maintain sound governance, transparency, accountability and probity in our operational processes.
- Ensure procurement processes are carried out in accordance with all relevant procurement legislation, government guidance and case law.
- Conduct effective contract and risk management, to ensure that we get what we pay for, obtain added value, make certain that suppliers perform well, and prevent contract failure and incurring additional costs.
- Use digital technologies to improve processes, procedures, access to our services, and engagement with local businesses.
- Work effectively with delivery partners, including local business and voluntary and community groups, to shape and inform our thinking and grow our local economy. We will engage with local and SME suppliers, to ensure they are supported to be able to work with us.
- Make the most of our people, by further increasing their knowledge and skills on all aspects of procurement and contract / relationship management.
- Seek to prevent procurement fraud.
- Through our procurement processes, ensure due regard is shown to our equality objectives, as set out in our Diversity, Equity and Inclusion Framework, safeguarding obligations, and Modern Slavery Statement.



4.3. We will further contribute to our Vision, the council's priorities, and the government's NPPS, by pursuing the following **policy objectives**:

- Obtain social value, sustainability and help address the climate emergency.
- Prioritise local, regional and SME spend.
- Be commercial, innovative and add value.
- Consider the implications of local government reorganisation.

5. Our Procurement Policy Objectives

5.1. Obtain social value, sustainability and help address the climate emergency

- 5.1.1. The way we spend our money and the organisations that we do business with is known to be a major contributor to the fulfilment of our local, ethical and sustainability priorities including local economic regeneration, protecting our environment and gaining more by the way of social value and community benefit (responsible procurement). We recognise that this cannot be achieved in isolation and are therefore keen to work in partnership to increase our impact.



5.1.2. Our Procurement team will work with service areas to:

- Ensure that all new procurement activities consider responsible procurement criteria as part of their sourcing, selection and award processes and in contract management.
- Ensure that procurement activities are aligned with our second Climate Change Action Plan and support our commitment to be carbon neutral by 2035, including encouraging suppliers to reduce waste, increase energy efficiency, adopt circular economy procedures, improve resource efficiency and implement carbon reduction plans.
- Ensure that social value is understood and sought in appropriate contracts. This includes ensuring that outcomes are successfully achieved, and effectively and appropriately monitored and recorded.
- Identify and prioritise opportunities in sustainable procurement to deliver additional environmental benefits, for example enhanced biodiversity.

5.2. Prioritise local, SME and regional spend

- 5.2.1. A thriving local economy is a key part of increasing prosperity and wealth creation and reducing inequalities. The [National Procurement Policy Statement](#) sets out national policy which we have used to develop our strategy.

5.2.2. We would like to create more diverse supply chains to deliver our contracts which will better support start-ups, Small and Medium Enterprises (SMEs) and Voluntary, Community and Social Enterprises (VCSEs) in doing business on public sector contracts.

5.2.3. **Our Procurement team will work with service areas to:**

- Engage with local suppliers to develop local sourcing opportunities to enable a positive impact on the local economy.
- Ensure that there is sufficient time is built into tender processes, wherever possible, to allow SMEs sufficient time to galvanise their resources to be able to bid for the service.
- Pay suppliers as quickly as possible to support their cash flow liquidity
- Pro-actively promote our e-tendering portal with local businesses,
- Work with Finance and Legal colleagues to promote fair payment terms throughout the supply chain and embedding suitable and proportionate criteria within any qualification processes. Also ensuring suitable terms and conditions are contained in contractual agreements
- Offer appropriate assistance and advice with bid writing / advising on the procurement process, participating in market engagement events and specific bid events and ensuring our communications are easy to understand and accessible.
- Request procuring officers to seek a quote from a local / SME supplier for their procurement, where appropriate.

5.3. **Be commercial, innovative and add value**

5.3.1. Councils continue to face financial pressures along with all other organisations due to many factors.

5.3.2. The effective management of our expenditure is a key contributor of this objective. This is not about who controls budgets and authorises expenditure but the way we plan, engage with, and help to shape markets and manage our contracts effectively.

5.3.3. Our Procurement team will:

- Analyse our third-party expenditure and target opportunities to save money, maximise efficiency and economies of scale, and help create a vibrant supply chain.

- Maintain a commercial outlook when engaging with strategic suppliers throughout the local, regional and national markets to improve performance, reduce costs, mitigate risk and harness innovation.
- Enable market engagement days to engage with the wider supply base and ensuring contract managers have good market knowledge and benchmarking skills.
- Gather relevant market intelligence enabling us to improve services, budget forecasting, timetabling, and planning procurements.
- Encourage our suppliers to commit to providing high quality jobs, safe and healthy working conditions, fair pay, opportunity and progression for workers, tackle bribery, corruption, fraud, modern slavery and human rights violations, comply with their tax, employment law and other legal obligations (inc. safeguarding responsibilities), and stamp out late payment of invoices in their supply chains.

5.4. Consider the implications of local government reorganisation

- 5.4.1. We will seek to align our procurement practices with local government reorganisation by considering: the length of new contracts; how we use contract extensions; incorporating contract flexibility and modifications; and how we terminate contracts.
- 5.4.2. We will ensure that any decisions made in this regard are compliant with procurement legislation and our Contract Standing Orders.

6. National Legislation

6.1. All our procurement activity will comply with all relevant national legislation, such as:

- **Procurement Act 2023** provides a legal framework for procurement activities undertaken in local authorities in the UK.
- **Public Services (Social Value) Act 2012** requires public authorities to have a duty to consider how our procurement activities might improve the economic, social and environmental wellbeing of our areas and how we might act to secure that improvement.
- **Equality Act 2010** sets out anti-discrimination law in the UK and the public sector equality duty applicable to public authorities and organisations contracted to carry out a public function.
- **Modern Slavery Act 2015** introduces enforcement powers and measures to enhance the protection of victims of slavery, servitude and forced or compulsory labour and human trafficking offences and increase supply chain transparency and accountability for supply chains.
- **National Procurement Policy Statement** sets out the strategic priorities for public procurement and how contracting authorities can support their delivery. They are issued by the UK Government on an annual basis.
- **Bribery Act 2010** is aimed at dealing with the risk of bribery and corruption, which undermines corporate governance, the rule of law and damages economic development.
- **Criminal Finances Act 2017** targets corruption, money laundering and tax evasion.
- **Freedom of Information Act 2000** creates a general right of access to information held by public authorities (and those providing services for them), sets out exemptions from that right and places several obligations on public authorities.
- **Local Government Transparency Code 2015** sets out the minimum requirements for local authorities to publish open data for re-use and in a timely way.

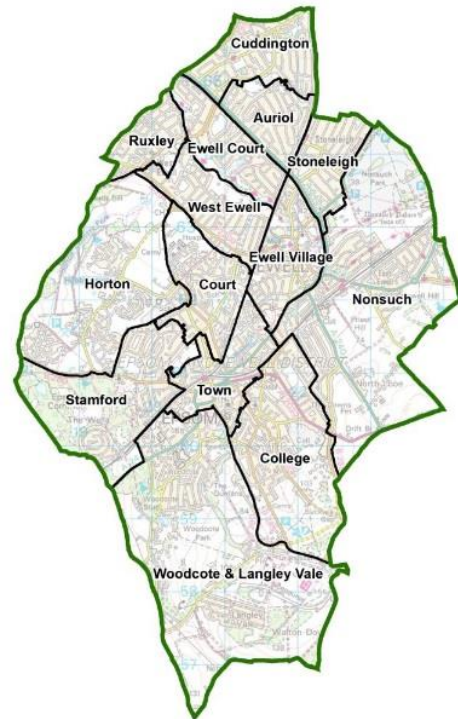


- **Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018** sets an obligation on all public sector bodies to make their website or mobile application more accessible by making it 'perceivable, operable, understandable and robust'.

7. Local Policies and Corporate Priorities

7.1. All our procurement activity will comply with our local policies and support our corporate priorities, such as:

- Anti-Fraud and Corruption Strategy
- Biodiversity Action Plan
- Climate Change Action Plan
- Constitution and Operating Framework
- Contract Standing Orders
- Corporate Plan 2025-28 (forthcoming)
- Data Protection Policy
- Disability Confident Employer
- Diversity, Equity and Inclusion Framework
- Financial Regulations
- Health & Safety Policy
- Medium Term Financial Strategy
- Modern Slavery Statement
- Safeguarding Policy
- Strategic Business Continuity Plan



8. Reporting and Accountability

8.1. The council's Procurement Board, which includes members of the Strategic Leadership Team, maintains oversight of the council's procurement activities and the implementation of this strategy. The Board can also make non-material / administrative updates to this Strategy.

- 8.2. If any material changes to this Strategy need to be made, or there are significant delays / changes to Local Government Reorganisation which warrant a review of the Strategy, then these will be brought to the Strategy & Resources Committee for approval.

2024-25 PROVISIONAL FINANCIAL OUTTURN

Head of Service:	Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
Report Author	Sue Emmons, Chief Accountant
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	None

Summary

This report summarises the Council's provisional financial performance for 2024/25 and details the capital budgets to be carried forward for schemes where costs will be incurred in 2025/26.

Recommendation (s)

The Committee is asked to:

- (1) Receive the report on provisional financial outturn for 2024/25;**
- (2) Approve the carry forward £1.923 million budget for capital schemes to be added to the 2025/26 capital programme.**
- (3) Note that the provisional outturn position is subject to external audit. Should any material changes arise from the audit, these will be reported back to members.**

1 Reason for Recommendation

- 1.1 This Committee has responsibility for the Council's overall budget framework; it is therefore important that members are made aware of the 2024/25 outturn position. The Financial Regulations also require that the budget carry-forward requests be approved by Strategy & Resources Committee.

2 Background

- 2.1 The Council's financial performance is reported quarterly to members of Audit & Scrutiny Committee through the budget monitoring process. At year-end, the outturn position is formally reported to Strategy & Resources via this report, and to Audit & Scrutiny Committee via the Statement of Accounts report in the Autumn.
- 2.2 Provisional outturn has already been circulated to all members via Members' News in July, this report formally presents the position to Strategy & Resources Committee.
- 2.3 The provisional outturn position will be subject to external audit over the summer and autumn. Should any material amendments arise following completion of the external audit, these would be reported back to members.

General fund Summary Position

- 2.4 In summary, the outturn position for 2024/25 is:-

Table 1 - General Fund Summary	Original Budget	Current Approved Budget*	Provisional Outturn	Variance
	£'000	£'000	£'000	£'000
Strategy and Resources	(118)	(1,447)	(1,892)	(445)
Environment	4,218	4,894	4,995	102
Community & Wellbeing	5,509	6,117	6,718	601
Licensing & Planning Policy	1,237	1,282	1,267	(15)
Capital charges	(1,941)	(1,941)	(1,941)	0
Total Net Expenditure	8,905	8,905	9,147	242
Funded by:				
Council Tax precept	7,636	7,636	7,636	0
Revenue Support Grant, Services Grant & CSP	207	207	207	0
Minimum Guaranteed Funding				
Share of Business Rates	2,041	2,041	2,041	0
Transfer from Collection Fund	(979)	(979)	(979)	0
Total Funding (Budget Requirement)	8,905	8,905	8,905	0
Total General Fund	0	0	242	242

** includes agreed virements and changes to employee and support services allocations, capital charges and IAS 19 pension adjustments from the original budget to reflect required accounting practice.*

- 2.5 The Council's £242,000 adverse variance for 2024/25 will result in a contribution from the General Fund working balance reserve, as shown in the following table:

Table 2 - General Fund Working Balance	£'000
Working Balance at 1 April 2024	2,997
Deficit on General Fund for 2024/25	(242)
Working Balance at 31 March 2025	2,754

- 2.6 At Quarter 3, an equivalent probable outturn of £230,000 over budget had been forecast and reported to Strategic Leadership Team and Members.

- 2.7 Information on the main variations to budget were circulated to all members in July. The most significant adverse variances to budget in 2024/25 were as follows:

- Housing (£0.58m) – The adverse variance within Homelessness has increased from the quarter 3 forecast of £475,000 to £581,000 at year end. This increase is mainly due to a sharp rise in the number of households in nightly paid accommodation, with the figure standing at 109 at year end, up from 88 at quarter 3. Whilst work continues to identify and implement schemes to manage demand, external factors continue to put additional pressure on the service.
- Waste Services (£0.2m) –the £49,000 hire costs of a replacement vehicle and the £85,000 additional agency staff costs reported at quarter 3 have been compounded by a further £80,000 adverse variance on the recycling income from Surrey County Council, the budget for recycling income will be reviewed during the 2026/27 budget setting process to address this issue.
- Cemeteries (£0.13m) - The forecast adverse variance within Cemeteries has increased from £83,000 at quarter 3 to £133,000 at year end due to actual income generated being lower than previously forecast. Income budgets will be reviewed during the 2026/27 budget setting process to address this issue.

- Housing Benefits (£0.15m) – the adverse variance of £145,000 within Tax Collection & Benefits was not forecast at quarter 3 and has resulted from an unfavourable outcome from the Surrey Business Rates pool. An income of £150,000 had been budgeted for 2024/25 as this was the expected increase in retained business rates due to being within the pool, but unexpected business rates refunds have meant that the pool benefit has not been realised. An additional adverse position on Housing Benefits, caused by the need to set aside a provision of £163,000 to offset benefits payments that are unable to be reclaimed in subsidy, has been offset by a favourable variance from recovered overpayments.
- External Audit Fees (£0.15m) - the adverse variance of £148,000 was not forecast at quarter 3 and has resulted from additional fees charged by the Council's External Auditors. The additional charges levied by Grant Thornton for both main audit and housing benefit audits cover a number of financial years, and relate to additional testing and work required under new accounting regulations.
- Place Development (£0.1m) – the adverse position on planning income forecast at £50,000 at quarter 3 has risen to £75,000 at year end. From April 2025 the government has significantly increased the fees Councils can charge for planning applications which is expected to address this issue going forward.
- Community Services and Centre (£0.1m) – the adverse variance of £55,000 on Community Services at quarter 3 is lower than forecast at £37,000 at year end; and the adverse variance at the Wellbeing Centre of £78,000 at quarter 3 is also lower at year end at £59,000. Both services have had income budgets reduced for the new financial year which is anticipated to address these adverse positions for 2025/26.

2.8 The most significant favourable variances to budget in 2024/25 were as follows:

- Treasury Management Income (£0.3m) - the Council achieved £1.56m of interest income for the year, £430,000 higher than the budgeted target. £280,000 has been used to fund services in 2024/25, with the balance transferred to an interest equalisation reserve to help smooth interest returns and protect against lower interest rates in the future.
- Corporate Financial Management (£0.25m) – a favourable variance of £200,000 was forecast at quarter 3 as an expected underspend on the contract inflation contingency was identified as available to offset adverse variances elsewhere in the Council. This favourable variance is confirmed at £247,000 at end year.

- Car parking (£0.18m) – the favourable variance on car parking income forecast at £80,000 at quarter 3 has materialised at £180,000 at year end. The majority of parking fees have remained at 2024/25 rates for the new financial year so increased income budgets in 2025/26 mean that the variance this year is expected to be neutral. Officers will closely monitor income levels throughout the year.
- Licensing (£0.1m) – a favourable variance of £90,000 within licensing has arisen due to ununiform nature of licensing income created by licenses spanning more than one financial year. Additional investment in the service will be undertaken in 2025/26 including a new system for processing applications expected to make the process easier for users.

2.9 Budget plans are being kept under review and will continue to be reported to Members, with the next scheduled quarterly update due at Audit & Scrutiny Committee in September.

3 Reserves

3.1 Transfers have been made to and from revenue and capital reserves in line with Council policy for the reserves and as approved for specific schemes during the year.

3.2 The following table shows the balances of strategic revenue reserves following preparation of the unaudited Statement of Accounts:

Table 3 – General Fund Revenue Reserves	Balance at 31 March 2024	Balance at 31 March 2025	Commitments & Forecast Transfers	Forecast Balance
	£'000	£'000	£'000	£'000
General Fund Working Balance	2,997	2,755	(1,200)	1,555
Corporate Projects Reserve (a)	4,128	3,838	(3,027)	811
Sub-Total - Reserves available for general use	7,125	6,593	(4,227)	2,366
Strategic Priorities Reserve (b)	0	0	2,072	2,072
Repairs and Renewals	596	686	(15)	671
Insurance	434	420	0	420
Property Maintenance	515	376	(345)	31
VAT Reserve	206	206	0	206
Collection Fund Equalisation Reserve (c)	3,824	2,837	(1,486)	1,351
Commuted Sums	1,439	1,439	0	1,439
Interest Equalisation Reserve	784	934	0	934
Property Income Equalisation Reserve (d)	7,224	6,694	0	6,694
Sub-Total - Contingencies unavailable for general use	15,022	13,592	226	13,818
Residential Property Acquisition Fund (e)	978	0	0	0
Community Safety	116	104	(17)	87

Sports & Leisure Development Projects Fund	123	121	(10)	111
Place Development Grants	772	590	(520)	70
Prevention, Personalisation & Partnership Fund	125	93	(24)	69
Housing/Homelessness Support Grants	910	708	(708)	0
HIA Hardship fund	124	124	0	124
Basic Payments Scheme	136	124	(32)	92
Other smaller grants	28	28	0	28
Sub-Total - Ringfenced funds/grants for specific use	3,313	1,892	(1,311)	581
Total Revenue Reserves	25,460	22,077	(5,312)	16,765

3.3 The major movements in reserves during the year were as follows:

- (a) Corporate Projects Reserve – New Homes Bonus funding from government totalling £273,000 has been transferred into the reserve as planned, as has £100,000 of contingency budgets from 2024/25, and a transfer from the Collection Fund equalisation reserve of £500,000 following the 2023/24 review of reserves. A number of smaller sums have been transferred to the reserve to fund service expenditure in the new year. A planned contribution of £528,000 has been used to fund Council services in 2023/24; £349,000 was used to fund the Town Hall relocation project; £240,000 was used to fund planning staff and local plan work streams; and £179,000 was used to fund various feasibility studies, as previously agreed by Strategy & Resources committee.
- (b) Strategic Priorities Reserve – this is a new reserve set up in 2025/26 following agreement at Council on 6 May 2025, to fund the strategic priorities identified for the next 18 months. The balance has been created through transfers from the General Fund Working Balance and Corporate Project reserves.
- (c) Collection Fund Equalisation Reserve – As planned, £974,000 was withdrawn from the reserve to fund the prior year collection fund deficit, and £500,000 was transferred to the Corporate Projects reserve following the 2023/24 review of reserves. £486,000 was contributed back to the reserve in 2024/25 relating to business rates refunds on Council properties. The reserve balance will be required in future years to fund the accumulated collection fund deficit of £129,000 at 31 March 2025, and to offset potential future reductions in business rates income following central government's Fair Funding review. The reserve may also be used to offset any significant, future successful appeals against business rate bills, and to manage variations in annual council tax income.
- (d) Property Income Equalisation Reserve – During 2024/25, the Council received £53,000 in back rent following rent reviews at Nonsuch Industrial Estate, and £117,000 accrued income at Parkside House, which have been set-aside in the reserve to fund known future property commitments. £700,000 was drawn down to compensate for a reduced dividend from EEPIC for 2024/25.

- (e) Residential Property Acquisition Fund - £834,000 was used to purchase property for use as temporary accommodation, and the balance was transferred to the Repairs and Renewals reserve as a fund for future maintenance works on Council-owned temporary accommodation properties.

4 2024/25 Additional Income/Savings Delivery

- 4.1 The 2024/25 budget required £356,000 of new additional income and savings to be delivered during the year. The delivery status of these is summarised in the following table:

Table 4 - Summary of Budgeted Additional Income/Savings - 2024/25	Committee	Achieved	In progress	Not Achieved
		£000	£000	£000
Income from Commercial Property	S&R	249	-	
Income from Licensing	LPPC	50	-	
Wellbeing Centre - Higher Needs Income	C&W		-	30
Other Operational Efficiencies	All	27	-	
Total Savings - £356k		326	-	30

- 4.2 As reported at Quarter 3, while £326,000 of planned savings were expected to be successfully delivered in 2024/25, £30,000 was not expected to be deliverable during the year. An update on the highest value savings that were not achieved in year is provided as follows:
- 4.3 The Income from Commercial Property was achieved, through higher rental income at industrial estate plots following further rent reviews agreed in 2023/24. And income from Licensing activities was also achieved, as were smaller operational efficiencies.
- 4.4 As detailed in section 2, income from the Wellbeing was underachieved by £59k at year end, therefore this savings target was not met. This achievable income has been addressed as part of the 2025/26 budget setting process where income budgets were reduced to a level £60,000 lower than those for 2024/25.

5 Provisions

- 5.1 Following an analysis of general debtors, the associated bad debt provision has increased by £4,000, from £259,000 to £263,000 at 31 March 2025. The £4,000 increase consists of £12,000 write-offs charged against the provision and a £16,000 increase in the provision overall to reflect the current profile and balance of outstanding debtors. Outstanding debtors will be monitored and managed during 2025/26 in accordance with the Council's debtor procedures.

- 5.2 Income from the recovery of past housing benefit overpayments has previously been used to increase the bad debt provision for outstanding housing benefit overpayments debts, due to the planned future transfer of benefits administration to central government. Outstanding debt at the end of 2024/25 totals £1.23m (£1.36m at 31 March 2024). The balance of the provision stands at £1.21m, meaning that 98% of the outstanding debt has been provided for at 31 March 2024 (99% prior year).
- 5.3 An additional provision of £163,000 has been made in 2024/25 to offset benefits payments that are unable to be reclaimed in subsidy.

6 Pensions

- 6.1 Pensions have been treated within the accounts in accordance with recommended financial reporting standards for local authorities. The movement for accounting purposes has gone from a net asset of £2.3m at 31 March 2024 to a net asset of £18.2m at 31 March 2025 due to strong returns and interest income from plan assets. However, under the IAS19 accounting standard, a net asset restriction is applied to adjust for the effect of limiting the defined benefit asset to the asset ceiling. The asset ceiling is the net present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. There is a net liability of £6.0 million after applying the asset ceiling.
- 6.2 Additional information on pension liabilities is included within the Statement of Accounts, which is prepared in accordance with International Accounting Standard 19 (IAS19). The IAS19 accounting valuation does not comprise a full re-valuation of the fund and does not impact the Council's contributions.
- 6.3 Although the IAS19 pension liability has an impact on the Council's balance sheet, the valuation methodology is affected by short-term economic market conditions and is not used to determine the impact on council tax of the cost of paying pensions. There are separate statutory arrangements for meeting the liability, which will be addressed by increased contributions to the scheme over the remaining working lives of the staff.

7 Capital Expenditure 2024/25

Core Capital Programme

- 7.1 A summary report of the 2024/25 capital programme was issued to all Councillors via Members Update in July. The 2024/25 expenditure per Committee for the core capital programme is shown below:

Table 5 - Core Capital Programme	2024/25 Approved Budget	2024/25 Outturn	Variance
	£'000	£'000	£'000
Strategy & Resources	1,222	681	(541)
Environment	1,096	819	(277)
Community & Wellbeing	5,047	3,616	(1,431)
Licensing & Planning Policy	0	0	0
Sub-total Core Capital Programme	7,365	5,116	(2,249)
Town Hall Relocation Project	7,000	0	(7,000)
Total	14,365	5,116	(9,249)

- 7.2 The approved budget is £434,000 higher than reported at quarter 3 due to the additional of two projects within Community & Wellbeing Committee; £299,000 for the purchase of a property for temporary accommodation, using grant funding from round 3 of the Local Authority Housing Fund (LAHF3) and some S106 affordable housing monies, as agreed at Strategy & Resources Committee on 12 November 2024; and a further £135,000 for the installation of solar PV panels on the Rainbow Leisure Centre, funded by Sport England funding.
- 7.3 On the core capital programme, actual expenditure was £5.116m which is £2.249m less than the current approved budget. The main projects contributing to the underspend are Fairview Road temporary accommodation (£425k); Bourne Hall windows replacement (£349k); the Disabled Facilities Grant (297k); ICT Programme of Works (£278k); the CRM and Data Warehouse project (£262k); Alex Rec Dojo (£170k), which is awaiting the outcome of additional funding; and two schemes at the Wellbeing Centre (£120k).
- 7.4 The £7m Town Hall relocation project was halted following a decision at Council on 6 May 2025, due to the uncertainty created by the Local Government Reorganisation. £154,000 of expenditure that would have been incurred under the capital scheme has been transferred to revenue as abortive costs and funded by the revenue allocation for the scheme.
- 7.5 The following 2024/25 projects remain in progress, or not started and it is requested that the budgets be carried forward to 2025/26:-

Table 6 - 2024/25 Capital Projects still in progress, or not started, at 01/04/25	Remaining Budget £'000s	Funding Source
Disabled Facilities Grant	297	External grant
Sewerage Contamination Prevention - Longmead Depot	22	Capital receipts
Wellbeing centre solar panel installation	60	Capital receipts
Wellbeing centre windows replacement	60	Capital receipts
Bourne Hall Window replacement	349	Capital receipts
Fairview Road - TA	425	S106 receipts
ICT Programme of works	278	Capital receipts
Replacement of CRM and Data Warehouse	262	Capital receipts
Alex Rec Dojo	170	Capital receipts
Total budget carried forward into 2025/26	1,923	

- 7.6 The difference between the £2.25m overall variance on the core capital programme the £1.92m roll forward budgets of £326,000 is as a result of favourable variances on a number of completed projects, the main ones being: replacement of EEBC lamp columns (£96k); Ashley Centre car park barrier system (£92k); Bourne Hall roof and solar panels (£79k); and Poole Road pavilion replacement roof (£50k).

Property Acquisition Funds – Commercial Property

- 7.7 The Council retains one in-Borough commercial property acquisition fund, which has a remaining balance of £49.6m available for investment. The fund can be financed from prudential borrowing. No commercial properties were acquired during 2024/25, and with Local Government Reorganisation on the horizon, it looks less likely that any future purchases will materialise.
- 7.8 The Council formally closed its out-of-Borough commercial property acquisition fund in February 2020, as part of agreeing the Medium Term Financial Strategy 2020-24, in order to comply with government's Statutory Guidance on Investments.

Property Acquisition Funds – Residential Property

- 7.9 In 2016/17, the Council established a £3m fund to purchase residential property, principally to assist the Council to manage homelessness and reduce associated costs. One purchase was made during 2024/25 for a large residential property for temporary accommodation. The remaining balance of the fund of £144,000 was not sufficient to purchase any property within the borough and so in November 2024 Strategy & Resources committee agreed to set up a residential property repair and maintenance fund for existing Council-owned temporary accommodation properties, and so the remaining balance was transferred to the Repairs and Renewals reserve and earmarked for this purpose.
- 7.10 The remaining balances on the Property Acquisition Funds are shown in the following table. Please note that the £49.6m funds are not reserves that the Council holds; they are limits (approved by Full Council) up to which borrowing could be undertaken.

Table 7 - Property Acquisition Funds	Commercial Property (in-Borough) £000	Residential Property £000	Total £000
Opening fund balance	80,000	3,000	83,000
Purchases during 2016/17	(19,206)	(811)	(20,017)
Purchases during 2017/18	(5,148)	(562)	(5,710)
Purchases during 2018/19	0	(257)	(257)
Purchases during 2019/20	(6,077)	(20)	(6,097)
Purchases during 2020/21	0	(95)	(95)
Purchases during 2021/22	0	(238)	(238)
Purchases during 2022/23	0	(39)	(39)
Purchases during 2023/24	0	0	0
Purchases during 2024/25	0	(834)	(834)
Repurposing of funds	0	(144)	(144)
Fund balances at 31/03/2025	49,569	0	49,569

- 7.11 The financing of capital expenditure in 2024/25 is summarised in the following table:-

Table 8 - Financing of Capital	2024/25 Approved Budget £'000s
<u>Expenditure</u>	
Core Programme	5,116
CIL Neighbourhood 15% Schemes	50
Vehicle Finance Leases	200
Total Expenditure	5,366
<u>Financing</u>	
Capital Receipts Reserve	476
Capital Grants - DFG	1,410
External Grants	1,052
Budgeted Revenue Contributions	458
Revenue Reserves	834
S106 Receipts	117
Community Infrastructure Levy	819
Total Financing	5,166
Vehicle Finance Lease - to be financed in future years	200
Total	5,366

8 Capital Receipts

- 8.1 One capital receipt was received for the 2024/25 financial year for a deed of easement to lift a restricted covenant on Council land off Kiln Lane.
Capital receipt balances are summarised in the following table:-

Table 9 - Capital Receipts Reserve	£'000s
Balance brought forward at 1 April 2024	3,808
Used to fund the 2024/25 capital programme	(476)
Capital Receipts received in 2024/25	130
Closing balance as at 31 March 2025	3,461
Earmarked for previous schemes not yet complete (balance rolled forward to be agreed by S&R Committee in July 2025)	(1,201)
Estimated capital receipts expected in 2025/26	95
Planned use for 2025/26 programme	(379)

Estimated balance at 31 March 2026	1,976
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9 Risk Assessment

Legal or other duties

9.1 Equality Impact Assessment

9.1.1 None arising from the contents of this report.

9.2 Crime & Disorder

9.2.1 None arising from the contents of this report.

9.3 Safeguarding

9.3.1 None arising from the contents of this report.

9.4 Dependencies

9.4.1 None arising from the contents of this report.

9.5 Other

9.5.1 A risk assessment was included in the 2024/25 budget report. Monitoring arrangements during the year have allowed some corrective action to be taken on a number of budget variances, either during the year or as part of the Council's longer-term service and financial planning.

9.5.2 An updated risk assessment was included in the 2025/26 budget report. Further budget monitoring will be carried out on any specific service where the financial position was materially worse than anticipated

10 Financial Implications

10.1 Financial implications are included in the body of the report.

10.2 **Section 151 Officer's comments:** The reported outturn position is not expected to change, however, should there be any changes following completion of the external audit, these will be reported to members with the external audit report.

10.3 The Council's financial position is continually monitored and future budget plans are presented as a separate agenda item to this Committee – see 2026/27 Strategic Financial Planning report.

11 Legal Implications

11.1 **Legal Officer's comments:** None arising from the content of this report.

12 Policies, Plans & Partnerships

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

- Effective Council.

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

12.3 **Climate & Environmental Impact of recommendations:** None arising from the contents of this report.

12.4 **Sustainability Policy & Community Safety Implications:** None arising from the contents of this report.

12.5 **Partnerships:** None arising from the contents of this report.

12.6 **Local Government Reorganisation Implications:** As a backward-looking report, the impact of LGR on the information contained within this report is limited, as the 2024/25 budgets were set before the government announcement on LGR.

13 Background papers

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

Previous reports:

- [2024/25 Budget Report to Full Council, February 2024.](#)
- [Revenue Budget Monitoring – Quarter 3 – Audit & Scrutiny Committee, 6 February 2025.](#)
- [Capital Budget Monitoring – Quarter 3 – Audit & Scrutiny Committee, 6 February 2025.](#)
-

Other papers:

- [EEBC Strategic Priorities 2025-2027 – Council, 6 May 2025.](#)

2026/27 STRATEGIC FINANCIAL PLANNING

Head of Service:	Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
Report Author:	Cagdas Canbolat
Wards affected:	(All Wards);
Appendices (attached):	Appendix 1 – Draft Minutes of Financial Strategy Advisory Group dated 27 June 2025 Appendix 2 – Report to Financial Strategy Advisory Group 27 June 2025 Appendix 3 – Review of Reserves report to Financial Strategy Advisory Group 27 June 2025

Summary

This report recommends budget targets for 2026/27 and provides an update on financial planning for 2027/28 to 2028/29 as recommended by Financial Strategy Advisory Group.

Recommendation(s)

- (1) To accept the recommendations of Financial Strategy Advisory Group held on 27 June 2025 as set out in Appendix 1, and ;**
- (2) Agree the amendment to the Medium-Term Financial Strategy position and note the budget gap for the relevant years as set out in table 4.2 in Appendix 2.**
- (3) Agree the proposed Medium-Term Financial Strategy is in line with council priorities, prudent and sets a framework for a strong financial control.**
- (4) To recommend to Full Council the proposed changes to the General Fund unallocated reserve levels set out in section 4.13 of Appendix 3.**

1 Reason for Recommendation

- 1.1 Strategy and Resources Committee has agreed one of its key priorities is to achieve financial stability for the Council. The report provides a framework of the challenges the council is experiencing and the work that needs to be done to address some of the immediate challenges.
- 1.2 Approving the recommendations will provide a clear framework for the Council to set a balanced budget for 2026/27 as required by law

2 Background

- 2.1 At its meeting on 27 June 2025, Financial Strategy Advisory Group received detailed financial analysis of the Council's budget position, including forecasts for the next three years, in line with the Spending Review period published by the government, see attached Strategic Financial Planning Report at Appendix 2. Having considered the report, FSAG advises Strategy and Resources Committee to agree the recommendations of this report.

3 Proposals

- 3.1 That the Committee notes the financial gap and agrees the budget targets recommended by Financial Strategy Advisory Group.

4 Risk Assessment

Legal or other duties

4.1 Equality Impact Assessment

- 4.1.1 None arising from the contents of this report.

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 strategic priorities should be set to be deliverable within the Council's available financial resources.

4.5 Other

- 4.5.1 None arising from the contents of this report.

5 Financial Implications

- 5.1 All financial implications are set-out in the report to Financial Strategy Advisory Group at Appendix 2.
- 5.2 **Section 151 Officer's comments:** The council must set a balanced budget for 2026/27 as required by law and ensure that the Council's finances are sustainable whilst delivering the priorities of the Council.

6 Legal Implications

- 6.1 The Council has a statutory responsibility to set a balanced budget each year.
- 6.2 The provisions of section 25 of the Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance (s.151) Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The report will be formally made to the Council's budget setting meeting in February.
- 6.3 In accordance with Full Council Rule (FCR) 14.2, recommendation 3 relates to a decision taken by Full Council on 6 May 2025; in order to revisit that decision, this Committee must consider if it wishes to recommend to Full Council the proposed recommendation at its July meeting in order to comply with FCR 14.2(ii) and be a valid change respectful of this Council's Standing Orders.
- 6.4 **Monitoring Officer's Comments:** None arising from the contents 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:** Funding of the Climate Change Action Plan is determined on a business case basis, as funding opportunities arise.
- 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.
- 7.6 **Local Government Reorganisation Implications:**

8 Background papers

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

Previous reports:

- [2025/26 Budget Report to Full Council, February 2025.](#)
- [2026/27 Strategic Financial Planning report to Financial Strategy Advisory Group, June 2025.](#)
- [Review of Reserves report to Financial Strategy Advisory Group, June 2025.](#)

Other papers:

- [Medium Term Financial Plan 2024-2028](#)

Minutes of the Meeting of the FINANCIAL STRATEGY ADVISORY GROUP held at the Council Chamber, Epsom Town Hall on 27 June 2025

PRESENT -

Councillor Neil Dallen (Chair); Councillors Kate Chinn, Alex Coley, Liz Frost, Lucie McIntyre (as nominated substitute for Councillor Clive Woodbridge) and Alan Williamson (as nominated substitute for Councillor Peter O'Donovan)

Absent: Councillor Peter O'Donovan and Councillor Clive Woodbridge

Officers present: Cagdas Canbolat (Director of Corporate Services (S151)) and Anna Clements (Senior Accountant)

1 DECLARATIONS OF INTEREST

No declarations of interest were made by councillors regarding items on the agenda for the meeting.

2 MINUTES OF THE PREVIOUS MEETING

The minutes of the Financial Policy Panel meeting held on 31 January 2025 were agreed as a true record to be signed by the Chair.

3 2026/27 STRATEGIC FINANCIAL PLANNING

The Group received a report providing guidance on setting the Council's budget for 2026/27 and the following two years.

Members discussed the following issues:

- The possibility of borrowing to invest in capital projects to reduce the costs of maintenance of the Council's assets which contribute to the forecasted revenue budget gap.
- The possibility of selling some of the Council's properties to raise the cash needed to maintain assets such as Bourne Hall and the Playhouse.
- The reasons why the February MTFS budget deficit was significantly lower than the current figures, considering that the time between the two reports is only 4 months.

- The question was asked as to what else can be done to improve the chances of success of achieving a sustainable balanced budget.
- The possibility of the new local authority taking over the forecasted budget gap. Other councils in the area are reporting similar budget gaps, some councils have drafted only a year budget plan, it was noted that Epsom and Ewell Borough Council had produced a more comprehensive forecast and opted for a 3-year plan.

Following consideration of the above matters and the report's contents, the Group moved to consider the report recommendations, which were agreed as follows:

To recommend to the Strategy and Resources Committee:

- (1) The amendment to the Medium Term Financial Strategy position and note the budget gap for the relevant years as set out in table 4.2;**
- (2) The proposed Medium Term Financial Strategy is in line with council priorities, prudent and sets a framework for a strong financial control.**

The Group also noted the following items:

- (3) The latest 2024/25 outturn position.**
- (4) The latest reserves balance.**
- (5) The budget reporting timetable in Appendix 2.**

4 REVIEW OF RESERVES

The Group received a report presenting a review of reserves and recommending minimum reserve balances to ensure sound management of the Council's finances.

Members discussed the following issues:

- In February the decision was taken to set the minimum reserve balance at £1m, since then a benchmarking exercise has been undertaken and the results indicate that the council should adopt a more prudent strategy, 15% of the net revenue budget, £1.5m.
- The constitutional procedure that permits changing the minimum General Fund unallocated reserve level within 6 months of the previous Council decision on this matter.

Note: Following the meeting, it has been confirmed that a motion may be moved to Full Council to rescind or alter a decision of Full Council if it is recommended by a committee, provided that it complies with the requirements of FCR 14.2 of Appendix 4 of the Constitution.

Following consideration of the report's contents, the Group moved to consider the report recommendations, which were agreed as follows:

- (1) Consider and review whether the recommended General Fund unallocated reserve level of £1.5 million is appropriate for the sound management of the Council's finances;**
- (2) Review the methodologies and levels of other reserves in light of the latest MTFS and report back to FSAG.**

The Group also moved agreed to request the Strategy & Resources Committee to recommend to Full Council:

- (3) Proposed changes to the General Fund unallocated reserve levels.**

The meeting began at 2.00 pm and ended at 2.40 pm

COUNCILLOR NEIL DALLEN (CHAIR)

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2026/27 STRATEGIC FINANCIAL PLANNING

Head of Service:	Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
Report Author	Cagdas Canbolat
Wards affected:	(All Wards);
Urgent Decision?	No
Appendices (attached):	Appendix 1 – Reporting Timetable

Summary

This report provides guidance on setting the Council's budget for 2026/27 and the following two years.

Recommendation(s)

The Group is asked to recommend to Strategy & Resources Committee:

- (1) The amendment to the Medium Term Financial Strategy position and note the budget gap for the relevant years as set out in table 4.2**
- (2) The proposed Medium Term Financial Strategy is in line with council priorities, prudent and sets a framework for a strong financial control.**

The Group is further asked to note:

- (3) The latest 2024/25 outturn position.**
- (4) The latest reserves balance.**
- (5) The budget reporting timetable in Appendix 2.**

1 Reason for Recommendation

- 1.1 Strategy and Resources Committee has agreed one of its key priorities is to achieve financial stability for the Council. Approving the recommendations will provide a clear framework for the Council to set its budget for 2026/27.

2 Background

- 2.1 This report updates the council's Medium Term Financial Strategy approved by members in February 2025 and outlines the main changes since that date.
- 2.2 The council's financial position for 2024/25 has resulted in several identified pressures. There are structural deficits in some key areas within the council which cannot always be covered through favourable variances in other parts of the council or reserves.
- 2.3 Other changes include Consumer Price Index (CPI) increasing from 2.8% in February 2025 to 3.5% in May 2025. RPI (Retail Price Index) was 3.4% in February 2025, 3.2% in March 2025, and now 4.5% in April 2025. Bank of England rate was 4.75% in February 2025 and fell to 4.25% in May 2025.
- 2.4 We have worked to update our funding assumptions, as well as addressing historical and embedded pressures which could crystallise over the MTFS period. Based on the latest assumptions, the council is reporting a likely budget gap of £1.928 million in 2026/27 and an accumulated gap of £5.063 million by the end of 2028/29.
- 2.5 The MTFS aims to maintain the financial health of the Council whilst delivering Council priorities. This report proposes the approach needed to achieve a balanced budget for 2026/27 and future years during the term of the financial strategy.
- 2.6 The report also proposes the revenue and capital budget reporting timetables for preparing the 2026/27 budget (detailed in Appendix 1).
- 2.7 It is important to note that these forecasts are made at a time of uncertainty in local government finance, particularly in Surrey as it responds to the Local Government Reorganisation. Following the December 2024 English Devolution White Paper, Surrey Councils received a statutory invitation to submit a unitary proposal by 9 May 2025. The council has submitted its proposal and awaits the outcome of its proposal. In the meantime, it would be expected that those councils which are due to become part of any future East Surrey authority should set budgets that are sustainable and prudent.

3 Financial Position 2024/25

- 3.1 The Council has audited accounts up to 31 March 2024 (2023/24) and is finalising unaudited accounts for 2024/25 which will be subject to audit in early autumn.
- 3.2 The draft revenue outturn for 2024/25 shows that expenditure exceeded budget by £0.242 million driven largely by increased demand for temporary accommodation and reduced service income. The overspend on this occasion has been covered, one off, by general fund reserves.

- 3.3 The Council had an approved capital programme of £7.4 million for 2024/25 (excluding the sum earmarked for the Town Hall relocation) and spent £5.2 million, with the majority of the unspent capital programme expected to be carried forward into 2025/26. The level of uncommitted capital receipts reserves stood at £1.88 million at the end of 2024/25 (including the commitment required to fund the 2025/26 programme).
- 3.4 More detail on the Council's financial performance for 2024/25 will be provided in the Provisional Financial Outturn report to Strategy & Resources Committee at the end of July.

4 Budgeted Forecast 2026/27 and Beyond

- 4.1 The Council in February 2025 approved a balanced budget for 2025/26 but highlighted challenges for future years.
- 4.2 The table below highlights the changes identified since and the latest gap in council budget which needs to be addressed as part of in year planning to set a balance budget for 2026/27.

	2025/26	2026/27	2027/28	2028/29
Approved Budget - February 2025	0	1,078	1,517	2,045
Budget Changes since February 2025				
Temporary Accommodation (TA)	-	500	0	0
TA Savings Unachievable	-	300	0	0
Fair Funding Review (FFR)	-	250	0	0
Fleet Contract Renewal	-	0	300	0
Pay Award - Additional 1%	-	120	0	0
Total Expenditure	0	1,170	300	0
Contractual Fee Increase	-	(70)	(374)	(353)
Unused Contingency	-	(250)	0	0
Total Income	0	(320)	(374)	(353)
Budget Gap	(0)	1,928	1,443	1,692
Budget Gap - Cumulative	(0)	1,928	3,371	5,063
Working Balance Reserve BF	1,555			

- 4.3 Major savings/additional income of at least £1.928m in 2026/27 will be required to achieve a balanced budget at the end of this period. Further additional savings will be required in future years.

4.4 Key assumptions within the latest forecast are as follows:

- 4.4.1 Temporary Accommodation Budget has been consistently overspending the allocated budget. In 2024/25 there was an adverse outturn variance of £0.580 million. We expect a similar position in 2025/26 based on increasing TA demand and supplier cost. Therefore based on latest modelling the council plans to add a growth base budget of £0.5 million in 2026/27.
- 4.4.2 Last year the council was working on the basis that TA numbers would reduce through “move on” and prevention work. Even though this work will help to suppress the rising numbers in TA external factors nationwide are causing demand to continue to rise. Therefore, the savings target of £0.3 million agreed previously is no longer achievable, and must be addressed as part of this MTFS.
- 4.4.3 In relation to general council funding, the council has been working closely with finance officers across Surrey and is expecting to lose out more than previously assumed as part of Fair Funding Review, as a result of business rates and baseline funding reset. A budget pressure of £0.5 million was included in the MTFS presented to Council in February 2025 but an additional £0.25 million pressure has been added to the revised figures to reflect the expected loss in government funding.
- 4.4.4 Furthermore, Council fleet contract will need to be reviewed and is expected to cost the council at least an additional base budget increase of £0.3 million by the time it renews in 2027/28. Finance is currently reviewing the cost of the new arrangement with the service and any changes will be reflected in the updated MTFS position.
- 4.4.5 Annual staff pay inflation and prices inflation was forecast at 2% per annum. However current RPI and CPI are 4.5% and 3.5% respectively. Therefore, it is prudent that we review our pay award assumption, and an additional £0.12 million has been included within the revised plan.

- 4.5 It should be noted that only new changes have been identified above as previous pressures / savings was confirmed and addressed within past reports.

5 Revenue Reserves

- 5.1 The current level of revenue reserves is reported to FSAG as a separate agenda item.
- 5.2 The Council uses its reserves proactively to manage risks, to invest in service transformation for the future, or to respond to unexpected events or emerging needs. Generally, reserves should not be used to fund day-to-day services on an ongoing basis, as reserves would eventually become depleted without a plan for replenishing them.

- 5.3 During the MTFP period there will be some reliance on reserves which is considered a reasonable approach in the short term, as use of reserves gives the Council time to consider a scheduled review of services to address structural deficits. However, in recent years the council has relied on reserves to balance its budget, and must ensure that going forward it places less reliance on reserves and address structural deficits.

6 Approach to Achieving a Sustainable Balanced Budget

- 6.1 Officers must draft a work programme with members to address the budget gap of £1.928m in 2026/27 and future years.
- 6.2 The key features of the programme comprise:
- 6.2.1 Re-review opportunities considered in the past.
 - 6.2.2 Ongoing review of existing asset utilisation to realise cost reductions in Council operational buildings and increased income from investment properties.
 - 6.2.3 Ensure any new powers are considered to generate additional income for the Council.
 - 6.2.4 Undertake a review of reserves to be reported to Financial Strategy Advisory Group to seek support for recommended minimum reserve balances and support the MTFS process (see separate agenda item).
 - 6.2.5 A comprehensive review of fees and charges. Heads of Service review fees and charges annually to ensure any increases are achievable and report to policy committees for approval.
 - 6.2.6 To maximise external funding and partnership opportunities, for example submitting grant applications as opportunities arise.
 - 6.2.7 Monitor the assumptions throughout the year and assess the impact on the council's medium term financial strategy.

7 Timetable for Delivery of 2026/27 Budget

- 7.1 A proposed formal committee timetable for the revenue and capital programme is presented at Appendix 1.
- 7.2 In addition to the formal committee meetings, officers will maintain engagement with Policy Chairs throughout the budgeting process.
- 7.3 The Council needs to make significant progress in achieving a balanced budget while recognising that there can be no permanent reliance on revenue reserves to fund the delivery of services.

8 Risk Assessment

Legal or other duties

8.1 Risk Assessment

- 8.1.1 The Council has a statutory duty to set a balanced budget each year, demonstrating how planned expenditure on services will be fully funded.
- 8.1.2 Should the Council not progress the proposed budget strategy and fail to achieve a significant net reduction in its cost of services, there is a clear risk that reserves will continue to diminish with the Council eventually becoming unable to set a balanced budget.
- 8.1.3 A full budget risk assessment will be presented to Full Council alongside the final 2026/27 budget proposals in February 2026.
- 8.1.4 There is particularly heightened risk around commercial property in the current environment. Should a tenant leave or rent reductions have to be agreed to retain them, the Council's budget deficit could increase significantly (this applies both for property owned by the Council and its subsidiary, EEPIC), and in the event of tenant departure, the Council would become liable for running and maintenance costs while a new tenant is found. To mitigate this risk, officers proactively engage with tenants and the Council holds the Property Income Equalisation Reserve as a buffer to mitigate the risk of income loss in the short term.
- 8.1.5 In addition, the risk of increasing homelessness expenditure remains significant, with the Council pursuing its Homelessness Reduction Action Plan to mitigate this pressure.

8.2 Crime & Disorder

- 8.2.1 None arising from the contents of this report.

8.3 Safeguarding

- 8.3.1 None arising from the contents of this report.

8.4 Dependencies

- 8.4.1 None arising from the contents of this report.

8.5 Other

- 8.5.1 None arising from the contents of this report.

9 Financial Implications

- 9.1 The provisional financial outlook for 2026/27 and future years is covered in this report.

- 9.2 In preparing the Council's 2026/27 budget, the Council will also need to approve a new pay policy, enabling details from the new approved policies to be incorporated into the budget.
- 9.3 The Council has adequate resources to carry out a budget review supporting the delivery of the efficiency plan. Should the Council require a more comprehensive review of services, additional resources and expertise may be required.
- 9.4 **Section 151 Officer's comments:** The 2026/27 budget must ensure that the Council's finances are sustainable whilst delivering the priorities of the Council.

10 Legal Implications

- 10.1 The Council has a statutory responsibility to set a balanced budget each year.
- 10.2 The provisions of section 25 of the Local Government Act 2003 require that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance (s.151) Officer as to the robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The report will be formally made to the Council's budget setting meeting in February.
- 10.3 **Monitoring Officer's Comments:** None arising from the contents of this report.

11 Policies, Plans & Partnerships

- 11.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.
- 11.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 11.3 **Climate & Environmental Impact of recommendations:** Funding of the Climate Change Action Plan is determined on a business case basis, as funding opportunities arise.
- 11.4 **Sustainability Policy & Community Safety Implications:** None arising from the contents of this report.
- 11.5 **Partnerships:** None arising from the contents of this report.
- 11.6 **Local Government Reorganisation Implications:** see paragraph 2.7

12 Background papers

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

Previous reports:

- [2025/26 Budget Report to Full Council, February 2025](#)

Other papers:

- [Medium Term Financial Plan 2024-2028](#)

REVIEW OF RESERVES

Head of Service:	Cagdas Canbolat, Director of Corporate Services and Section 151 Officer (Chief Finance Officer)
Report Author:	Cagdas Canbolat
Wards affected:	(All Wards);
Appendices (attached):	None

Summary

This report presents a review of reserves and recommends minimum reserve balances to ensure sound management of the Council's finances.

Recommendation (s)

The Group is asked to:

- (1) Consider and review whether the recommended General Fund unallocated reserve level of £1.5 million is appropriate for the sound management of the Council's finances;
- (2) Review the methodologies and levels of other reserves in light of the latest MTFS and report back to FSAG.

The Group is asked to recommend to full council:

- (3) Proposed changes to the General Fund unallocated reserve levels.

1 Reason for Recommendations

- 1.1 The recommendations will ensure that the Council maintains an appropriate level of reserves for the sound management of the Council's finances.

2 Background

- 2.1 The latest Medium-Term Financial Strategy (MTFS) was approved by Full Council in February 2025 following a review of the Council's financial standing.
- 2.2 The MTFS included the following objectives for budgets and revenue reserves:
 - 2.2.1 Produce a balanced revenue budget each year;

- 2.2.2 Utilise reserves proactively to manage major risks to the Council's finances.
- 2.2.3 Maintain a prudent level of strategic reserves and a minimum balance of the following reserves:
 - **Working Balance Reserves of £2.5m (Revised to £1.0m)**
 - **Corporate Projects Reserves - £1m (Revised to £0)**
 - **Capital Receipt - £1m (Unchanged)**
- 2.3 However, in May 2025, the EEBC Strategic Priorities 2025-27 report to Council proposed a reduction in the minimum level of corporate projects reserve from £1.0 million to zero, and a reduction in the minimum working balance from £2.5 million to £1.0 million.
- 2.4 Council agreed the revised minimum levels of these reserves and agreed to create a new strategic priorities reserve totalling £2.2 million using a transfer of £1.2 million from general fund working balance and £1.02 million from the corporate projects reserve.
- 2.5 Whilst the May report to Council considered the general fund working balance and corporate project reserves, the purpose of this report is to review the current level of all of the Council's reserves; to understand the known risks facing the Council; and to recommend new level of reserves to be held following a benchmarking exercise.
- 2.6 Due to change in landscape in Surrey, future financial decisions need to consider the Local Government Reorganisation context and its likely timescales of the vesting day on 1 April 2027.

3 Reserves

- 3.1 In local government, reserves play a crucial role in sound financial management. They typically exist to enable councils to invest in service transformation for the future, and/or to manage risks by providing resources to respond to unexpected events or emerging needs.
- 3.2 Reserves have been built up over several years, mainly through accumulated surplus of income over expenditure or one-off grants. The council has had healthy level of reserves to respond to unexpected change in local government finance. However, there has been some level of reliance on reserves which is not sustainable in the long run, diminishing reserve levels and increasing structural deficits that has not be sufficiently addressed.
- 3.3 All reserve balances on 31 March 2025 are provisional, pending the 2024/25 outturn position being reported to Strategy & Resources in July, and the external audit of financial year 2024/25.

- 3.4 Reserves held by EEBC are distinguished between general fund and capital; there is clear guidance and statutory rules for how these two different types of reserves can be applied.

1. General Fund Revenue Reserves

- 3.5 The Council's general fund accounts for the day-to-day running of Council services. General Fund reserves can be applied to fund revenue expenditure and can also be used to fund capital expenditure.

- 3.6 However, these reserves should not be utilised as a source of long-term funding for day-to-day revenue expenditure on an ongoing basis; this would be unsustainable as the reserves would eventually deplete.

- 3.7 At EEBC General Fund reserves can be split into three sub-categories:

3.7.1 Reserves available for general use;

3.7.2 Contingencies unavailable for general use;

3.7.3 Ringfenced funds/grants for specific purposes.

1A. Reserves Available for General Use

- 3.8 This category includes the working balance, which accounts for the day to day running of Council services and is maintained to safeguard against potential financial risks beyond those for which specific contingencies have been created.

- 3.9 The corporate projects reserve is also available to fund one-off corporate priority projects.

- 3.10 After deducting forecast transfers and commitments, these reserve balances total c.£2.366 million (23% of Net Council Budget)

- 3.11 These reserves can be used to fund most types of expenditure and are presently relied upon to support the Council in covering unexpected and / or one off expenditure.

1B. Contingencies Unavailable for General Use

- 3.12 Contingencies unavailable for general use are amounts set aside to manage key material risks faced by the Council. For each contingency, the purpose and usage are clearly defined.

- 3.13 After deducting forecast transfers and commitments, these reserve balances total c.£13.818 million.

- 3.14 Contingencies are necessary to manage elevated risks around the present funding sources for services. In particular, compared to pre-2010 the Council is now far more reliant on higher risk income from investment properties and fees and charges to fund services. These higher risk income streams replaced previously 'guaranteed/lower risk' grant funding from central government, which was cut significantly across the 2010's.
- 3.15 The current economic environment has also created a significant demand on reserves to fund elevated expenditure on some services (such as general inflation and rising demand for services like temporary accommodation). The latest 2024/25 adverse variance outturn of £0.242 million will be covered from the general fund working balance reserve (and is reflected in the balance at 31 March 2025 in the table in 3.19).

1C. Ringfenced Funds/Grants for Specific Use

- 3.16 Ringfenced funds are reserves that the Council has previously agreed to set aside for a specific policy purpose, for example the Residential Property Acquisition Fund. Where it is a local decision to ringfence funds, Council can decide to un-ringfence funds if the specific policy purpose is no longer a priority or has been achieved.
- 3.17 After deducting forecast transfers and commitments, these reserve balances total c.£0.581 million.
- 3.18 This category also includes specific external grants, which were received with conditions attached requiring them to be used for a specific purpose/service.

Summary of Revenue Reserves

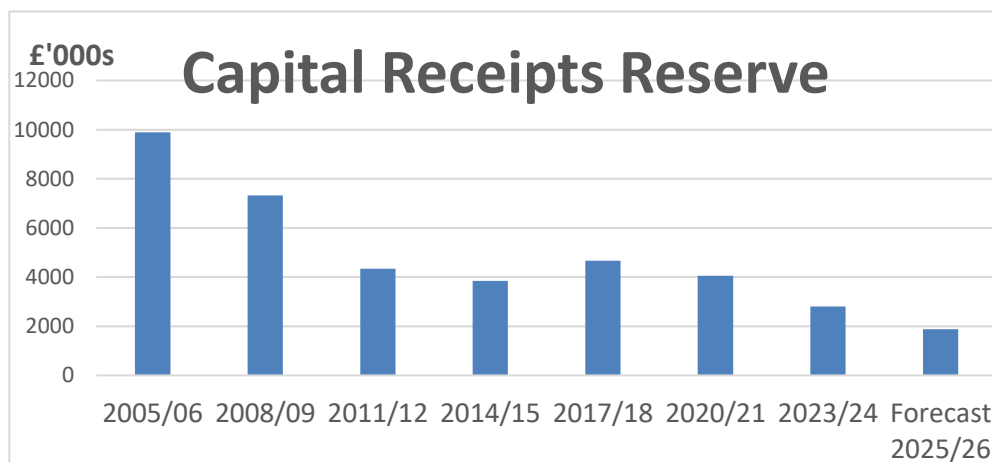
- 3.19 The following table shows a breakdown of all general fund revenue reserves which hold a forecast balance of £16.765 million after taking existing commitments and forecast transfers into account.

	Balance at 31 March 2024	Balance at 31 March 2025	Commitments & Forecast Transfers	Forecast Balance
	£'000	£'000	£'000	£'000
General Fund Working Balance	2,997	2,755	(1,200)	1,555
Corporate Projects Reserve	4,128	3,838	(3,027)	811
Sub-Total - Reserves available for general use	7,125	6,593	(4,227)	2,366
Strategic Priorities Reserve	0	0	2,072	2,072
Repairs and Renewals	596	686	(15)	671
Insurance	434	420	0	420
Property Maintenance	515	376	(345)	31
VAT Reserve	206	206	0	206

Collection Fund Equalisation Reserve	3,824	2,837	(1,486)	1,351
Commuted Sums	1,439	1,439	0	1,439
Interest Equalisation Reserve	784	934	0	934
Property Income Equalisation Reserve	7,224	6,694	0	6,694
Sub-Total - Contingencies unavailable for general use	15,022	13,592	226	13,818
Residential Property Acquisition Fund	978	0	0	0
Community Safety	116	104	(17)	87
Sports & Leisure Development Projects Fund	123	121	(10)	111
Place Development Grants (d)	772	590	(520)	70
Prevention, Personalisation & Partnership Fund	125	93	(24)	69
Housing/Homelessness Support Grants	910	708	(708)	0
HIA Hardship fund	124	124	0	124
Basic Payments Scheme	136	124	(32)	92
Other smaller grants	28	28	0	28
Sub-Total - Ringfenced funds/grants for specific use	3,313	1,892	(1,311)	581
Total Revenue Reserves	25,460	22,077	(5,312)	16,765

Capital Reserves

- 3.20 Capital receipts reserves are only available to finance future capital expenditure.
- 3.21 Capital reserves are used to invest in services/assets and are monitored closely along with other funding sources, such as community infrastructure levy (CIL) and section 106 planning funds, in quarterly reports to Audit & Scrutiny Committee.
- 3.22 The Council's own capital receipts reserves have been diminishing over a number of years, as shown by the following table, with the uncommitted balance now forecast at just £1.88 million after funding 2025/26's capital programme:



- 3.23 To help protect the capital receipts reserve balance, the Council's MTFS includes the following agreed policy objectives:
- 3.23.1 Optimise the use of Council assets, realise capital receipts from sale of surplus assets;
 - 3.23.2 Prioritise capital investment to ensure retained property is fit for purpose;
 - 3.23.3 Maintain a minimum uncommitted level of capital receipts reserves of £1 million until 31 March 2028;
 - 3.23.4 Aim to maintain a minimum of £0.5 million annual funding from revenue to fund the annual capital programme.
- 3.24 In addition to any proposed projects for the 2026/27 capital programme, there may be a requirement of up to £0.7 million to fund changes required to comply with the governments national waste strategy.

4 Review of Revenue Reserves

- 4.1 An assessment of key reserves will be part of this review.
- 4.2 Each reserve has a clearly specified and defined use either as a contingency, as part of the council's financial risk management, or to meet specific funding commitments in future years.

Reserves Available for General Use

- 4.3 These reserves can be used to fund most types of expenditure and are presently relied upon to support the Council in managing its way to delivering a sustainable annual revenue budget that requires no underlying use of reserves to balance.
- 4.4 The following reserves are included within this category.

General Fund Working Balance

- 4.5 The working balance accounts for the day-to-day running of Council services and is maintained to safeguard against potential financial risks beyond those for which specific contingencies have been created.
- 4.6 The 'normal' level of un-earmarked reserves should reflect the Council's long-term needs and be based on ongoing operational requirements. This will include a number of factors, the main ones being the gross annual expenditure and the extent to which long-term service contracts reduce the Council's flexibility to respond to financial shocks.
- 4.7 The working balance currently stands at £1.555 million (15% of Net Budget) slightly above the revised minimum balance of £1.0 million set in May 2025.

- 4.8 A minimum balance of £1.0 million would represent approx. 9.7% of the Council's net operating expenditure budget of £10.269 million for 2025/26.
- 4.9 When we compare this to reserves levels of council's in Surrey this is at the low end. See table below:

	Budget	GF Reserves	% of Budget
Councils	£'M	£'M	%
Surrey County	1,197.100	49.100	4%
Runnymede Borough	12.417	18.944	153%
Surrey Heath Borough	14.694	7.424	51%
Guildford Borough	16.709	4.059	24%
Tandridge District	12.798	2.787	22%
Waverley Borough	16.568	3.536	21%
Elmbridge Borough	21.818	3.909	18%
Reigate & Banstead Borough	22.378	3.500	16%
Epsom & Ewell Borough	10.269	1.555	15%
Woking Borough	31.400	3.955	13%
Mole Valley District	11.107	0.958	9%

Corporate Projects Reserve

- 4.10 This reserve was established to provide revenue funding for projects that fall outside of the day-to-day delivery of services, such as:
- 4.10.1 Spend to save one-off costs - some of the Council's spend to save initiatives involve one-off pump priming costs which cannot be contained within the base budget;
 - 4.10.2 Funding for one-off corporate priority projects;
 - 4.10.3 Partnership funding - grants of contributions for schemes that cover a number of years can be held in this fund until expenditure is incurred (for example, government new burdens grants).

- 4.11 The balance on the corporate projects reserve currently stands at £0.811 million, including funding a request to Strategy & Resources Committee in July 2025 of £0.25 million for Hook Road Arena.
- 4.12 The opportunities to replenish this reserve have significantly reduced in recent years, due to reductions in funding from new homes bonus grant, which had been the main source of funding for this reserve in the past. Furthermore, with the Council facing an underlying revenue budget gap this reserve may come under significant pressure in future years while the Council progresses transformations necessary to reduce and eliminate the reliance on reserves to fund the day-to-day revenue budget.
- 4.13 After carrying out some benchmarking in Surrey, it is recommended that the working balance at EEBC is at least 15% of net revenue budget.**

Contingencies Unavailable for General Use

- 4.14 A second category of revenue reserves are contingencies, which are funds set-aside to allow the Council to respond to particular risks and circumstances. If these resources were not set-aside to mitigate potential losses/costs, then the Council would be required to find alternative funding potentially from cuts to services within the general fund.
- 4.15 All these reserves make up the largest proportion of forecast revenue reserves of £13.818 million.
- 4.16 However we recommend that the following reserves are reviewed throughout 2025/26 as part of the latest MTFS:
- Property Income Equalisation Reserve (£6,694m)
 - Collection Fund Equalisation Reserve (£1,351)
 - Interest Equalisation Reserve (£0.934m)
- 4.17 Due to the changing national and local context and the framework set within the latest MTFS report, it is recommended officers review the contingencies and methodologies linked to these reserves to ensure continued prudent level of reserves at the same time council priorities are met and report back to the Group.

5 Proposals

- 5.1 It is proposed that the Group:
- 5.1.1 Consider and review whether the overall level of reserves and contingencies are appropriate for the sound management of the Council's finances;
 - 5.1.2 Review the individual reserve and contingency balances and consider whether to support new level of reserves and policies.

6 Risk Assessment

Legal or other duties

6.1 Impact Assessment

6.1.1 The Council holds reserves both as a contingency against unforeseen expenditure and as provisions for known, future expenditure. The Council's reserves are actively managed as part of the MTFS. Any significant reduction in the level of reserves would naturally carry the risk of reducing the Council's financial resilience and the ability to deal with unforeseen circumstances.

6.1.2 In recent years the level of reserves has enabled the Council to manage the financial impact of Covid-19, elevated interest rates/inflation, energy bill shocks and the loss of commercial property tenants, in a planned and structured way. The prospect of further funding cuts through central government's Fair Funding and Retained Business Rates Reviews means that the retention and ability to use strategic reserves to smooth out any funding reductions changes has become even more critical as reductions to the net budget become harder to deliver.

6.1.3 The Council currently finances its capital financing requirement from £64.4 million of Public Works Loan Board loans and the balance from internal borrowing which relies on cash balances. Should reserve, and consequently cash balances, fall significantly, there is a risk that the internal borrowing would need to be replaced by external borrowing which would increase annual interest rates faced by the Council.

6.1.4 The Council's revenue budget is reliant on c.£1 million of interest being generated from cash/reserve balances each year to fund services. Should cash/reserve balances fall, less interest income would be generated/available to fund services, which would increase the Council's projected budget deficit.

6.2 Crime & Disorder

6.2.1 None arising directly from the contents of this report.

6.3 Safeguarding

6.3.1 None arising directly from the contents of this report.

6.4 Dependencies

6.4.1 None arising directly from the contents of this report.

6.5 Other

6.5.1 None arising directly from the contents of this report.

7 Financial Implications

- 7.1 Financial implications are set out in the body of the report.
- 7.2 Interest generated from reserves and balances held by the Council provide a significant level of funding for its services, with £1 million planned income for 2025/26. There is currently no requirement for the Council to apply interest to individual balances held such as CIL and S106.
- 7.3 **Section 151 Officer's comments:** The Council maintains a reasonable level of reserves and balances to help manage the risks faced. However, over the next couple of years these reserves are expected to come under further pressure to help fund services as the Council progresses its transition to a sustainable revenue budget that requires no use of reserves to balance.
- 7.4 Factors such as uncertainty caused by elevated inflation, LGR, the outcome of the Fair Funding Review, the Council's reliance on higher risk income streams (such as from commercial property), and demands on housing/homelessness services, all pose greater risk to the Council's finances.
- 7.5 This report should be read in conjunction with the strategic financial planning budget report also included on the agenda for this meeting.

8 Legal Implications

- 8.1 **Legal Officer's comments:** None arising from the contents of this report.

9 Policies, Plans & Partnerships

- 9.1 **Council's Key Priorities:** The following Key Priorities are engaged: Effective Council.
- 9.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 9.3 **Climate & Environmental Impact of recommendations:** None arising from the contents of this report.
- 9.4 **Sustainability Policy & Community Safety Implications:** None arising from the contents of this report.
- 9.5 **Partnerships:** None arising from the contents of this report.
- 9.6 **Local Government Reorganisation (LGR) Implications:** The £0.380 million recently announced by government to 'cover the cost' of proposals (for the whole of Surrey) was woefully inadequate but an indication of the level of funding that may be available for Councils in Surrey to address LGR. It is for this reason the council will review its reserves to ensure it has funds to cover unexpected costs during a time of such uncertainty.

10 Background papers

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

Previous reports:

- [2025/26 Budget Report to Full Council, February 2025](#)

Other papers:

- [2024/25 Budget and Medium-Term Financial Plan 2024-2028, Council, February 2024](#)
- [Review of Reserves, Financial Strategy Advisory Group, July 2024](#)
- [EEBC Strategic Priorities 2025-27, Council, 6 May 2025](#)

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APPOINTMENT OF MEMBERS AND CHAIR OF THE SHAREHOLDER SUB-COMMITTEE

Head of Service:	Piero Ionta, Head of Legal and Monitoring Officer
Report Author	Tim Richardson
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	Not applicable
Appendices (attached):	None

Summary

To agree the appointment of Members and a Chair to the Shareholder Sub Committee for the 2025-26 Municipal Year.

Recommendation (s)

The Committee is asked to:

- (1) Appoint Members and a Chair for the Shareholder Sub Committee as required by its Terms of Reference, and set out in paragraph 3.4 of this report.**

1 Reason for Recommendation

- 1.1 This report requests the Committee to appoint Members and a Chair of the Shareholder Sub Committee for the 2025-26 Municipal Year, in accordance with the Sub Committee's Terms of Reference.

2 Background

- 2.1 The Council established a Local Authority Property Investment Company (EEPIC) at an Extraordinary Meeting on 19 September 2017.
- 2.2 At that meeting, Council ratified Strategy and Resources Committee's decision to establish a Shareholder Sub Committee to discharge the functions of the Council as the Shareholder in the Company.

3 Risk Assessment

- 3.1 The Terms of Reference of the Sub Committee are attached included in [Appendix 3 of the Council's constitution](#).
- 3.2 The Sub Committee comprises five members and is required to comply with the Political Balance Rules in Section 15 of the Local Government and Housing Act 1989. Accordingly, four members of the Sub Committee are to be appointed by the Residents' Association Group and one member appointed by one of the Minority Groups. The proportionality calculation allocates the seat to either the Liberal Democrat Group or the Labour Group.
- 3.3 The Head of Legal and Monitoring Officer has been notified that the Liberal Democrat Group does not wish to submit a nomination for a seat on the Shareholder Sub-Committee for 2025/26. Accordingly, the allocation of seats for 2025/26 will be Residents' Association Group: 4 seats, Labour Group: 1 seat.
- 3.4 The Committee is asked to appoint the Membership and the Chair of the Sub Committee. In accordance with the wishes of the relevant Groups, it is proposed that the following nominated Members are appointed:
 - 3.4.1 Councillor Neil Dallen (Chair) (Residents' Association Group)
 - 3.4.2 Councillor John Beckett (Residents' Association Group)
 - 3.4.3 Councillor Kate Chinn (Labour Group)
 - 3.4.4 Councillor Hannah Dalton (Residents' Association Group)
 - 3.4.5 Councillor Humphrey Reynolds (Residents' Association Group)

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 There are no specific financial implications for the purposes of this report.

5.2 **Section 151 Officer's comments:** None arising from the contents of this report.

6 Legal Implications

6.1 **Legal Officer's comments:** There are no legal implications arising from the contents 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.

7.4 **Sustainability Policy & Community Safety Implications:** None.

7.5 **Partnerships:** None.

7.6 **Local Government Reorganisation Implications:** None.

8 Background papers

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

Previous reports:

- Restricted report and Minutes of meeting of Council, 19 September 2017.

Other papers:

- [Terms of reference of the Shareholder Sub Committee, Constitution of Epsom and Ewell Borough Council, Appendix 3](#)

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URGENT DECISION

Head of Service: Rod Brown, Head of Housing & Community
Report Author Andrew Bircher
Wards affected: (All Wards);
Urgent Decision?(yes/no)
If yes, reason urgent decision required:
Appendices (attached):

Summary

To report to the committee a decision taken by one of the Directors and / or Chief Executive on the grounds of urgency, in compliance with the requirements of the Constitution.

Recommendation (s)

The Committee is asked to:

- (1) Note the urgent decision taken and the reasons for that decision.

1 Reason for Recommendation

- 1.1 To report to the Council decisions taken by one of the Directors and / or the Chief Executive on the grounds of urgency, in compliance with the requirements of the Constitution.

2 Background

- 2.1 The scheme of delegation sets out that the Chief Executive and Directors are authorised to take decisions on grounds of urgency regarding matters which would otherwise be reserved for determination by a Committee or Council. A matter can be deemed urgent if, in the reasonable opinion of the officer concerned, a delay would seriously prejudice the interest of the Council or of the public and it is not practicable to convene a quorate meeting of the relevant decision-making body in sufficient time to take the decision.

2.2 Since the last ordinary meeting of the Strategy and Resources Committee one urgent decisions has been taken by one of the Directors or the Chief Executive in consultation with the Chair of Strategy and Resources committee, Cllr Neil Dallen (the Chair of Community and Wellbeing Committee, Cllr Clive Woodbridge was also consulted) and published in Member News in line with the Council's Constitution, Appendix 2, Paragraph 3.1. iii. The decision is set out below:

2.2.1 **Decision 154** – Postponement of committee decision relating to a charitable organisation operating in the borough, to consider further information which has been supplied, and act accordingly.

2.2.2 **Urgency reason for decision 154** – To minimise unnecessary hardship and uncertainty to a voluntary organisation – decision needed by 14th May 2025. Due to human error, there was a delay in publishing this to all members by one month. We have now clarified the process to those involved to ensure this does not happen again.

2.2.3 The decision affects both the Community and Wellbeing Committee (whose budget is affected) and Strategy and Resources Committee which has overall responsibility for budgets and property management). The 25/26 budget assumed an income budget for the property affected whereas in the past this income has been met from expenditure budgets in C&W committee. The issue has been further discussed at the special meeting of the C&W committee on the 17th June.

3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

3.1.1 None arising directly from this report

3.2 Crime & Disorder

3.2.1 None arise from this report

3.3 Safeguarding

3.3.1 None arise from this report

3.4 Dependencies

3.4.1 None arise from this report

3.5 Other

3.5.1 none

4 Financial Implications

- 4.1 **Section 151 Officer's comments:** Finance are consulted as part of the urgent decision-making process.

5 Legal Implications

- 5.1 **Legal Officer's comments:** Legal are consulted as part of the urgent decision-making process.

6 Policies, Plans & Partnerships

- 6.1 **Council's Key Priorities:** The following Key Priorities are engaged:
- N/A
- 6.2 **Service Plans:** The matter is not 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:** N/A
- 6.6 **Local government reorganisation (LGR) implications:** There are no implications from LGR for this report.

7 Background papers

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

Previous reports:

- None.

Other papers:

- None.

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BOURNE HALL LODGE

Head of Service:	Mark Shephard, Head of Property and Regeneration
Report Author	Mark Shephard
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	n/a
Appendices (attached):	Appendix 1 Floor Plan Appendix 2 Confidential Briefing Note (Exempt from publication under paragraph 3 of Schedule 12A of the Local Government Act 1972)

Summary

This report sets out six potential options to consider the future use of Bourne Hall Lodge.

Recommendation (s)

The Committee is asked to:

- (1) Agree for Bourne Hall Lodge to be refurbished for residential accommodation, as detailed in Option 1 (Appendix 2, paragraphs 1.1 – 1.12).**
- (2) Agree to fund the refurbishment budget of up to £340,000 from S106 developer funds.**
- (3) Nominate and authorise the Head of Property & Regeneration, Head of Housing & Community in consultation with the Director of Corporate Services and Head of Legal, to take all necessary actions further to the above decision being made that commit resources, as is necessary and appropriate, to progress the selected option to completion.**

1 Reason for Recommendation

- 1.1 Bourne Hall Lodge requires refurbishment, and the opportunity exists for the Council to consider its future use.

2 Background

- 2.1 The Grade II listed Lodge is located at the corner of High Street and Spring Street and is attached to the Dog Gate entrance to Bourne Hall Park.
- 2.2 As shown in the photos below, it consists of a one storey building topped by a mansard roof with the Spring Street elevation forming part of the perimeter wall (with windows only on the upper storey).



- 2.3 The Lodge was originally built as a two-up, two-down around a central chimney. A ground floor scullery (present kitchen) was added along with a further room (present bathroom) above the scullery (present kitchen).
- 2.4 The first mention of the Lodge was in the 1861 census where it was recorded as a butler's residence.
- 2.5 Until recently, the Lodge provided staff accommodation offering a kitchen and two reception rooms on the ground floor, with two bedrooms and a bathroom on the first floor.

- 2.6 A floor plan is attached at Appendix 1 highlighting the long (c11.5m) but narrow (c3.4m) configuration of the building.

3 Existing Condition

- 3.1 By modern standards, the existing condition internally is poor and offers very basic facilities.
- 3.2 Despite repeated unsuccessful attempts by the Council to modernise the internal living conditions, the Council remained in compliance with its statutory landlord obligations with full access always provided for undertaking essential maintenance.
- 3.3 Externally, the slate roofing was replaced and its gutters repaired in 2016. The property is surrounded by trees, and this creates a build-up of debris in the box gutters which can lead to water penetration. There is a comprehensive maintenance plan in place where the gutters and gullies are cleared four times a year.
- 3.4 The building's solid walls have limited insulation and the windows are timber single glazed sliding sash windows. As a consequence, it is expensive to keep warm during the colder months.
- 3.5 The Lodge is located directly adjacent to Spring Street where its pitched roof and parapet wall meet to create a gulley. In heavy rainfall, the gulley struggles to remove the surface water which can pond at high levels along the external wall.
- 3.6 On occasions, it is believed this has allowed water to penetrate through the building causing the solid walls to suffer rising damp. It is possible when refurbishment work commences, that the woodwork joists and floorboards could be found to be rotten when the areas are exposed.
- 3.7 The house is of solid brickwork construction with rendered walls. It is attached to the main Dog Gate Park entrance which acts to stabilise the Dog Gate structure. Consequently, any external repairs to the render and decorations will also need to be carried out to the Dog Gate structure at the same time.
- 3.8 The bathroom and kitchen are considered beyond serviceable life and require replacement with new period fittings to match the age of the building.
- 3.9 As a listed building, the Council's Conservation Officer has been consulted on the suitability and type of acceptable refurbishment works.
- 3.10 The repairs required to the Lodge are considerable and include replacement of rotten skirting boards, leaking external down pipes (causing water penetration) through the walls and various external cracks to the walls. The windows upstairs are rotten requiring timber repairs and replacement timbers.

- 3.11 Furthermore, the Lodge will require an upgraded heating system, electrical rewire, timber restoration works to remove dry and wet rot, walls to be replastered throughout, new decorations and new flooring. Where possible, energy efficiency works will need to be undertaken to meet the government's Decent Homes Standard.
- 3.12 The character of the building and its historic features must be retained throughout although the Conservation Officer confirmed the kitchen could be upgraded with modern fittings and appliances.

4 Proposal

- 4.1 Bourne Hall Lodge has been used for staff accommodation since April 1993. During this time, it has been maintained to a basic and serviceable standard but has not (at the request of the previous occupant) received any upgrade or modernisation works. Consequently, the Lodge requires complete refurbishment irrespective of the end use.
- 4.2 A refurbishment of the Lodge would cost up to £340,000 dependent on the option chosen.
- 4.3 The £340,000 upper figure is based on an approximate residential refurbishment cost of £2,500/m² applied to the building's 84.12m² size, together with a budget of £60,000 for repairs to rendering and redecoration of the Dog Gate.
- 4.4 To reflect the cost uncertainty associated with a Grade II listed building, a contingency of £40,000 is also included, together with a £30,000 budget for external legal and project management support.
- 4.5 The figures reflect current industry average costs, with the actual cost determined by a procurement exercise in compliance with the Council's Contract Standing Orders.
- 4.6 This report sets out six potential options in the exempt Appendix 2 for the future use of the Lodge.

5 Risk Assessment

Legal or other duties

5.1 Equality Impact Assessment

5.1.1 The Lodge is close to public amenities and transport.

5.2 Crime & Disorder

5.2.1 The occupation of the Lodge assists the overnight security of Bourne Hall Park. The previous occupant of the Lodge was responsible for locking the Park gate. Locking the Park gate provides security for Bourne Hall and may require any future occupant (be it residential or commercial) to assist with this duty.

5.3 Safeguarding

5.3.1 Not applicable

5.4 Dependencies

5.4.1 Listed Building Consent will be required before the commencement of refurbishment works.

5.5 Other

5.5.1 The Asset Management Plan's key property strategies will ensure value for money, maximise asset performance and minimise the Council's exposure to avoidable loss of income.

6 Financial Implications

6.1 Dependent on the Option selected, deploying £340,000 of S106 affordable housing sums to fund the refurbishment would reduce remaining S106 balances available for investment in other future schemes from £356,000 to £16,000. It is proposed that S106 funding is used to fund any capital investment as, based on the Council's current proposed capital expenditure plans for 2025/26 and future years, it is expected that all other sources of capital funding will be fully utilised

6.2 **Section 151 Officer's comments:** Financial implications are set out in exempt Appendix 2.

7 Legal Implications

7.1 The Local Government Act 1972 ("the 1972 Act") provides the Council with powers to dispose of land, including the ability to sell or lease land. However, under the 1972 Act, the Council must ensure that any disposal is for the best consideration reasonably obtainable unless specific exemptions apply.

7.2 The Localism Act 2011 ("the 2011 Act") provides a general power to the Council and provides additional flexibility to local authorities generally in relation to the use of land.

7.3 Section 111 of the Local Government Act 1972 enable the Council to do anything which is calculated to facilitate, or is conducive to or incidental to, the discharge of any of its functions, whether or not involving expenditure, borrowing or lending money, or the acquisition or disposal of any rights or property.

- 7.4 As mentioned in this report, Bourne Hall Lodge is a Grade II listed building. The building is subject to UK heritage and planning legislation and therefore any works that may affect the structure, interior or exterior of the building require Listed Building Consent.
- 7.5 The Council should ensure that it complies with any other procedural requirements that may be necessary to dispose of land and properties. Any future procurement of services as envisaged in this report must comply with both procurement legislation and the Council's constitutional provisions in force.
- 7.6 The Head of Property & Regeneration confirms whether the proposed options comply with Best Value as detailed in exempt Appendix 2.
- 7.7 Legal support will be provided by Guildford Borough Council as a separate instruction by the Head of Property & Regeneration further to the agreement of the Head of Legal & Monitoring Officer. Should Guildford Borough Council lack capacity to assist within the necessary timeframe, an external firm shall be identified to assist.
- 7.8 **Legal Officer's comments:** As set out within this report.

8 Policies, Plans & Partnerships

- 8.1 **Council's Key Priorities:** The following Key Priorities are engaged: Opportunity and Prosperity, Effective Council.
- 8.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 8.3 **Climate & Environmental Impact of recommendations:** The energy efficiency of the Lodge will be an important part of the refurbishment and upgraded where possible. For example, the replacement of the existing boiler with a modern condensing type.
- 8.4 **Sustainability Policy & Community Safety Implications:** Insulation will be upgraded where possible and lighting replaced with modern LED equivalents.
- 8.5 **Partnerships:** None
- 8.6 **Local Government Reorganisation Implications:** As a Grade II listed Lodge within Bourne Hall Park, the relevant local authority (be it EEBC or a new Unitary Authority) would be obliged to maintain any heritage assets in its ownership.
- 8.7 Accordingly, it would be considered detrimental to the structural integrity of the Lodge if the works were delayed (as an unoccupied building will rapidly deteriorate).

9 Background papers

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

Previous reports:

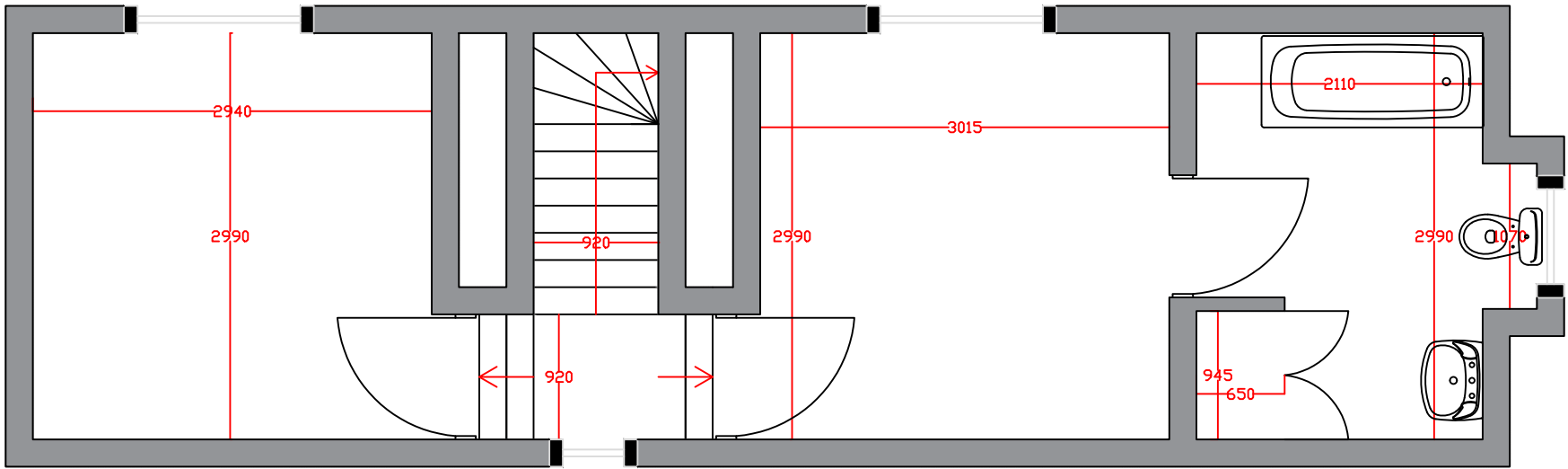
- Strategic Asset Management Plan to S&R Committee 28 July 2020
<https://democracy.epsom-ewell.gov.uk/ieListDocuments.aspx?CId=132&MId=770>

Other papers:

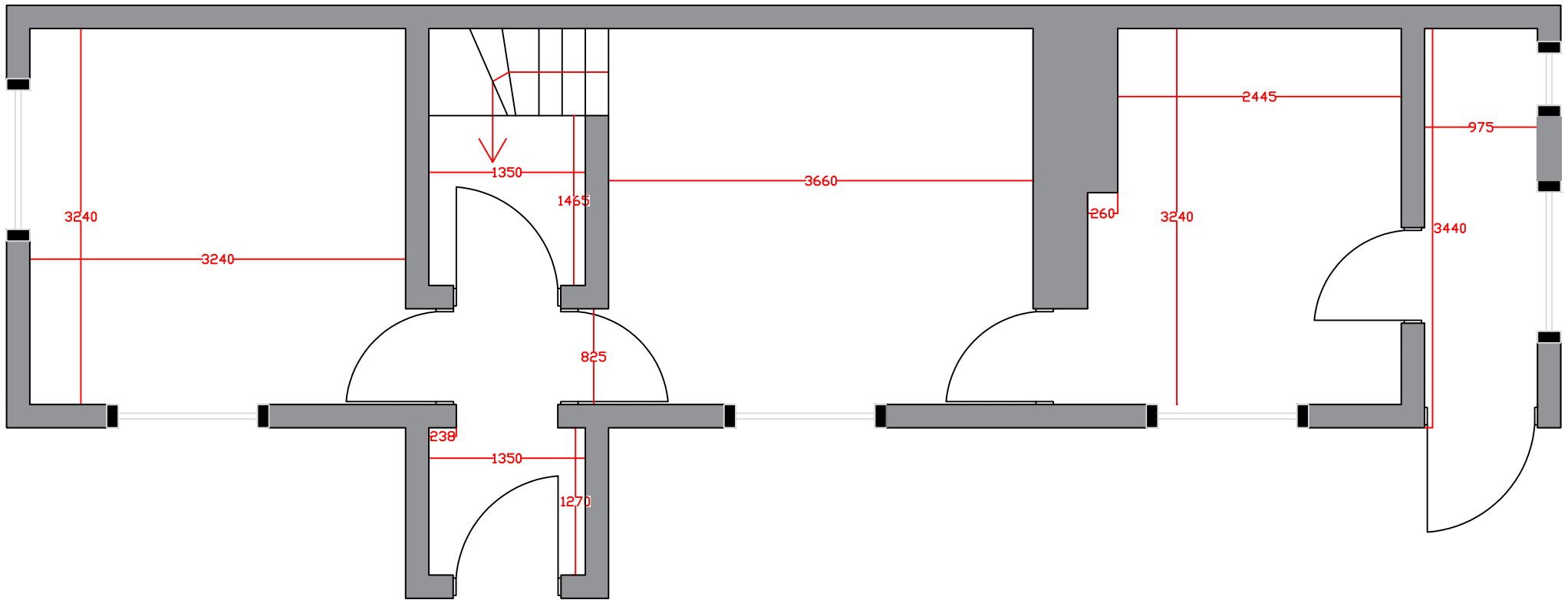
- None

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First Floor



Ground Floor



General Notes

No.	Revision/Issue	Date

Firm Name and Address
Epsom & Ewell Borough Council
KT18 5BY
Town Hall
The Parade
Epsom

Project Name and Address
Bourne Hall Lodge - Floor Plan

Project A-1-01	Sheet A3
Date 09/08/2024	
Scale 1:50	

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TRANSPORT FLEET VEHICLE RENEWAL

Head of Service:	Ian Dyer, Head of Operational Services
Report Author	Jon Sharpe
Wards affected:	(All Wards);
Urgent Decision? (yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	Exempt Appendix 1 – Key Details of existing contract with detail on proposed changes over the new terms. Exempt Appendix 2 – Submission by current supplier as to the proposed extension

Summary

The Council's vehicle fleet will require replacement starting mid-2027. A decision to extend the existing contract is recommended.

Recommendation (s)

The Committee is asked to:

- (1) Authorise that the extension of the existing transport fleet contract be awarded to Specialist Fleet Services Limited, on the basis of lease with full maintenance, as now at an annual cost detailed within Exempt Appendix 1.
- (2) Nominate and authorise the Head of Operational Services, following consultation with the Chairman and Vice-Chairman of the Strategy and Resources Committee, the Director of Corporate Resources and Head of Legal, to take all necessary steps to finalise the extension in accordance with the existing agreement terms so as to bring into effect the recommendations resolved by this Committee.
- (3) Nominate and authorise the Deputy Chief Executive and Head of Housing, Environment and Regeneration, to take all necessary steps to enter into and approve all individual Contract Hire Schedules – including extensions, if vehicles are kept for longer than the originally intended term - in accordance with the existing agreement terms so as to bring into effect the recommendations resolved by this Committee.

1 Reason for Recommendation

- 1.1 The Council's current vehicles reach the end of their operational lives from mid-2027.
- 1.2 Very long lead times prevalent in the motor industry mean that, to ensure delivery of replacements at that time, new refuse & recycling vehicles need to be ordered by September 2025, and other vehicles by early 2026.
- 1.3 In the context of Local Government Reorganisation, the Procurement Board has advised that it is prudent to do this via an extension of the current Transport contract (see section 2 – The Transport Contract).

2 Background

The Transport contract:

- 2.1 Specialist Fleet Services Ltd (SFS) is the UK's largest provider of municipal vehicles. It has fulfilled the Council's Transport contract since 2005, convincingly winning all tenders in that time.
- 2.2 The current Transport contract was approved by the Committee on 22 November 2016 on a 10 year basis, with a primary period 2017 – 2027 and the option to extend for up to a further 10 years thereafter 2027 – 2037.
- 2.3 Mindful of LGR, the Council's Procurement Board (an officer group which oversees and provides advice on key procurements) was invited to consider the options available to the Council. Having considered the critical nature of this service, it has advised that it is prudent to exercise the option of an extension of the Transport contract from 2027, as is permissible under the current agreement. In coming to that position officers took into account the following:
 - 2.3.1 SFS' 20-year partnership with the Council; its good performance under the current agreement; its proven expertise and its ability as the UK's largest provider of municipal vehicles to negotiate best value new vehicles.
 - 2.3.2 This route would avoid significant re-tendering costs and ending / starting of a new contract.
 - 2.3.3 Excellent working arrangements and contract management of the existing contract, meaning that SFS is a company this Council or any successor unitary is likely to wish to work with.
 - 2.3.4 The crucial need to re-order vehicles in a timely manner so that services are supported from mid-2027:

2.3.4.1 Extraordinarily long, never before experienced, current delivery times for refuse & recycling collection vehicles mean they must be ordered no later than September 2025 to ensure delivery in mid-2027 when the current vehicles are due to reach the end of their expected operational lives/use.

2.3.4.2 Other vehicles must be ordered by early 2026.

- 2.4 It is therefore recommended that this Committee accept the recommendation by way of approving and authorising the exercise of the contract extension; the current requirement is that this Council is obliged to give written notice to SFS not less than 6 months prior to the last day of initial contract period should it wish to extend the contract period – this is said to be on or before 1 January 2026.
- 2.5 Mindful of the advice provided in paragraph 2.3.4 above, it is recommended that notice to extend be provided as soon as practicable and prior to September 2025, should this Committee approve and authorise the recommended extension to the existing agreement.
- 2.6 In order to assist Member reach their decision, a note of the information provided to the Procurement Board is attached as Exempt Appendix 1, which details the relevant financial and commercial details of both the existing agreement and the proposed extension.

The Council's vehicles

- 2.7 The Council's transport fleet comprises 70 vehicles of various types, supporting a range of services: bin collections, streetcare, downkeepers, grounds maintenance and verges, community services (minibuses, meals at home, community alarm), cemetery, parking and countryside management.
- 2.8 Most vehicles were leased for 10 years and reach the end of their operational lives in mid-2027.

How much will new vehicles cost?

- 2.9 The pandemic and the cost-of-living crisis have dramatically increased vehicle costs. For example, our refuse & recycling vehicles had a capital cost of £206k each in 2017 but replacements will be at least 50% more.
- 2.10 Overall, new vehicles seem likely to increase the Council's annual lease costs by 30% – 40% or even more. This would see our current annual lease costs of c.£990k pa rising to £1.3 million pa or more.
- 2.11 Actual costs cannot be confirmed until 'live' quotes are obtained closer to order time.

- 2.12 It may be noted that short-term lease periods of, say, 2 or 3 years, that might better align with Local Government Reorganisation timescales, would increase lease rentals significantly, even beyond those expected to arise from general vehicle price rises. However, officers will seek the most appropriate lease period to balance affordability and other factors such as LGR (see section 6.6).

What are our potential LGR partners considering?

2.13 Elmbridge and Mole Valley:

- 2.13.1 Both councils are part of the 4-district Joint Waste Solutions (JWS) waste & streetcare contract that expires in mid-2027. JWS has recently published a tender for a new contract thereafter on a 7+7+7 basis (i.e. minimum to 2034, maximum to 2048). JWS accepts this cuts into LGR timescales but states it is urgently required for continuity of services in 2027.

2.14 Tandridge:

- 2.14.1 Refuse & recycling is contracted out to Biffa, which also provides the vehicles. The current 8-year contract ends in 2029. As yet there is no decision about what happens thereafter.

- 2.14.2 Tandridge operates its other services in-house, for which it buys its vehicles. Tandridge is currently rolling its vehicles forward year-by-year, although its Streetcare vehicles are close to the end of their projected lives.

2.15 Reigate & Banstead (R&B):

- 2.15.1 R&B operates its services in-house but buys its vehicles. Refuse & recycling vehicles will be due for replacement in 2028. No changes to services or vehicle types are currently planned.

3 Risk Assessment

Legal or other duties

3.1 Equality Impact Assessment

- 3.1.1 No impacts.

3.2 Crime & Disorder

- 3.2.1 No impacts.

3.3 Safeguarding

- 3.3.1 No impacts

3.4 Dependencies

3.4.1 As per Appendix 1, the Procurement Board has advised that extension of the current SFS contract is the most appropriate way to acquire the replacement vehicles that the Council will need in mid-2027.

3.5 Other

3.5.1 Our current vehicles will be 10 years old by mid-2027 and will have reached the end of their operational lives so must be replaced.

3.5.2 The current contract 2017 – 2027 is the first time the Council has ever operated vehicles to 10 years, that term having been chosen for affordability when we entered the contract in 2017. Prior to that, we had not operated vehicles beyond 8 years. Our experience has shown that older vehicles present significant reliability and cost challenges.

3.5.3 We cannot operate our current vehicles beyond 10 years:

3.5.3.1 SFS will not permit us to do so, due to the high likelihood of vehicle unreliability, negative impact on vehicle availability for services, and high costs.

3.5.3.2 Even if SFS were to allow it, officers would not recommend doing so for the same reasons.

3.5.4 It is imperative that the Council acts swiftly to order replacement vehicles if they are to arrive by mid-2027:

3.5.4.1 Extraordinarily long, never-before experienced current delivery times for refuse & recycling collection vehicles mean they must be ordered no later than September this year.

3.5.4.2 Other vehicles must be ordered by early 2026.

3.5.5 This can be expedited through the extension of the Transport contract.

3.5.6 Failure to order replacement vehicles on a timely basis in this way would seriously risk key services, such as refuse & recycling collections, being heavily compromised by lack of vehicle resources.

4 Financial Implications

4.1 Most vehicles will reach end-of-life by mid-2027 and must be replaced at that point. Even a simple like-for-like replacement is likely to increase the Council's costs by a minimum of **£300k per annum** (see section 2.10). This increase will be monitored and any potential further increase in costs will be discussed with the Finance team to assist with financial planning.

4.2 Actual new vehicles costs cannot be confirmed until 'live' quotes are obtained closer to order time.

4.3 **Section 151 Officer's comments:** The 2026/27 Strategic Financial Planning report also on this agenda, which considers the Council's financial position for the next 3 years. £300,000 has been included from 2027/28 to recognise an increase in the annual cost of leased vehicles when the new contract comes into effect.

4.4 This report highlights a current budget gap for 2026/27 of £1.928 million rising to £5.063 million by 2028/29. Any further increase in fleet contract will add further to this gap.

5 Legal Implications

5.1 The existing agreement provides for the Council to give notice on or before 1 January 2026 to extend the agreement to last "up to" a further 10 years. Members are invited to consider the detail within Exempt Appendix 1 that sets out why the full 10-year extension period is proposed.

5.2 **Legal Officer's comments:** Relevant legal comments have been added to the body of this report.

6 Policies, Plans & Partnerships

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

6.1.1 Effective Council: Replacement of vehicles in 2027 is crucial to the delivery of a range of services.

6.2 **Service Plans:** While the matter does not form part of our various service plans, vehicle replacement is always required at the end of our vehicles' operational lives in order to sustain affected services. Consequently, replacement of current vehicles is required by mid-2027.

6.3 **Climate & Environmental Impact of recommendations:** A separate report to the Environment Committee reviews the potential for the Council to acquire some electric vehicles as part of its vehicle replacement programme. Should the Environment Committee instruct officers to progress electric vehicles, a further report would need to come to this Committee to review the funding implications, which would be in addition to those included herein.

6.4 **Sustainability Policy & Community Safety Implications:** As section 6.4, a separate report to the Environment Committee reviews the potential for the Council to acquire some electric vehicles as part of its vehicle replacement programme.

6.5 **Partnerships:** SFS is a key Council partner, having supplied and maintained our vehicle fleet since 2005. SFS is keen to work with the Council to achieve best value outcomes through the extension of its current contract.

6.6 **Local Government Reorganisation Implications:**

- 6.6.1 We must order new vehicles irrespective of which Authority is in place mid-2027. Our current vehicles will reach the end of their operational lives at that time and services cannot be sustained if replacement vehicles are not available by mid-2027.
- 6.6.2 In consideration of currently long delivery times in the motor industry (especially for refuse & recycling vehicles) we must act quickly to research, specify, price and order new vehicles.
- 6.6.3 Consequently, our replacement vehicles – if ordered by September 2025 - will arrive in mid-2027 just after the Unitary vesting day. However, it may be noted that:
- As summarised above, Elmbridge and Mole Valley are part of a very large procurement of long-term waste & streetcare services, including replacement vehicles, starting mid-2027.
 - There may be only limited changes to key services after LGR. For example, refuse & recycling collections are fairly homogenous across Surrey, so it seems likely our vehicles would remain entirely valid within the new Authority's collections strategy, even if it were to move away from weekly collections and/or change to contractor-operated collections.
 - In any event, SFS confirms it will be happy to novate leases to the new unitary authority. This includes, subject to some checks and agreements, if the vehicles were to be operated by a contractor rather than directly by the new unitary Council.
- 6.6.4 Failing to carry out these actions, with or without LGR, would present a serious risk to services from mid-2027, irrespective of which Authority is carrying them out. It is therefore imperative that we act to arrange new vehicles as this report describes, including necessary arrangements for any EVs.

7 Background papers

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

Previous reports:

- Strategy & Resources Committee approval of current Transport contract, 22/11/2016

Other papers:

- None.

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LEASE ARRANGEMENTS - RELATE 2025/6

Head of Service:	Rod Brown, Head of Housing & Community
Report Author	Rod Brown
Wards affected:	(All Wards);
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	N/A
Appendices (attached):	Appendix 1 - RELATE service data Exempt Appendix 2 - Funding options

Summary

This report considers options for future funding arrangements for RELATE Mid and East Surrey for 2025-2027.

Recommendation (s)

The Committee is asked to:

- (1) Agree to Option 3 as recommended by the Community and Wellbeing Committee, as detailed in Exempt Appendix 2,**
Or, should recommendation 1 not be carried, to:
- (2) Agree the funding arrangements for RELATE Mid & East Surrey for 2025-2027 as detailed in:**
 - a) Alternative Option 1 as detailed in Exempt Appendix 2,**
Or
 - b) Alternative Option 2 as detailed in Exempt Appendix 2**

1 Reason for Recommendation

- 1.1 The Council faces significant financial pressures, and the on-going financial support provided to charities and voluntary organisations needs to be reviewed periodically.

2 Background

- 2.1 The Council provides support to a range of voluntary organisations in the borough. These organisations provide valuable support directly to our residents, helping to maintain and improve the quality of life.
- 2.2 RELATE Mid & East Surrey (RELATE) occupy a building owned by the Council at 92B High St, Epsom and benefit from a full (100%) discount on the commercial cost of the lease.
- 2.3 RELATE benefit from a notional grant of £19,710 per annum.
- 2.4 The Council receives an income of £1,294 per annum from RELATE which is the cost reimbursement of Relate using the Council's cleaning contractor at the premises.
- 2.5 RELATE provide relationship counselling and mediation services to residents of Mid and East Surrey. They have services located in Reigate and Epsom.
- 2.6 In their 16th January 2025 decision, the Community and Wellbeing Committee considered the future funding arrangements for five voluntary organisations active within the borough, including RELATE
- 2.7 Before the January 2025 Community and Wellbeing committee, each voluntary organisation had been approached and asked for information relating to their activity and impact on borough residents over the last year. Four of the organisations provided the requested information apart from RELATE.
- 2.8 At the January 2025 Community and Wellbeing Committee meeting, the committee decided to withdraw financial support from RELATE with a charge for full commercial rent to commence from 1st April 2025.

3 Post January 2025 Community and Wellbeing Committee

- 3.1 Shortly after the Committee meeting in January 2025, the previously requested details outlining the support provided by RELATE for borough residents was received. An updated version of these details has been submitted by RELATE as part of this report and is attached as Appendix 1.
- 3.2 In light of this new information, Delegated Authority utilising the Urgent Decision (UD) procedure, in consultation with the Committee Chair, was obtained to postpone the implementation of the January 2025 decision relating to RELATE. This was to enable a review of that part of the decision, in light of the new information received, so as to minimise any hardship and uncertainty for RELATE during the period of this review. The UD was uploaded to Member News as usual, where it can still be viewed by Members

- 3.3 UD154 included Delegated Authority to the Head of Housing and Community to make a fresh decision, in consultation with the Chair of Community and Wellbeing. During consultation, it was decided that the UD would be used to postpone the implementation of the previous decision giving time for the matter to be reconsidered by the originating Committee.
- 3.4 The information provided by RELATE is set out in Appendix 1. This outlines the impact the service has on borough residents, including the provision of free and discounted services provided by the organisation. There is also information on the calculation of social impact RELATE has within the borough and a description of the impact that any increased costs might have on the service.

4 June 2025 Community and Wellbeing Committee

- 4.1 At the June 2025 Community and Wellbeing Committee meeting, the committee considered the information supplied by RELATE, attached as Appendix 1, but were uncertain as to the impact the funding decision might have on the services provided to the borough's residents.
- 4.2 It was acknowledged that RELATE had provided supporting information for the committee about their impact and some general comments about the possible impact to changes in funding. These details from RELATE are in Appendix 1.

5 Proposal

- 5.1 This report includes a recommendation reflecting the June 2025 Community and Wellbeing Committee recommendation to this Committee along with two alternative options regarding the future funding arrangements for RELATE for the period 2025- 2027. The detail of the recommendation from Community and Wellbeing Committee is listed as Option 3, contained in Exempt Appendix 2.
- 5.2 The details for alternative Option1 and alternative option 2 are also contained in Exempt Appendix 2.
- 5.3 The Committee is therefore asked to accept and approve the recommendation regarding the proposed future funding arrangements for RELATE in line with the recommendation from Community and Wellbeing Committee, as set out in Option 3 in Exempt Appendix 2.
- 5.4 **Alternative Options**

Alternatively, should the Committee not agree to Option 3 as recommended by Community and Wellbeing Committee, the S&R Committee is asked to approve the proposed support for RELATE as set out in either alternative Option 1 or 2 in Exempt Appendix 2
- 5.5 Exempt Appendix 2 is a restricted item.

6 Risk Assessment

Legal or other duties

6.1 Equality Impact Assessment

6.1.1 Whilst acknowledged that withdrawing the financial support offered to RELATE could have an impact on the borough's residents in respect of the support they can access, this report is concerned with the provision of financial support to RELATE and not the provision of the service. As such, there are no EIA considerations directly as a result of this report.

6.2 Crime & Disorder

6.2.1 RELATE provides services which interface with a range of statutory services and domestic abuse services and Community Harm and Risk Management meetings (CHaRMM).

6.3 Safeguarding

6.3.1 RELATE offers front line services which includes identification and management of safeguarding concerns.

6.4 Dependencies

6.4.1 None

7 Financial Implications

7.1 Like many voluntary organisations, RELATE often work with residents who interact with the Council on a regular basis. The support offered by RELATE to our residents has both direct and indirect financial benefits on the Council and the residents themselves.

7.2 Such benefits would include prevention of homelessness through support, referral and relationship counselling. Also RELATE will provide health and wellbeing support, including managing emotional and relationship issues.

7.3 For this financial year, the financial implications of any of the options can be contained within existing Council budgets.

7.4 Currently the full cost of the rental of the High Street premises used by RELATE is met through the agreed budget for Community and Wellbeing Committee.

7.5 Given that any decision about future funding of RELATE may have implications for sustaining this income in the future, it is considered appropriate that this matter is addressed by Strategy and Resources Committee.

- 7.6 **Section 151 Officer's comments:** The financial implications are detailed within the body of the report. However worth noting that the financial support proposed as part of this paper, to RELATE, will not have an adverse budget variance for the council.

8 Legal Implications

- 8.1 The Council has the power to provide grants to voluntary and community sector organisations under the general power of competence set out in section 1 of the Localism Act 2011. All grants are in accordance with subsidy control legislation where applicable.
- 8.2 The Council must enter licenses, funding agreements and other agreements in respect of any notional and direct awards.
- 8.3 Any decision to continue to grant financial support to RELATE would not be subject to the Council's Contract Standing Orders (section 4 and 10 EEBC CSO).
- 8.4 The application of the Subsidy Control Act (SCA) has been considered in respect to the options presented in this report. The financial assistance set out in the options contained within the report and the Appendix 2 are not considered to be subsidy, under the terms of the SCA.
- 8.5 **Legal Officer's comments:** Legal implications are set out within the report.

9 Policies, Plans & Partnerships

- 9.1 **Council's Key Priorities:** The following Key Priorities are engaged:
- Effective Council
 - Safe and Well
 - Smart and Connected
- 9.2 **Service Plans:** The matter is not included within the current Service Delivery Plan.
- 9.3 **Climate & Environmental Impact of recommendations:** none
- 9.4 **Sustainability Policy & Community Safety Implications:** None
- 9.5 **Partnerships:** RELATE are part of the "Third Sector" that support the local community through delivery of services.
- 9.6 **Local Government Reorganisation Implications:** None

10 Background papers

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

Previous reports:

- [Community & Wellbeing Committee, 16 January 2025 – Voluntary Sector Funding 2025-2026](#)
- Community and Wellbeing Committee 17th June 2025 – RELATE funding 2025/26

Other papers:

- None

Purpose of Report

Relate Mid and East Surrey is a non-profit providing affordable counselling and mediation services to local residents, supporting mental health, family stability, and community wellbeing. Many of the clients we support are on low incomes, referred by GPs, schools or local services. As part of our local partnerships, we also deliver subsidised in-school and in-person counselling and Workshops to students in Epsom, ensuring children and young people can access timely mental health support at a critical stage in their development.

We work closely with local agencies including domestic abuse services, GP surgeries, schools, housing teams, and social care to provide joined-up support for individuals and families facing complex challenges. Our counselling and mediation services are often a key part of wider safety and recovery plans, especially where there are issues of domestic abuse, trauma, or family breakdown. These partnerships ensure that residents receive timely, appropriate help, and that public services are supported in achieving the best outcomes for vulnerable people.

Year	Quarter	Service Hours delivered	Free/Subsidised Hours Delivered	% (of free or subsidised hours)
2023-24	Apr-Jun	594	594	100
	Jul-Sep	457	455	100
	Oct-Dec	1424	763	54
	Jan-Mar	1433	821	57
TOTAL		2475	1812	73%
2024-25	Apr-Jun	596	596	100
	Jul-Sep	1105	687	62
	Oct-Dec	1235	602	49
	Jan-Mar	883	598	68
TOTAL		3819	2483	65%

Access and Affordability

We operate a concessions/bursaries scheme to ensure that those facing financial hardship are not excluded from accessing counselling. Subsidised and free sessions are allocated based on a combination of self-declared income, personal circumstances (such as benefits, caring responsibilities, or young dependents), and clinical need. We prioritise individuals and families who would otherwise go without support.

To make this possible, we actively fundraise year-round through grants and local partnerships. Demand for subsidised places continues to grow, and meeting that need relies on keeping our core delivery costs - including premises - as low and sustainable as possible.

Over 75% of our clients receive subsidised counselling, with fees typically ranging from £0 to £28 per session, depending on financial circumstances. We use a transparent, needs-based system to determine eligibility, ensuring that no one is turned away due to cost. A small percentage of clients pay the full-cost rate (£60-£100) based on their financial circumstances, and this income is reinvested directly into our bursary fund to help subsidise sessions for those who cannot afford to pay.

Our Social Value to Epsom

Using HACT Social Value Bank methodology, relationship support can generate £6–£11 of social value for every £1 invested. Based on this model, our free and subsidised services from the Epsom premises generate an estimated £250,000–£500,000 in social value annually by:

- Reducing pressure on GPs, CAMHS, and mental health services
- Supporting students' mental health and reducing school exclusions
- Helping families avoid breakdown and costly social care intervention
- Promoting wellbeing, employability, and community stability

We are proud to be a trusted partner in strengthening the emotional wellbeing of Epsom's residents. The continued support of the Council enables us to reach those who are most in need, before they fall into crisis, creating a stronger, more resilient community.

Financial Context

In 2024–25, we have taken proactive steps to stabilise our financial position by reviewing contracts, reducing non-essential spend, and improving efficiency. While early signs are encouraging, we are continuing to monitor progress and expect a clearer position by the end of Q3. Any further cost increases at this stage will jeopardise our charity's ability to remain open and to continue service provision.

Feedback from clients in 2025

I was in a very bad place when I started the counselling but in 5 months things have turned round, and I now feel like a new chapter of my life is starting and I can look to the future with confidence.

The independence of our counsellor and the sensitive handling of questions and interactions was essential to me opening.

A big thumbs up for <Counsellor>. She was fantastic with how she dealt with me and my wife and has made a big difference to our relationship going forward. I most certainly look at things in our relationship somewhat differently now.

<Counsellor> has been absolutely fantastic with myself and my husband and is very gifted at what she does. It was a great experience - thank you!

Thank you so much <Counsellor> for your support and being so understanding. In the short time we have seen you, we have made so much progress, and we are very grateful.

I found the experience very helpful

The therapist was very helpful & empathetic to our situation

We're very grateful for the help from relate, in particular <Counsellor> was amazing, she was very compassionate showing thoughtfulness and understanding throughout

Our counsellor <Counsellor> was absolutely brilliant. From the first moment we met her, we both felt like she really listened and got to know us and our situation. She helped us through the most difficult period of our lives and for this we will be eternally grateful. Thank you <Counsellor>. You are amazing

Drew me out of my mechanism of shutting down and allowed me to feel comfortable to talk about things that have happened in the past. Mum has noticed a change in me and how I am on a day-to-day basis.

Very happy with the service received and good advice

<Counsellor> was a fantastic therapist. She made me very at ease and was able to give me insight and perspective I had not considered before. I feel much more confident now and know my options. Thank you all

We tried a couple of Relate Counsellors, and a couple outside of relate, but <Counsellor> (who we had most of our sessions) was by far the most effective, observant, empathetic and solution-oriented counsellor of them all, and we made all our notable progress with her.

We found the counsellor, <Counsellor>, to be absolutely great, and talked us through how we could help ourselves.

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EXCLUSION OF PRESS AND PUBLIC

Under Section 100(A)(4) of the Local Government Act 1972, the Committee may pass a resolution to exclude the public from the Meeting on the grounds that the business involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Act (as amended) and that pursuant to paragraph 10 of Part 2 of the said Schedule 12A the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The following documents are included on the agenda and have not been published as they contain exempt information:

Item 09 – Bourne Hall Lodge – Appendix 2
This document deals with information relating to the financial or business affairs of the Committee and third parties.
Item 10 – Transport Fleet Vehicle Renewal – Appendix 1 and Appendix 2
These documents deals with information relating to the financial or business affairs of the Committee and third parties.
Item 11 – Lease Arrangements – RELATE 2025/26 – Appendix 2
This document deals with information relating to the financial or business affairs of the Committee and third parties.

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